



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

February 6, 2023

Elder's Leadership Team
Christ Community Evangelical Free Church
10901 Lowell Avenue, Suite 290
Overland Park, KS 66210

We have audited the financial statements of Christ Community Evangelical Free Church for the year ended September 30, 2022, and we will issue our report thereon dated February 6, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 21, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Christ Community Evangelical Free Church are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year end 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimates of useful lives of fixed assets. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure relates to uncertainties in Note 9.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The second attached schedule lists misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 6, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Recommendations

Year End Accruals

Our audit procedures resulted in adjusting journal entries to payroll accruals and related expenses. We recommend that accrued payroll and accrued vacation entries be recorded as part of the year end closing process to be in accordance with generally accepted accounting practices (GAAP).

During our audit, we noted that accounts payable are recorded based on invoice date rather than date of service/purchase as required by GAAP. We recommend that management perform an analysis of expenditures near year end to determine if an accrual is necessary.

Agency Funds

During our audit, we noted that contribution verbiage is included on correspondence related to funds that are passed through to other nonprofit organizations and accounted for as agency funds. We recommend that this documentation be reviewed to ensure that it is consistent with the accounting of the funds.

Upcoming Pronouncement

Management should evaluate the impact of ASU 2016,02, Leases, on the financial statements of the Organization to ensure all leases are properly recorded in accordance with the standard. The new lease standard is effective for the Organization for the year ending September 30, 2023.

This information is intended solely for the use of board of directors and management of Christ Community Evangelical Free Church and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Emerick & Company, P.C.

February 6, 2023

Emerick & Company, P.C.
4520 Madison Avenue, Suite G
Kansas City, Missouri 64111

This representation letter is provided in connection with your audit of the financial statements of Christ Community Evangelical Free Church, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 6, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 21, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the Organization's accounts. We are in agreement with those adjustments.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 19) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
- 20) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) Christ Community Evangelical Free Church is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature:



2/4/23

Title:

SENIOR EXECUTIVE PASTOR

CHRIST COMMUNITY EVANGELICAL FREE CHURCH

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022

CHRIST COMMUNITY EVANGELICAL FREE CHURCH

SEPTEMBER 30, 2022

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INDEPENDENT AUDITORS' REPORT

**Board of Elders
Christ Community Evangelical Free Church
Overland Park, Kansas**

Opinion

We have audited the accompanying financial statements of Christ Community Evangelical Free Church (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Christ Community Evangelical Free Church as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Christ Community Evangelical Free Church and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 Christ Community Evangelical Free 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 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 Christ Community Evangelical Free 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 Christ Community Evangelical Free 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.

Emerich + Company, P.C.

Kansas City, Missouri
February 6, 2023

**CHRIST COMMUNITY EVANGELICAL FREE CHURCH
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,700,518
Accounts receivable	<u>10,241</u>
Total Current Assets	<u>2,710,759</u>

PROPERTY AND EQUIPMENT

Land	2,427,543
Buildings and building improvements	36,368,174
Equipment and furniture	2,030,336
Accumulated depreciation	<u>(11,167,954)</u>
	29,658,099
Construction in progress	<u>85,463</u>
Total Property and Equipment	<u>29,743,562</u>

TOTAL ASSETS \$ 32,454,321

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 187,974
Accrued expenses	210,211
Notes payable, current portion	<u>316,988</u>
Total Current Liabilities	<u>715,173</u>

NOTES PAYABLE, net of current portion 383,010

TOTAL LIABILITIES 1,098,183

NET ASSETS

Without donor restrictions	<u>31,356,138</u>
Total Net Assets	<u>31,356,138</u>

TOTAL LIABILITIES AND NET ASSETS \$ 32,454,321

See Notes to Financial Statements

**CHRIST COMMUNITY EVANGELICAL FREE CHURCH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

SUPPORT AND REVENUE	
Contributions	\$ 9,487,985
Preschool tuition and fees	407,269
Administrative service fee	125,000
Other program fees	13,100
Interest income	8,225
Other income	<u>2,600</u>
TOTAL SUPPORT AND REVENUE	<u>10,044,179</u>
EXPENSES	
Program expenses	5,681,754
Management and general	<u>3,058,287</u>
TOTAL EXPENSES	<u>8,740,041</u>
CHANGE IN NET ASSETS	1,304,138
NET ASSETS, BEGINNING OF YEAR	<u>30,052,000</u>
NET ASSETS, END OF YEAR	<u>\$ 31,356,138</u>

See Notes to Financial Statements

**CHRIST COMMUNITY EVANGELICAL FREE CHURCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Program Expenses						Management and General	Total
	Adult Ministry	Family Ministry	Residency	Preschool	Outreach	Total		
Bank fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,103	\$ 95,103
Compensation and benefits	1,429,875	981,494	315,889	293,056	-	3,020,314	1,915,897	4,936,211
Congregant development	53,272	18,830	-	-	-	72,102	12,706	84,808
Contract services	14,802	-	-	-	-	14,802	12,032	26,834
Depreciation	-	915,708	-	-	-	915,708	283,120	1,198,828
Events	45,192	89,773	-	-	-	134,965	-	134,965
General insurance	-	86,087	-	-	-	86,087	26,616	112,703
Information technology	-	-	-	-	-	-	165,042	165,042
Interest	-	-	-	-	-	-	94,414	94,414
Outreach and benevolence	14	51,985	-	-	492,104	544,103	-	544,103
Promotion	-	-	10,432	3,911	-	14,343	27,837	42,180
Property taxes	-	8,646	-	-	-	8,646	2,673	11,319
Repairs and maintenance	-	136,865	-	-	-	136,865	70,747	207,612
Service fees	-	-	-	470	-	470	34,786	35,256
Staff development	47,445	11,390	13,918	6,767	-	79,520	64,873	144,393
Supplies and materials	56,246	42,379	-	6,920	758	106,303	83,157	189,460
Utilities/occupancy	-	439,145	-	17,585	-	456,730	141,212	597,942
Rent	-	90,796	-	-	-	90,796	28,072	118,868
TOTAL EXPENSES	\$ 1,646,846	\$ 2,873,098	\$ 340,239	\$ 328,709	\$ 492,862	\$ 5,681,754	\$ 3,058,287	\$ 8,740,041

See Notes to Financial Statements

**CHRIST COMMUNITY EVANGELICAL FREE CHURCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,304,138
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated stock	(327,552)
Proceeds from sale of donated stock	327,552
Contributions restricted for long term purposes	(228,172)
Depreciation	1,198,828
Changes in:	
Accounts and grants receivable	11,335
Accounts payable	44,073
Accrued expenses	97,042
	<u>2,427,244</u>
Net cash provided by operating activities	<u>2,427,244</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment, net	(491,171)
Net cash used in investing activities	(491,171)

CASH FLOWS FROM FINANCING ACTIVITIES

Notes payable payments, net	(3,016,603)
Contributions restricted for long term purposes	228,172
Net cash used in financing activities	(2,788,431)

DECREASE IN CASH AND CASH EQUIVALENTS (852,358)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 3,552,876

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 2,700,518

SUPPLEMENTAL DISCLOSURE

Interest paid during the year	\$ 94,414
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See Notes to Financial Statements

**CHRIST COMMUNITY EVANGELICAL FREE CHURCH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Christ Community Evangelical Free Church (the Church) was incorporated under the laws of the state of Kansas, and is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Church is supported primarily through contributions from the congregation.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. 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 can be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions 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 statement of activities.

All net assets were without donor restrictions as of September 30, 2022.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Church considers all liquid investments with original maturities of three months or less, including money market funds, to be cash equivalents. At various times throughout the year, the Church's cash and cash equivalent balances in its bank accounts exceeded federally insured amounts.

Property and Equipment

Land, buildings and equipment in excess of \$5,000 are capitalized at cost, or if donated, at fair market value on the date of donation. Property and equipment is depreciated over estimated useful lives of three to 40 years using the straight-line method.

**CHRIST COMMUNITY EVANGELICAL FREE CHURCH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

**NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Revenue and Revenue Recognition

The Church recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions in which case they are reported as increases in donor restricted net assets. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. Expenses are reported as decreases in net assets without donor restrictions. Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are substantially met.

Noncash contributions of land, buildings and equipment are recorded at their estimated fair market value at the date of contribution. Noncash contributions are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Program fees, interest income, and other income are reported when earned.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time to the activities of the Church. However, these services have not been reflected in the accompanying statements as they do not meet the accounting standards for recording in the financial statements.

Agency Funds

The Church periodically accepts assets from donors and agrees to transfer those assets to a specified beneficiary. These funds are not recorded as revenue and are included in accrued expenses in the statement of financial position. The balance of agency funds as of September 30, 2022 was \$87,945.

Income Taxes

The Church is exempt from federal income taxes on under Section 501(c)(3) of the IRC and files Internal Revenue Service (IRS) Form 990 annually with the federal government. However, the Church is subject to federal income tax on any unrelated business taxable income. The Church did not have any unrelated business income tax expense for the year ended September 30, 2022.

Subsequent Events

Subsequent events have been evaluated through February 6, 2023, which is the date the financial statements were available to be issued.

**CHRIST COMMUNITY EVANGELICAL FREE CHURCH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2: AVAILABILITY AND LIQUIDITY

The Church strives to maintain liquid financial assets sufficient to cover operating expenditures. The following table reflects the Church's financial assets as of September 30, 2022, reduced by amounts that are not available to meet general expenditures because of contractual restrictions or internal board designations.

Financial assets at year-end:	<u>2022</u>
Cash and cash equivalents	\$ 2,700,518
Accounts receivable	<u>10,241</u>
Total financial assets	<u>2,710,759</u>
Less amounts not available for general expenditures:	<u> -</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,710,759</u>

NOTE 3: NOTE PAYABLE

The Church has a note payable with a bank secured by real estate owned by the Church. The balance was \$699,998 and the interest rate was 3.9% as of September 30, 2022. The interest rate will adjust in March 2024 to the five year U.S. Treasury rate plus 2.375%. Monthly principal and interest payments of \$28,222 are required.

Future minimum payments for the notes are as follows:

Year ending September 30,	
2023	\$ 316,988
2024	329,574
2025	<u>53,436</u>
Total	699,998
Less current	<u>316,988</u>
Noncurrent	<u>\$ 383,010</u>

NOTE 4: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs that can be directly attributed to a specific program or supporting service are charged to that program or supporting function. Expenses that relate to more than one program or supporting service require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include utilities, repairs and maintenance, depreciation, information technology, general insurance and property taxes, which are allocated on the basis of estimates of square footage.

NOTE 5: RETIREMENT PLAN

The Church maintains a 403(b) retirement plan for eligible employees through the Free Church Ministers and Missionaries (FCMM) retirement program. The Church contributes 3% of gross pay for all employees as a base contribution. The employees may make voluntary contributions to the plan. The Church makes a matching contribution of 100% of the first 3% contributed by each employee and 50% of the next 8% contributed by each employee. Contributions are limited to amounts permitted under the IRC for the plan year. Contributions are invested in a tax deferred annuity account as directed by each participant. Contributions of \$237,684 were made by the Church for the year ended September 30, 2022.

**CHRIST COMMUNITY EVANGELICAL FREE CHURCH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6: LEASES

The Church leases office space under an agreement that expires on August 31, 2024. In addition to monthly rent, the Church pays a percentage of the building expenses each month.

Future minimum lease payments for the lease are as follows:

Year ending September 30,	
2023	\$ 113,859
2024	<u>105,952</u>
	<u>\$ 219,811</u>

Rent expense for the year ended September 30, 2022 was \$118,868.

NOTE 7: MADE TO FLOURISH

Made to Flourish is a network of pastors that provides training and resources to its members. It is a separate entity from the Church and has its own board of directors. The senior pastor of the Church is also an employee of Made to Flourish.

Made to Flourish pays a monthly fee to the Church for management and administrative services. Total revenue from Made to Flourish was \$125,000 for the year ended September 30, 2022.

NOTE 8: REACH KC CAPITAL FUNDING

During the year ended September 30, 2016, the Church began a capital funding initiative for a planned expansion of the Olathe campus and purchase of land for the Shawnee Mission campus. Contributions received during the year ended September 30, 2022 were \$228,172.

NOTE 9: UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. The COVID-19 outbreak in the United States and the related work restrictions has impacted the Church. While the disruption is currently expected to be temporary, the related financial impact and duration cannot be reasonably estimated at this time.