

# PARK COMMUNITY CHURCH

Consolidated Financial Statements  
With Independent Auditors' Report

August 31, 2023 and 2022

# PARK COMMUNITY CHURCH

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## **INDEPENDENT AUDITORS' REPORT**

Board of Elders  
Park Community Church  
Chicago, Illinois

### ***Opinion***

We have audited the accompanying consolidated financial statements of Park Community Church, which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Park Community Church as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Park Community Church and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Park Community Church's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Elders  
Park Community Church  
Chicago, Illinois

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Park Community Church's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Park Community Church's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Capin Crouse LLP*

Naperville, Illinois  
January 12, 2024

# PARK COMMUNITY CHURCH

## Consolidated Statements of Financial Position

|                                       | August 31,           |                      |
|---------------------------------------|----------------------|----------------------|
|                                       | 2023                 | 2022                 |
| ASSETS:                               |                      |                      |
| Cash and cash equivalents             | \$ 9,164,965         | \$ 9,290,309         |
| Restricted cash                       | 199,200              | 200,000              |
| Other assets                          | 46,705               | 26,074               |
| Operating lease, right of use assets  | 175,767              | -                    |
| Property and equipment, net           | 15,199,251           | 15,506,124           |
| Total Assets                          | <u>\$ 24,785,888</u> | <u>\$ 25,022,507</u> |
| LIABILITIES AND NET ASSETS:           |                      |                      |
| Liabilities:                          |                      |                      |
| Accounts payable and accrued expenses | \$ 170,760           | \$ 196,629           |
| Operating lease obligations           | 175,767              | -                    |
| Notes payable                         | 1,590,980            | 1,814,811            |
| Total liabilities                     | <u>1,937,507</u>     | <u>2,011,440</u>     |
| Net Assets:                           |                      |                      |
| Net assets without donor restrictions |                      |                      |
| Undesignated                          | 22,642,471           | 22,679,489           |
| Board designated                      | 199,200              | 200,000              |
|                                       | <u>22,841,671</u>    | <u>22,879,489</u>    |
| Net assets with donor restrictions    | 6,710                | 131,578              |
| Total net assets                      | <u>22,848,381</u>    | <u>23,011,067</u>    |
| Total Liabilities and Net Assets      | <u>\$ 24,785,888</u> | <u>\$ 25,022,507</u> |

See notes to consolidated financial statements

# PARK COMMUNITY CHURCH

## Consolidated Statements of Activities

|  | Year Ended August 31,         |                            |               |                               |                            |               |
|--|-------------------------------|----------------------------|---------------|-------------------------------|----------------------------|---------------|
|  | 2023                          |                            |               | 2022                          |                            |               |
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
| SUPPORT AND REVENUE:                   |                               |                            |               |                               |                            |               |
| Contributions                          | \$ 8,694,221                  | \$ 129,041                 | \$ 8,823,262  | \$ 8,610,512                  | \$ 193,015                 | \$ 8,803,527  |
| Investment income                      | 80,659                        | -                          | 80,659        | 2,462                         | -                          | 2,462         |
| Loss on disposal                       | -                             | -                          | -             | (2,333)                       | -                          | (2,333)       |
| Miscellaneous income                   | 201,932                       | -                          | 201,932       | 233,954                       | -                          | 233,954       |
| Total Support and Revenue              | 8,976,812                     | 129,041                    | 9,105,853     | 8,844,595                     | 193,015                    | 9,037,610     |
| RECLASSIFICATIONS:                     |                               |                            |               |                               |                            |               |
| Net assets released from restrictions: |                               |                            |               |                               |                            |               |
| Satisfaction of program restrictions   | 253,909                       | (253,909)                  | -             | 96,567                        | (96,567)                   | -             |
| EXPENSES:                              |                               |                            |               |                               |                            |               |
| Program services                       | 7,406,576                     | -                          | 7,406,576     | 6,409,033                     | -                          | 6,409,033     |
| Supporting activities:                 |                               |                            |               |                               |                            |               |
| Management and general                 | 1,829,907                     | -                          | 1,829,907     | 1,695,335                     | -                          | 1,695,335     |
| Fundraising                            | 32,056                        | -                          | 32,056        | 44,748                        | -                          | 44,748        |
| Total Expenses                         | 9,268,539                     | -                          | 9,268,539     | 8,149,116                     | -                          | 8,149,116     |
| Change in Net Assets                   | (37,818)                      | (124,868)                  | (162,686)     | 792,046                       | 96,448                     | 888,494       |
| Net Assets, Beginning of Year          | 22,879,489                    | 131,578                    | 23,011,067    | 22,087,443                    | 35,130                     | 22,122,573    |
| Net Assets, End of Year                | \$ 22,841,671                 | \$ 6,710                   | \$ 22,848,381 | \$ 22,879,489                 | \$ 131,578                 | \$ 23,011,067 |

See notes to consolidated financial statements

# PARK COMMUNITY CHURCH

## Consolidated Statement of Functional Expenses

Year Ended August 31, 2023

|   | Program<br>Services | Management<br>and General | Fundraising | Total        |
|---|---------------------|---------------------------|-------------|--------------|
| Salaries and benefits                     | \$ 3,752,290        | \$ 1,085,597              | \$ 5,922    | \$ 4,843,809 |
| Payroll taxes                             | 150,207             | 39,928                    | -           | 190,135      |
| Depreciation                              | 496,867             | 55,207                    | -           | 552,074      |
| Support to other organizations            | 1,339,305           | 7,918                     | -           | 1,347,223    |
| Utilities and maintenance                 | 183,128             | 40,282                    | -           | 223,410      |
| Rent                                      | 559,132             | 107,775                   | 2,115       | 669,022      |
| Travel                                    | 326,277             | 6,343                     | 179         | 332,799      |
| Interest                                  | 53,951              | 5,995                     | -           | 59,946       |
| Meals                                     | 207,776             | 22,354                    | 8,416       | 238,546      |
| Furniture, equipment, hardware & software | 170,901             | 63,259                    | 2,708       | 236,868      |
| Bank and merchant fees                    | 8,213               | 156,042                   | -           | 164,255      |
| Professional and consulting fees          | 37,801              | 116,493                   | -           | 154,294      |
| Education and training                    | 70,305              | 16,689                    | -           | 86,994       |
| Printing and communication                | 21,589              | 505                       | -           | 22,094       |
| Insurance                                 | -                   | 48,973                    | -           | 48,973       |
| Other                                     | 28,834              | 56,547                    | 12,716      | 98,097       |
|   | <hr/>               | <hr/>                     | <hr/>       | <hr/>        |
| Total Expenses                            | \$ 7,406,576        | \$ 1,829,907              | \$ 32,056   | \$ 9,268,539 |
|   | <hr/> <hr/>         | <hr/> <hr/>               | <hr/> <hr/> | <hr/> <hr/>  |

See notes to consolidated financial statements

# PARK COMMUNITY CHURCH

## Consolidated Statement of Functional Expenses

Year Ended August 31, 2022

|   | Program<br>Services | Management<br>and General | Fundraising | Total        |
|---|---------------------|---------------------------|-------------|--------------|
| Salaries and benefits                     | \$ 3,321,752        | \$ 948,558                | \$ 4,437    | \$ 4,274,747 |
| Payroll taxes                             | 141,101             | 37,508                    | -           | 178,609      |
| Depreciation                              | 503,419             | 55,935                    | -           | 559,354      |
| Support to other organizations            | 998,347             | 4,057                     | -           | 1,002,404    |
| Utilities and maintenance                 | 227,680             | 45,881                    | -           | 273,561      |
| Rent                                      | 443,338             | 100,575                   | 18,472      | 562,385      |
| Travel                                    | 181,268             | 8,022                     | 37          | 189,327      |
| Interest                                  | 61,255              | 6,806                     | -           | 68,061       |
| Meals                                     | 152,444             | 16,037                    | 5,924       | 174,405      |
| Furniture, equipment, hardware & software | 154,087             | 76,293                    | 8,508       | 238,888      |
| Bank and merchant fees                    | 7,886               | 170,574                   | -           | 178,460      |
| Professional and consulting fees          | 89,354              | 110,720                   | -           | 200,074      |
| Education and training                    | 71,745              | 2,513                     | -           | 74,258       |
| Printing and communication                | 12,370              | 344                       | -           | 12,714       |
| Insurance                                 | -                   | 67,134                    | -           | 67,134       |
| Other                                     | 42,987              | 44,378                    | 7,370       | 94,735       |
|   | <hr/>               | <hr/>                     | <hr/>       | <hr/>        |
| Total Expenses                            | \$ 6,409,033        | \$ 1,695,335              | \$ 44,748   | \$ 8,149,116 |
|   | <hr/> <hr/>         | <hr/> <hr/>               | <hr/> <hr/> | <hr/> <hr/>  |

See notes to consolidated financial statements



# PARK COMMUNITY CHURCH

## Consolidated Statements of Cash Flows

|   | Year Ended August 31, |              |
|---|-----------------------|--------------|
|   | 2023                  | 2022         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                       |              |
| Change in net assets  | \$ (162,686)          | \$ 888,494   |
| Adjustments to reconcile change in net assets<br>to net cash provided (used) by operating activities: |                       |              |
| Depreciation  | 552,074               | 559,354      |
| Loss on disposal of property and equipment  | -                     | 2,333        |
| Changes in:   |                       |              |
| Other assets  | (20,631)              | 31,531       |
| Accounts payable and accrued expenses   | (25,869)              | 48,640       |
| Net Cash Provided by Operating Activities   | 342,888               | 1,530,352    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                       |              |
| Purchase of property and equipment  | (245,201)             | (128,112)    |
| Net Cash Used Investing Activities  | (245,201)             | (128,112)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                       |              |
| Payments on notes payable   | (223,831)             | (215,716)    |
| Net Cash Used by Financing Activities   | (223,831)             | (215,716)    |
| Change in Cash and Cash Equivalents and Restricted Cash   | (126,144)             | 1,186,524    |
| Cash and Cash Equivalents and Restricted Cash, Beginning of Year                                      | 9,490,309             | 8,303,785    |
| Cash and Cash Equivalents and Restricted Cash, End of Year  | \$ 9,364,165          | \$ 9,490,309 |
| <b>SUPPLEMENTAL DATA:</b>   |                       |              |
| ROU assets obtained in exchange for operating lease obligation  | \$ 189,568            | \$ -         |

See notes to consolidated financial statements

# **PARK COMMUNITY CHURCH**

## **Notes to Consolidated Financial Statements**

August 31, 2023 and 2022

### **1. NATURE OF ORGANIZATION:**

Park Community Church (Park) is a non-denominational, family of interdependent churches located in the heart of the city of Chicago. It is organized under the laws of the State of Illinois as a religious corporation and operates as a charitable religious organization, as defined within Section 501(c)(3) of the Internal Revenue Code (the Code). Accordingly, it is exempt from federal and state income taxes, and all contributions by the public are deductible for income tax purposes. Park is not a private foundation under section 509(a)(1) of the Code. Park's support comes primarily from donor contributions.

Park was founded in 1987 with an initial congregation of about fifty people who met at the Francis Parker School in the Lincoln Park neighborhood of Chicago. They envisioned a vibrant church that would engage the Lincoln Park neighborhood and surrounding urban community with the life-transforming truth of the Gospel. Eventually, as Park began to grow, it sought to expand the reach of the gospel into other neighborhoods. It believed that strong, neighborhood-based churches were the most effective means of reaching the city. To that end, Park purchased a building and opened a new location in the summer of 2008 at 1001 N. Crosby Street in the Near North neighborhood. Over the next five years, Park continued to expand as one church in many locations. Today, Park is a family of 13 interdependent churches ministering to approximately 3,000 people across many dynamic neighborhoods, resulting from its belief that God has called us to play a role in the spiritual renewal of Chicago. Park prayerfully seeks to invest in church planting, partnering with other churches and organizations to live out its vision to proclaim the gospel of Jesus Christ to all people until there is no place left.

In June 2002, Park formed a corporation called Hope for the City, whose name was subsequently changed in September of 2009 to Renew Chicago. Effective April 15, 2018, Renew Chicago was established as a 501(c)(3) corporation and currently operates as a closely held entity with a separate board appointed by Park and one employee. The majority of Renew's activities are conducted as a ministry of Park Community Church and are funded through Park's general fund and individual contributions. Any contributions specifically designated for the ministry of Renew are recorded as Renew general fund contributions.

In October 2020, Park established Mission:All which is organized under the laws of the State of Illinois as a religious corporation and operates as a charitable religious organization, as defined within Section 501(c)(3) of the Internal Revenue Code. Controlled by Park through common board members and voting interests, Mission:All's mission is to identify, equip, send out, and support members of the body of Christ to plant new gospel-centered churches and ministries reaching under-served and under-resourced neighborhoods across the city of Chicago with the good news of the kingdom in obedience to Christ's commission and for the sake of his glory. Mission:All ministry activities are conducted as a ministry of Park Community Church and are largely funded through Park's general fund. Contributions specifically designated for the ministry of Mission:All are recorded as Mission:All general fund contributions.

# PARK COMMUNITY CHURCH

## Notes to Consolidated Financial Statements

August 31, 2023 and 2022

1. NATURE OF ORGANIZATION, continued:

In May 2023, Park established Chicago Christian Academy (CCA) which was established as a 501(c)(3) corporation organized and operated exclusively for educational purposes. CCA operates as a closely held entity with a separate board appointed by Park. CCA's mission is to assist parents in discipling their children through the following: providing academic instruction that is distinctly Christian and inspires a wonder at God and a love of His creation; equipping a generation of critical thinkers ready to engage the world using the proven classical education curriculum and method; and fostering a diverse fellowship of support and love through intentional and robust family engagement. Contributions specifically designated for the ministry of CCA are recorded as CCA general fund contributions.

2. SIGNIFICANT ACCOUNTING POLICIES:

**BASIS OF ACCOUNTING**

The consolidated financial statements have been prepared using the accrual basis of accounting. The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

**PRINCIPLES OF CONSOLIDATION**

The accompanying consolidated financial statements include the accounts of Park Community Church and its controlled related parties Renew Chicago, Mission: All, and Chicago Christian Academy (collectively, referred to as "Park"). All material related party balances and transactions have been eliminated in consolidation.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include checking and money market accounts. As of August 31, 2023 and 2022, the Church's cash balances exceeded federally insured limits by \$8,912,930 and \$8,940,238, respectively.

**RESTRICTED CASH**

Park maintains cash balances that are board designated for specific use (Note 7).

|   | August 31,          |                     |
|---|---------------------|---------------------|
|   | 2023                | 2022                |
| Cash and cash equivalents                           | \$ 9,164,965        | \$ 8,093,785        |
| Restricted cash                                     | 199,200             | 210,000             |
| Total Cash and cash equivalents and restricted cash | <u>\$ 9,364,165</u> | <u>\$ 8,303,785</u> |

# PARK COMMUNITY CHURCH

## Notes to Consolidated Financial Statements

August 31, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### OTHER ASSETS

Other assets consist of prepaid expenses and accounts receivable for Park.

#### PROPERTY AND EQUIPMENT

Items over \$2,500 are capitalized at cost or, if the asset was contributed, at fair market value at the date of the contribution. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-five years.

#### CLASSES OF NET ASSETS

Net assets are classified in the consolidated financial statements as follows:

*Net assets without donor restrictions* are those currently available for ministry purposes at the discretion of the Board, those designated by the Board for specific use and those resources invested in land, buildings and equipment.

*Net assets with donor restrictions* are those contributions stipulated by donors for specific operating purposes or for acquisition of property and equipment or those with timing restrictions.

#### SUPPORT AND REVENUE

Contributions are recorded when cash is received, unconditional promises are made or when ownership of donated assets is transferred. All contributions are considered available for use without donor restrictions, unless specifically restricted by the donor or subject to legal restrictions. Generally, gifts of cash and other assets are reported as donor restricted support if they are received with donor-imposed restrictions that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Bequests are recorded as support at the time Park has an established right to the bequest and the proceeds are measurable. Donated goods are recorded at fair market value at the time of donation. Gifts of land, buildings and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Interest and miscellaneous revenue, including fees, tape and book sales, are recorded when earned.

Sales revenue represents revenue earned from the sale of food in Park's café. Sales are shown net of cost of goods sold.

# PARK COMMUNITY CHURCH

## Notes to Consolidated Financial Statements

August 31, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities. The consolidated 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 depreciation and occupancy-related costs, which are allocated on a square footage basis, as well as salaries and benefits, and certain office-related expenses, which are allocated on the basis of estimates of time and effort.

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842 of the ASC). The amendments in this update require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The organization adopted this updated for August 31, 2023. Some of the Organization's contracts contain the right to control the use of property or assets and are therefore considered leases. The Organization elected the practical expedient to not separate lease and non-lease components and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosures can be found in Note 8.

### 3. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

|                               | August 31,           |                      |
|-------------------------------|----------------------|----------------------|
|                               | 2023                 | 2022                 |
| Land                          | \$ 6,022,974         | \$ 6,022,974         |
| Building                      | 15,305,970           | 15,097,070           |
| Furniture and fixtures        | 986,468              | 975,430              |
| Equipment                     | 1,815,855            | 1,791,141            |
|                               | 24,131,267           | 23,886,615           |
| Less accumulated depreciation | (8,932,016)          | (8,380,491)          |
|                               | <u>\$ 15,199,251</u> | <u>\$ 15,506,124</u> |

# PARK COMMUNITY CHURCH

## Notes to Consolidated Financial Statements

August 31, 2023 and 2022

4. NOTES PAYABLE:

Notes payable consists of the following:

|   | August 31,   |              |
|---|--------------|--------------|
|   | 2023         | 2022         |
| Mortgage payable with a bank secured by property located in Chicago, IL (original balance of \$2,500,000); with monthly principal and interest payments of \$23,648, interest at 3.5%. Remaining principal and interest due upon maturity in November 2024. | \$ 1,590,980 | \$ 1,814,811 |

The note payable matures as follows during the year ending August 31:

|      |              |
|------|--------------|
| 2024 | \$ 231,648   |
| 2025 | 1,359,332    |
|      | \$ 1,590,980 |

5. RETIREMENT PLAN:

Park provides a 403(b) retirement plan that covers all full-time employees with enrollment, matching and vesting beginning immediately. Park will match 100% of the first 5% of contributions made by full-time employees (maximum benefit of 5% of salary). For the years ended August 31, 2023 and 2022, Park made contributions to the plan of \$138,658 and \$134,900, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are held for the following purposes:

|                         | August 31, |            |
|-------------------------|------------|------------|
|                         | 2023       | 2022       |
| Renew Chicago Triathlon | \$ -       | \$ 90,828  |
| Missions                | 6,710      | 40,750     |
|                         | \$ 6,710   | \$ 131,578 |

# PARK COMMUNITY CHURCH

## Notes to Consolidated Financial Statements

August 31, 2023 and 2022

7. BOARD DESIGNATED NET ASSETS:

In November 2015, Park launched a generosity initiative designed to grow its membership in stewardship and generosity. As part of that initiative, the Elders voted to designate 10% of all general-fund contributions received to external-facing ministries. The Board designated funds are held for the following:

|          | August 31, |            |
|----------|------------|------------|
|          | 2023       | 2022       |
| Park 100 | \$ 199,200 | \$ 200,000 |

8. OPERATING LEASE-RIGHT OF USE ASSET AND OBLIGATION

Park leases space for services under a noncancelable operating lease expiring in fiscal year 2026. The discount rate represents their incremental borrowing rate if they were to take on additional debt using a period comparable with that of the individual lease term on the inception date of the lease. The lease requires monthly payments ranging \$3,300. Total expenses incurred under the operating lease for the year ended August 31, 2023, was \$16,500.

|                                       | August 31, 2023 |
|---------------------------------------|-----------------|
| Operating lease right-of-use asset    | \$ 175,767      |
| Operating lease liability             | \$ 175,767      |
| Operating lease costs                 | \$ 16,500       |
| Weighted-average discount rate        | 3.52%           |
| Weighted-average remaining lease term | 4.83            |

Future minimum lease payments required under the operating lease that has an initial or remaining non-cancelable lease term in excess of one year as follows:

|                       | August 31, 2023 |
|-----------------------|-----------------|
| 2024                  | \$ 39,600       |
| 2025                  | 39,600          |
| 2026                  | 39,600          |
| 2027                  | 39,600          |
| 2028                  | 33,000          |
|                       | 191,400         |
| Less imputed interest | (15,633)        |
|                       | \$ 175,767      |

# PARK COMMUNITY CHURCH

## Notes to Consolidated Financial Statements

August 31, 2023 and 2022

9. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects Park's financial assets as of August 31, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year because of contractual or donor-imposed restrictions or because the board has set aside funds for specific purposes. These Board designations could be drawn upon if the Board approves such action.

|  | August 31,          |                     |
|--|---------------------|---------------------|
|  | 2023                | 2022                |
| Financial assets, at year end  |                     |                     |
| Cash and cash equivalents  | \$ 9,164,965        | \$ 9,290,309        |
| Restricted cash  | 199,200             | 200,000             |
| Less those unavailable for general expenditures within one year, due to:               |                     |                     |
| Board designated   | (199,200)           | (200,000)           |
| Net assets with donor restrictions   | <u>(6,710)</u>      | <u>(131,578)</u>    |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 9,158,255</u> | <u>\$ 9,158,731</u> |

Park structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of Park's liquidity management, it has established guidelines for making decisions related to managing short term cash reserves in a prudent manner.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 12, 2024, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.