

**Five Oaks Community Church
Financial Statements
December 31, 2022 and 2021**

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**To: The Board of Trustees
Five Oaks Community Church
Woodbury, Minnesota**

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Five Oaks Community Church (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Five Oaks Community Church as of December 31, 2022 and 2021, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Five Oaks 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.

Emphasis of Matter

As discussed in Note 9 of the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, including omissions, 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 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 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 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 Five Oaks 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Five Oaks 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.

Freeman ; Bonnema, PLLC

October 18, 2023

**Five Oaks Community Church
Statements of Financial Position
As of December 31, 2022 and 2021**

ASSETS

	<u>2022</u>	<u>(As Restated) 2021</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,402,838	\$ 1,093,436
Prepaid Expenses	90	-
Total Current Assets	<u>1,402,928</u>	<u>1,093,436</u>
Land, Building and Equipment		
Land	1,502,202	1,502,202
Building and Improvements	7,818,700	7,674,567
Equipment	355,076	428,752
Total	<u>9,675,978</u>	<u>9,605,521</u>
Less: Accumulated Depreciation	<u>3,908,274</u>	<u>3,674,059</u>
Net	<u>5,767,704</u>	<u>5,931,462</u>
Other Assets		
Right-of-Use Asset	<u>29,787</u>	<u>-</u>
Total Assets	<u><u>7,200,419</u></u>	<u><u>7,024,898</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Portion of Mortgage	136,000	116,000
Current Portion of Lease Liability	9,533	-
Accounts Payable	131,101	29,325
Accrued Interest	7,180	7,180
Total Current Liabilities	<u>283,814</u>	<u>152,505</u>
Long-Term Liabilities		
Mortgage Notes Payable	2,554,781	2,705,545
Long-term Portion of Lease Liability	20,254	-
Total Long-Term Liabilities	<u>2,575,035</u>	<u>2,705,545</u>
Total Liabilities	<u>2,858,849</u>	<u>2,858,050</u>
Net Assets		
Net Assets Without Donor Restrictions		
Unrestricted-Undesignated	589,804	562,468
Designated by the Board	256,719	270,502
Net Investment in Property, Plant and Equipment	3,069,743	3,102,737
Total Unrestricted Net Assets	<u>3,916,266</u>	<u>3,935,707</u>
Net Assets With Donor Restrictions	<u>425,304</u>	<u>231,141</u>
Total Net Assets	<u>4,341,570</u>	<u>4,166,848</u>
Total Liabilities and Net Assets	<u><u>7,200,419</u></u>	<u><u>7,024,898</u></u>

See Notes to the Financial Statements

Five Oaks Community Church
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>(As Restated) 2021</u>
<u>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>SUPPORT AND REVENUES</u>		
Tithes and Offerings	\$ 2,324,272	\$ 2,311,192
Interest Income	2,150	1,179
Program Revenues	114,660	63,872
Release from Net Assets With Donor Restrictions	179,427	799,645
Total Support and Revenues	<u>2,620,509</u>	<u>3,175,888</u>
<u>OPERATING EXPENSES</u>		
Family and Discipleship	913,048	853,641
Connection Ministry	429,971	343,439
Worship	609,583	584,100
Missions	323,419	304,701
Total Program Expenses	<u>2,276,021</u>	<u>2,085,881</u>
Management and General Expenses	363,929	355,172
Fundraising Expenses	-	44,648
Total Expenses	<u>2,639,950</u>	<u>2,485,701</u>
Change in Net Assets Without Donor Restrictions	<u>(19,441)</u>	<u>690,187</u>
<u>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</u>		
Contributions	373,590	724,470
Release to Net Assets Without Donor Restrictions	(179,427)	(799,645)
Total Change in Net Assets With Donor Restrictions	<u>194,163</u>	<u>(75,175)</u>
Total Change in Net Assets	174,722	615,012
Net Assets-Beginning of Year	<u>4,166,848</u>	<u>3,551,836</u>
Net Assets-End of Year	<u><u>4,341,570</u></u>	<u><u>4,166,848</u></u>

See Notes to the Financial Statements

**Five Oaks Community Church
Statement of Functional Expenses
For the Year Ended December 31, 2022**

	<u>Family and Discipleship</u>	<u>Connection Ministry</u>	<u>Worship</u>	<u>Missions</u>	<u>Total Program Expenses</u>	<u>Management and General</u>	<u>Total</u>
Personnel Expense	\$ 396,425	\$ 249,688	\$ 253,238	\$ 29,584	\$ 928,935	\$ 254,422	\$ 1,183,357
Facility Expenses	194,401	72,900	170,101	-	437,402	48,600	486,002
Outreach Expense	-	26,016	-	-	26,016	-	26,016
Connection Expenses	-	19,977	-	-	19,977	-	19,977
Mission Support	-	-	-	293,043	293,043	-	293,043
Worship and Ministry Expense	-	-	51,822	-	51,822	-	51,822
Adult Ministry Expense	27,836	-	-	-	27,836	-	27,836
Children and Youth Expense	133,702	-	-	-	133,702	-	133,702
Small Group Ministry Expense	4,193	-	-	-	4,193	-	4,193
Professional Fees	-	-	-	-	-	17,625	17,625
Office Expenses	10,616	6,687	6,782	792	24,877	6,813	31,690
Interest Expense	40,535	15,201	35,468	-	91,204	10,134	101,338
Software and Technology Expense	11,654	4,370	10,197	-	26,221	2,913	29,134
Depreciation Expense	93,686	35,132	81,975	-	210,793	23,422	234,215
Total	<u>913,048</u>	<u>429,971</u>	<u>609,583</u>	<u>323,419</u>	<u>2,276,021</u>	<u>363,929</u>	<u>2,639,950</u>

Five Oaks Community Church
Statement of Functional Expenses
For the Year Ended December 31, 2021
(As Restated)

	Family and Discipleship	Connection Ministry	Worship	Missions	Total Program Expenses	Management and General	Fundraising	Total
Personnel Expense	\$ 436,410	\$ 183,752	\$ 252,658	\$ 22,969	\$ 895,789	\$ 252,658	\$ -	\$ 1,148,447
Facility Expenses	167,313	62,742	146,399	-	376,454	41,828	-	418,282
Outreach Expense	-	11,447	-	-	11,447	-	-	11,447
Connection Expenses	-	23,961	-	-	23,961	-	-	23,961
Mission Support	-	-	-	281,212	281,212	-	-	281,212
Worship and Ministry Expense	-	-	45,441	-	45,441	-	-	45,441
Adult Ministry Expense	13,826	-	-	-	13,826	-	-	13,826
Children and Youth Expense	71,801	-	-	-	71,801	-	-	71,801
Small Group Ministry Expense	1,402	-	-	-	1,402	-	-	1,402
Professional Fees	-	-	-	-	-	16,713	-	16,713
Campaign Expenses	-	-	-	-	-	-	44,648	44,648
Office Expenses	9,881	4,160	5,721	520	20,282	5,721	-	26,003
Interest Expense	45,452	17,044	39,770	-	102,266	11,363	-	113,629
Software and Technology Expense	15,579	5,842	13,632	-	35,053	3,895	-	38,948
Depreciation Expense	91,977	34,491	80,479	-	206,947	22,994	-	229,941
Total	<u>853,641</u>	<u>343,439</u>	<u>584,100</u>	<u>304,701</u>	<u>2,085,881</u>	<u>355,172</u>	<u>44,648</u>	<u>2,485,701</u>

Five Oaks Community Church
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>(As Restated) 2021</u>
<u>CASH FLOWS-OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 174,722	\$ 615,012
Adjustments to Reconcile Increase (Decreases) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	234,215	229,941
Amortization	777	777
<u>Changes in Current Assets and Current Liabilities</u>		
(Decrease) in Prepaid Expenses	(90)	-
(Decrease) Increase in Accounts Payable	101,776	25,783
(Decrease) Increase in Accrued Interest Payable	-	(2,115)
(Decrease) in Accrued Payroll Taxes	-	(7,792)
TOTAL CASH FLOWS-OPERATING ACTIVITIES	<u>511,400</u>	<u>861,606</u>
<u>CASH FLOWS-INVESTING ACTIVITIES</u>		
Property and Equipment Additions	<u>(70,457)</u>	<u>(302,588)</u>
TOTAL CASH FLOWS-INVESTING ACTIVITIES	<u>(70,457)</u>	<u>(302,588)</u>
<u>CASH FLOWS-FINANCING ACTIVITIES</u>		
Retirement of Debt	<u>(131,541)</u>	<u>(418,672)</u>
TOTAL CASH FLOWS-FINANCING ACTIVITIES	<u>(131,541)</u>	<u>(418,672)</u>
Net Increase in Cash & Cash Equivalents	309,402	140,346
Cash and Cash Equivalents- Beginning of the Year	<u>1,093,436</u>	<u>953,090</u>
Cash and Cash Equivalents- End of the Year	<u><u>1,402,838</u></u>	<u><u>1,093,436</u></u>
<u>Supplemental disclosure:</u>		
Total cash paid for interest	<u><u>\$ 100,561</u></u>	<u><u>\$ 114,967</u></u>

See Notes to the Financial Statements

**Five Oaks Community Church
Notes to Financial Statements
December 31, 2022 and 2021**

1. NATURE OF ORGANIZATION

Five Oaks Community Church (the "Church") was organized as a nonprofit corporation and is incorporated under the laws of the state of Minnesota. The Church maintains its operations in a church building located in Woodbury, Minnesota. The purpose of the Church is to encourage the worship of God, communicate the gospel of Jesus Christ, to participate in missions worldwide, to equip and mobilize believers and to nurture relationships that edify and encourage believers.

The Church is a member church of the Evangelical Free Church of America and is exempt from federal income taxes under the Evangelical Free Church exemption letter from the Internal Revenue Service under IRS Code Section 501(c)(3).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Church prepares its financial statements on the accrual basis.

Financial Statement Presentation

The financial statements of the Church have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Church to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Church's management and the board of directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Church or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions with donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Land, Building and Equipment

The land, building and equipment are recorded on the financial statements at cost if purchased or estimated values as determined by use of appraisal and insurance policies if donated.

**Five Oaks Community Church
Notes to Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Land, Building and Equipment-(Continued)

The church building sits on approximately 18 acres of land. The land was purchased in 1995. The original construction took place in 1998 with second and third phases in 2002 and 2006. The buildings are depreciated using straight-line method over 40 years. The furnishings and equipment are depreciated using the straight-line method over useful lives ranging from three to ten years. Purchases that have an economic benefit for more than one year are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Public Support, Revenues and Expenses

The Church receives the majority of its support in the form of voluntary tithes, offerings and support from its members and attendees. Contribution income is recorded when cash is received or when ownership of donated assets are transferred. Unconditional pledges are recorded in the statement of financial position when the organization is notified of the pledge, and allowances are provided for amounts estimated as uncollectible. Faith pledges are not considered unconditional and therefore are not recorded on the Church's financial statements. At December 31, 2022 and 2021, there were no outstanding unconditional promises to give that would require recognition of a pledge receivable.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Functional Expenses

The costs of providing various program services and supporting activities of the Church have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel	Time and Effort
Facility	Square Footage
Office	Time and Effort
Software and Technology	Square Footage
Vehicle	Time and Effort
Interest	Square Footage
Depreciation	Square Footage

**Five Oaks Community Church
Notes to Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

Income Taxes

The Church is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). In addition, ministers of the Church are granted certain income tax exemptions, if applied for, and documented in the Church's records. Additional income and payroll taxes can be assessed against the Church and its ministers if exemption requirements are not met.

On December 31, 2022 and 2021, the Church has determined that there were no unrelated business activities for which income taxes would be due. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Accounting standards prescribe a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. Management annually reviews its tax position and has determined that there were no material uncertain tax positions that require recognition in the financial statements on December 31, 2022 or 2021.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

The Organization considers cash and monies in banks and all highly liquid instruments that are readily convertible to known amounts of cash and/or are within three months from maturity as cash equivalents.

Contributed Services

The Organization receives a substantial amount of services donated by its members in carrying out its ministry. No amounts have been reflected in the financial statements for those services since they do not meet the requirements in accounting standards.

Subsequent Events

The Church has evaluated subsequent events and transactions for potential recognition or disclosure through October 18, 2023, the date the financial statements were available to be issued.

**Five Oaks Community Church
Notes to Financial Statements
December 31, 2022 and 2021**

3. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,402,838	\$ 1,093,436
Total financial assets	<u>1,402,838</u>	<u>1,093,436</u>
Less: board designated net assets	256,719	270,502
Less: net assets restricted by donors	425,304	231,141
Financial assets available to meet cash needs for general expenditures within one year	<u><u>720,815</u></u>	<u><u>591,793</u></u>

The Church strives to maintain liquid financial assets sufficient to cover 30 days of general expenditures. Financial assets are generally held in checking and savings accounts.

The above table reflects the Church's financial assets as of December 31, 2022 and 2021 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date including internal board designations and donor restricted net assets. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

In addition to financial assets available to meet general expenditures over the next 12 months, the Church operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Church's cash and shows positive cash generated by operations for the fiscal year December 31, 2022 and 2021.

4. LONG-TERM DEBT

Loan Number 1 - The Church refinanced an existing mortgage note payable on December 27, 2012. The mortgage note payable with Christian Investors Financial was in the original amount of \$3,361,000. The original interest rate on the loan was 4.5% and could be adjusted on January 1, 2018. Monthly principal and interest payments of \$18,682 were required until maturity on January 1, 2038. Effective with the July 1, 2016 payment, the loan agreement was modified to lower the interest rate to 4.25% and the monthly principal and interest payments were adjusted to \$18,260. The maturity date remains on January 1, 2038. The interest rate on the loan may be adjusted on June 1, 2021 and every fifth year after that. The interest rate was 3.625% at December 31, 2022 and 2021. The mortgage is secured by an interest in the church land and buildings. The amount outstanding on the loan was \$2,427,386 on December 31, 2022 and \$2,546,203 on December 31, 2021.

**Five Oaks Community Church
Notes to Financial Statements
December 31, 2022 and 2021**

4. LONG-TERM DEBT - (CONTINUED)

Loan Number 2 - The Church financed the purchase of 9.5 acres of adjacent land with Christian Investors Financial on August 7, 2013. The mortgage note is in the original amount of \$1,360,000. The interest rate on the loan is 4.5% and was to be adjusted on September 1, 2018. Monthly principal and interest payments of \$7,559 were due until maturity on September 1, 2038. Effective with the July 1, 2016 payment, the loan agreement was modified to lower the interest rate to 4.25% and the monthly principal and interest payments were adjusted to \$3,966. On May 17, 2017, the Church made a prepayment of \$330,000 on this loan. The loan was then re-amortized and the monthly principal and interest payment to amortize the loan to the maturity date was adjusted to \$2,007. The maturity date remains on September 1, 2038. The interest rate on the loan may be adjusted on June 1, 2021 and every fifth year after that. The rate was 3.625% at December 31, 2022 and 2021. The balance outstanding on the loan was \$275,053 on December 31, 2022 and \$287,777 on December 31, 2021. The loan is secured by an interest in the land and buildings of the Church.

Loan Number 3 - The Church has a non-revolving line of credit in the total amount of \$350,000. The loan is dated May 9, 2014 and matures on June 1, 2039. The loan was interest only for the first six months and converted to an amortizing loan with a fully amortized twenty-four-and-a-half-year term. This conversion results in monthly principal and interest payments of \$1,967 until maturity. The initial interest rate on the loan is 4.5% and adjusts every five years. Effective with the July 1, 2016 payment, the loan agreement was modified to lower the interest rate to 4.25%. The monthly principal and interest payments were adjusted to \$1,921. The maturity date remains on June 1, 2039. The interest rate on the loan may be adjusted on June 1, 2021 and every fifth year after that. Total amount outstanding on the loan was \$294,806 on December 31, 2020. The amount was paid in full during the year ended December 31, 2021. The loan was secured by an interest in the land and buildings of the Church.

	<u>2022</u>	<u>2021</u>
Loan Number 1	\$ 2,427,386	\$ 2,546,203
Loan Number 2	<u>275,053</u>	<u>287,777</u>
Total	2,702,439	2,833,980
Less: Unamortized Debt Issuance Costs	11,658	12,435
Less: Current Portion	<u>136,000</u>	<u>116,000</u>
Net Long-Term Debt	<u>2,554,781</u>	<u>2,705,545</u>

Finance costs of \$19,429 were incurred and are amortized over the twenty- five-year term of the loan. The Church reports such costs as a direct deduction from the face amount of the related debt (as shown in the table above). Accumulated amortization on the finance costs was \$7,771 on December 31, 2022 and \$6,994 on December 31, 2021.

The Church reports amortization of the debt issuance costs totaling \$777 for the year ended December 31, 2022 and \$777 for the year ended December 31, 2021 as a component of interest expense.

Estimated principal payments on these loans over the next five years are as follows:

December 31, 2023	\$136,000
2024	141,000
2025	147,000
2026	152,000
2027	158,000

**Five Oaks Community Church
Notes to Financial Statements
December 31, 2022 and 2021**

5. CONCENTRATIONS

The Church maintains its cash in bank deposit accounts which at times may exceed federally insured limits.

The Church is primarily dependent upon contributions by its members to meet expenses of operation and for the payment of principal and interest on debt. Although management of the Church expects contributions to be adequate, there can be no assurance that such contributions will be sufficient to meet these Obligations. Also, there is no assurance that Church membership will increase or remain stable or that per capita contribution by members will increase or remain stable.

The Church is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Any adverse change in the tax laws, or any adverse change in the Church's tax status as a tax-exempt organization, would affect contributors who are currently entitled to deduct their contributions to the Church from gross income. Any such change, in turn, could adversely affect the level of contributions to the Church and the ability of the Church to meet its obligations, including principal and interest on debt.

6. EMPLOYEE RETIREMENT PLAN

The Church sponsors a 403b retirement program account. Employees working over 20 hours per week are eligible to make voluntary contributions. Full-time employees qualify for discretionary matching contributions of 5% of salary for the first five years of participation and then increasing 1% for each year after that up to a maximum of 10%. The amount contributed by the Church was \$54,466 during the year ended December 31, 2022 and \$49,469 during the year ended December 31, 2021.

7. NET ASSETS DESIGNATED BY THE BOARD

The Church maintains the following funds that have been designated by Church governance:

	<u>2022</u>	<u>2021</u>
Helps Ministry	\$ 2,085	\$ 4,751
Facility Usage	1,999	-
Adult Ministries	22,252	17,000
Youth Ministries	3,742	3,691
Missions	219,699	162,054
Pastoral Residency	-	68,458
Worship Equipment and Facilities	6,902	14,517
Family Events	-	31
Other	40	-
Total	<u>256,719</u>	<u>270,502</u>

**Five Oaks Community Church
Notes to Financial Statements
December 31, 2022 and 2021**

8. EQUIPMENT LEASE

The Church leases certain office equipment under non-cancelable operating lease dated January 13, 2021. The agreement requires sixty monthly payments of \$879.

The Church evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Church's right to use underlying assets for the lease term, and the lease liabilities represent the Church's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Church has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Expense from the leases was \$10,548 for the year ended December 31, 2022 and \$9,669 for the year ended December 31, 2021.

The details of the right of use asset and liability at December 31, 2022 and the estimated future lease payments over the next five years are as follows:

Right-of-Use Assets	<u>\$ 29,787</u>
Lease Liability-Long-Term	20,255
Lease Liability-Current	<u>9,533</u>
Total Lease Liability	<u><u>29,787</u></u>
Required Lease Payments For	
<u>Years Ended December 31,</u>	
2023	\$ 10,548
2024	10,548
2025	10,548
2026	-
2027	-
Thereafter	<u>-</u>
Total Future Undiscounted	
Lease Payments	31,644
Less: Present Value Discount	<u>1,857</u>
Total Lease Liability	<u><u>29,787</u></u>

**Five Oaks Community Church
Notes to Financial Statements
December 31, 2022 and 2021**

9. NET ASSETS WITH DONOR RESTRICTIONS AND PRIOR YEAR RESTATEMENT

In 2020, the Church launched a two-year campaign to raise \$1.7 million toward the BLESS Campaign. The goal of the campaign was to raise funds to create a more welcoming environment, reach out to the city and world and to build a stronger financial foundation. The statement of financial position and statement of activities and changes in net assets for 2021 have been restated to present the net assets of the campaign as Net Assets With Donor Restrictions. The restatement has no impact on total net assets or total change in net assets.

The balance of BLESS campaign funds at December 31, 2022 and 2021 was \$425,304 and \$231,141, respectively.