



NEW LIFE

CHURCH

NEW LIFE CHURCH OF YORKVILLE, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT	3
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5 - 6
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9 - 13

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
of New Life Church of Yorkville, Inc.

Management is responsible for the accompanying financial statements of New Life Church of Yorkville, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of December 31, 2022 and 2021, and the related statements of revenues, expenses, and changes in net assets—modified cash basis, functional expenses—modified cash basis and cash flows—modified cash basis for the years then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note A to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

As disclosed in Note A to the financial statements, the modified cash basis of accounting requires that fixed assets be depreciated over their estimated useful lives. The Church has not depreciated the building and equipment in the accompanying financial statements, resulting in fixed assets being stated at their full capitalized costs. The effect of this departure on the financial statements has not been determined. Users of these financial statements should recognize that they might reach different conclusions about the organization's financial position, results of operations, and cash flows if they had access to revised financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

Kaizen Assurance PLLC

Kenosha, Wisconsin

February 23, 2023

NEW LIFE CHURCH OF YORKVILLE, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS—Modified Cash Basis
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 350,859	\$ 300,066
Restricted cash and equivalents	21,787	27,230
Total Current Assets	372,646	327,296
PROPERTY AND EQUIPMENT	2,332,703	2,317,726
TOTAL ASSETS	\$ 2,705,349	\$ 2,645,022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Mortgage notes payable—current portion	\$ 108,448	\$ 102,913
LONG-TERM LIABILITIES		
Mortgage notes payable, net of current	2,747,588	2,854,449
TOTAL LIABILITIES	2,856,036	2,957,362
NET ASSETS		
Without donor restrictions (deficit)	(172,474)	(339,570)
With donor restrictions	21,787	27,230
TOTAL NET ASSETS	(150,687)	(312,340)
TOTAL LIABILITIES AND NET ASSETS	\$ 2,705,349	\$ 2,645,022

See accompanying notes and independent accountant's compilation report.

NEW LIFE CHURCH OF YORKVILLE, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS—Modified Cash Basis
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	TOTAL
REVENUES AND OTHER SUPPORT			
Tithes and offerings			
General and other	\$ 637,464	\$ -	\$ 637,464
Missions	-	39,990	39,990
Departmental fee income	19,634	-	19,634
Net investment return	196	-	196
Other revenue	683	-	683
Net assets released from restriction	45,433	(45,433)	-
TOTAL REVENUES AND OTHER SUPPORT	703,410	(5,443)	697,967
EXPENSES			
Program Services	429,675	-	429,675
Management and General	106,639	-	106,639
TOTAL EXPENSES	536,314	-	536,314
CHANGE IN NET ASSETS	167,096	(5,443)	161,653
NET ASSETS, beginning (deficit)	(339,570)	27,230	(312,340)
NET ASSETS, ending (deficit)	\$ (172,474)	\$ 21,787	\$ (150,687)

See accompanying notes and independent accountant's compilation report.

NEW LIFE CHURCH OF YORKVILLE, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS—Modified Cash Basis
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	TOTAL
REVENUES AND OTHER SUPPORT			
Tithes and offerings			
General and other	\$ 677,481	\$ -	\$ 677,481
Missions	-	61,587	61,587
Departmental fee income	5,784	-	5,784
Net investment return	142	-	142
Other revenue	63,056	-	63,056
Net assets released from restriction	51,424	(51,424)	-
TOTAL REVENUES AND OTHER SUPPORT	797,887	10,163	808,050
EXPENSES			
Program Services	460,962	-	460,962
Management and General	123,222	-	123,222
TOTAL EXPENSES	584,184	-	584,184
CHANGE IN NET ASSETS	213,703	10,163	223,866
NET ASSETS, beginning (deficit)	(553,273)	17,067	(536,206)
NET ASSETS, ending (deficit)	\$ (339,570)	\$ 27,230	\$ (312,340)

See accompanying notes and independent accountant's compilation report.

NEW LIFE CHURCH OF YORKVILLE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES—Modified Cash Basis
For the Years Ended December 31, 2022 and 2021

	2022		
	Program Services	Management and General	TOTAL
Advertising and promotions	\$ 997	\$ -	\$ 997
Departmental	49,876	-	49,876
Honoraria	13,450	-	13,450
Insurance	7,356	2,452	9,808
Missions	45,433	-	45,433
Mortgage interest	116,412	38,804	155,216
Office	3,373	1,124	4,497
Other administrative	9,657	3,219	12,876
Property maintenance	52,608	17,536	70,144
Salaries and personnel	114,616	38,205	152,821
Transportation and lodging	1,037	346	1,383
Utilities	14,860	4,953	19,813
	<u>\$ 429,675</u>	<u>\$ 106,639</u>	<u>\$ 536,314</u>
	2021		
	Program Services	Management and General	TOTAL
Advertising and promotions	\$ 2,160	\$ -	\$ 2,160
Departmental	28,210	-	28,210
Honoraria	9,500	-	9,500
Insurance	6,674	2,225	8,899
Missions	51,425	-	51,425
Mortgage interest	118,544	39,515	158,059
Office	8,842	2,947	11,789
Other administrative	7,537	2,512	10,049
Property maintenance	71,368	23,789	95,157
Salaries and personnel	137,179	45,726	182,905
Transportation and lodging	2,354	785	3,139
Utilities	17,169	5,723	22,892
	<u>\$ 460,962</u>	<u>\$ 123,222</u>	<u>\$ 584,184</u>

See accompanying notes and independent accountant's compilation report.

NEW LIFE CHURCH OF YORKVILLE, INC.
STATEMENTS OF CASH FLOWS—Modified Cash Basis
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 161,653</u>	<u>\$ 223,866</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	161,653	223,866
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(14,977)</u>	<u>(3,543)</u>
NET CASH USED IN INVESTING ACTIVITIES	(14,977)	(3,543)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	-	(57,717)
Repayment of mortgage note principal	<u>(101,326)</u>	<u>(97,633)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(101,326)</u>	<u>(155,350)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,350	64,973
CASH AND CASH EQUIVALENTS, beginning	<u>327,296</u>	<u>262,323</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 372,646</u></u>	<u><u>\$ 327,296</u></u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	<u><u>\$ 155,216</u></u>	<u><u>\$ 158,059</u></u>

See accompanying notes and independent accountant's compilation report.

NEW LIFE CHURCH OF YORKVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

New Life Church of Yorkville, Inc. (the Church) is a not-for-profit Illinois corporation located in Yorkville, Illinois. The mission of the Church is to touch the lives of every person, regardless of age, culture, or background, with the powerful love of God. To accomplish this purpose, the Church conducts numerous activities, including worship services, childcare, evangelistic efforts, support of missionary endeavors, and other similar activities.

Basis of Accounting and Presentation

The financial statements of the Church have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Contributions and other revenue are recognized when received instead of when earned, and expenses are generally recognized when paid rather than when the obligation is incurred. In accordance with the modified cash basis of accounting, land, buildings, and equipment are capitalized as assets, and note payable obligations are recognized as liabilities when incurred, with subsequent receipts or payments reported as increases or decreases to those balances. The principles of the modified cash basis of accounting provide guidance on how to account for fixed assets. Under the modified cash basis of accounting an organization must depreciate fixed assets to match the resources earned. Depreciating an asset means spreading its value over several years, the exact number of which depends on the underlying resource and the allocation the organization chooses. The Church does not depreciate buildings and equipment in accordance with the modified cash basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and report as follows:

Net assets without donor restrictions

Net assets available for general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is,

NOTES TO FINANCIAL STATEMENTS

when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$997 and \$2,160 for the years ended December 31, 2022 and 2021, respectively.

Donated Services and Property

The fair value of donated services should be recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills; are provided by persons possessing those skills; and would need to be purchased if they weren't donated. A substantial number of volunteers have donated significant amounts of time to the Church's program services and fund-raising campaigns; however, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. Furniture, equipment and real property donated to the Church are recorded at their estimated fair market value as of the date of contribution and recorded as a contributed asset.

Property and Equipment

The Church's capitalization policy is to capitalize all property and equipment acquired with a purchase price over \$5,000. Depreciation has not been recorded, as the Church does not believe that it would enhance the meaningfulness of the financial statements. The cost is expensed when an asset is no longer in service.

Income Taxes

The Church is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for income taxes.

The Church adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740-10 clarifies the accounting and recognition for income tax positions taken or expected to be taken. In evaluating the Church's tax provisions, consideration is given regarding future taxable income, interpretations, and tax planning strategies. As of December 31, 2022, the Church believes it has no uncertain tax positions that qualify for either recognition or disclosure.

Cash and Cash Equivalents

The Church considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents, excluding cash restricted or designated for long-term purposes.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses. Actual results could differ from those estimates, and those differences could be material.

NOTES TO FINANCIAL STATEMENTS

Revenue and Expenses

All contributions are recorded when cash is received or when ownership of donated assets is transferred to the Church. Gifts of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of donated assets. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Departmental income and other revenue are recognized when received and expenses are generally recognized when paid, in accordance with the modified cash basis of accounting.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and personnel, office expenses, interest, insurance and other, which are allocated on the basis of estimates of time and effort.

NOTE B – SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosures of information about current vulnerabilities due to certain concentrations. These matters include the following:

The Company maintains a large portion of their cash and cash equivalents in one commercial bank. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each Institution up to \$250,000. At times, cash balances may be in excess of FDIC insurance limits. The cash balance in excess of FDIC insurance limits on December 31, 2022 was \$100,140.

NOTE C – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of cash and cash equivalents of \$350,857. Restricted cash of \$21,787 is restricted for use in general missions.

NOTES TO FINANCIAL STATEMENTS

NOTE D – PROPERTY AND EQUIPMENT

The Church's property and equipment consisted of the following at December 31, 2022:

	2022	2021
Land	\$ 250,000	\$ 250,000
Building and improvements	1,033,607	1,033,607
Onward capital campaign	579,930	579,930
Equipment and furnishings	469,166	454,189
	\$ 2,332,703	\$ 2,317,726

NOTE E – RETIREMENT PLAN

The Church maintains a defined contribution plan under Section 403(b) of the Internal Revenue Code, in which all employees are eligible to participate. The Church did not contribute to the plan for 2022 and 2021.

NOTE F – PAYCHECK PROTECTION PROGRAM

In April of 2020, the Church received a Paycheck Protection Program loan from the Small Business Administration in the amount of \$57,717. This program was developed to assist organizations with their payroll and other expenses during the pandemic. The loan was forgiven in 2021.

NOTE G – MORTGAGES PAYABLE

The Church has a mortgage, payable to AG Financial Services, with monthly principal and accrued interest payments due on the first of the month, and a maturity date of October 1, 2039. The interest rate is adjusted every three years, and was 5.75% and 5.25% on December 31, 2022 and 2021, respectively. The mortgage is secured by substantially all land, buildings, and equipment of the Church. As of December 31, 2022, the Church was in compliance with all loan covenants.

Future maturities of the mortgage are as follows:

2023	\$	108,448
2024		114,281
2025		120,427
2026		126,904
2027		133,729
Thereafter		2,252,247
		\$ 2,856,036

NOTES TO FINANCIAL STATEMENTS

NOTE H – NET DEFICITS

The Church experienced a significant loss on a parcel of land purchased in 2006. As a result, the Church's liabilities exceed its assets by \$150,687 and \$312,340 at December 31, 2022 and 2021, respectively. In January 2011, the Church refinanced its debt into a 20-year term loan with a 30-year amortization which requires monthly payments that will be manageable with current cash flows. The debt was refinanced again in September 2019. Management is confident that the Church will reduce the net deficit in future years.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

The Church's net assets with donor restrictions are available for use by the following program activities for the year ended December 31, 2022:

Missions General	<u>\$ 21,787</u>
Total	<u><u>\$ 21,787</u></u>

NOTE J – SUBSEQUENT EVENTS

Significant events occurring after the financial statement year-end date and prior to issuance of the financial statements are monitored to determine the impacts, if any, of events on the financial statements to be issued. Management has evaluated possible financial reporting and disclosure subsequent events through February 23, 2023, the date the financial statements were available to be issued.