

**THE CHRISTIAN CENTER OF PARK CITY
(A Nonprofit Organization)**

FINANCIAL STATEMENTS

March 31, 2021 and 2020

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
The Christian Center of Park City
Park City, Utah**

We have audited the accompanying financial statements of The Christian Center of Park City (the "Organization"), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Christian Center of Park City as of March 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WSRP, LLC

Salt Lake City, Utah
November 4, 2021

THE CHRISTIAN CENTER OF PARK CITY
STATEMENTS OF FINANCIAL POSITION
March 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,667,337	\$ 801,740
Pledges receivable	47,122	-
Inventory	67,334	62,890
Prepaid expenses	30,132	-
TOTAL CURRENT ASSETS	2,811,925	864,630
PROPERTY AND EQUIPMENT	11,015,818	11,303,071
DEPOSITS	4,456	4,456
TOTAL ASSETS	\$13,832,199	\$12,172,157
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 12,378	\$ 55,211
Accrued expenses	64,235	45,882
Current portion of long-term liabilities	111,664	172,848
TOTAL CURRENT LIABILITIES	188,277	273,941
LONG-TERM LIABILITIES	4,790,546	4,980,844
TOTAL LIABILITIES	4,978,823	5,254,785
NET ASSETS		
Net assets without donor restrictions	7,953,501	6,563,062
Net assets with donor restrictions	899,875	354,310
TOTAL NET ASSETS	8,853,376	6,917,372
TOTAL LIABILITIES AND NET ASSETS	\$13,832,199	\$12,172,157

The accompanying notes are an integral part of the financial statements.

THE CHRISTIAN CENTER OF PARK CITY
STATEMENTS OF ACTIVITIES
Years ended March 31, 2021 and 2020

	2021		
	Change in net assets without donor restrictions	Change in net assets with donor restrictions	Total
REVENUES AND SUPPORT			
Individual contributions	\$ 1,601,688	\$ 2,562,339	\$ 4,164,027
In-kind contributions	3,347,408	-	3,347,408
Thrift stores	1,406,732	-	1,406,732
Counseling revenue	456,222	589,352	1,045,574
Rental	16,654	-	16,654
Miscellaneous	291,967	-	291,967
Net assets released from restrictions	2,606,126	(2,606,126)	-
TOTAL REVENUES AND SUPPORT	9,726,797	545,565	10,272,362
EXPENSES			
Program services:			
Programs	2,597,883	-	2,597,883
Thrift stores	4,770,967	-	4,770,967
Supporting services:			
Fundraising activities	303,073	-	303,073
Management and general	434,256	-	434,256
Interest expense	230,179	-	230,179
TOTAL EXPENSES	8,336,358	-	8,336,358
CHANGE IN NET ASSETS	1,390,439	545,565	1,936,004
NET ASSETS			
Balance - beginning of year	6,563,062	354,310	6,917,372
Balance - end of year	\$ 7,953,501	\$ 899,875	\$ 8,853,376

The accompanying notes are an integral part of the financial statements.

THE CHRISTIAN CENTER OF PARK CITY
STATEMENTS OF ACTIVITIES
Years ended March 31, 2021 and 2020

	2020		
	Change in net assets without donor restrictions	Change in net assets with donor restrictions	Total
REVENUES AND SUPPORT			
Individual contributions	\$ 862,306	\$ 2,080,594	\$ 2,942,900
In-kind contributions	3,055,870	-	3,055,870
Thrift stores	1,305,401	-	1,305,401
Counseling revenue	347,968	298,188	646,156
Rental	56,888	-	56,888
Miscellaneous	9,303	-	9,303
Net assets released from restrictions	2,498,809	(2,498,809)	-
TOTAL REVENUES AND SUPPORT	8,136,545	(120,027)	8,016,518
EXPENSES			
Program services:			
Programs	1,435,177	-	1,435,177
Thrift stores	4,004,729	-	4,004,729
Supporting services:			
Fundraising activities	231,317	-	231,317
Management and general	350,953	-	350,953
Interest expense	328,518	-	328,518
TOTAL EXPENSES	6,350,694	-	6,350,694
CHANGE IN NET ASSETS	1,785,851	(120,027)	1,665,824
NET ASSETS			
Balance - beginning of year	4,777,211	474,337	5,251,548
Balance - end of year	\$ 6,563,062	\$ 354,310	\$ 6,917,372

The accompanying notes are an integral part of the financial statements.

THE CHRISTIAN CENTER OF PARK CITY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended March 31, 2021

	Program Services		Supporting Services		Total
	Programs	Thrift Stores	Fundraising Activities	Management and General	
Salaries and wages	\$ 677,641	\$ 819,231	\$ 171,719	\$ 276,033	\$ 1,944,624
Payroll tax	50,193	48,144	15,468	19,847	133,652
Health insurance	97,818	67,738	15,183	23,956	204,695
Advertising	553	4,869	806	-	6,228
Auto expenses and fuel	15,306	30,495	169	769	46,739
Bank service charges	72	-	-	848	920
Board expenses	-	-	29	2,655	2,684
Insurance	1,694	23,651	-	82	25,427
Vendor and contract services	49,571	95,162	63,790	40,167	248,690
Cost of sales	-	1,408,232	-	-	1,408,232
Gift in-kind donations	-	1,916,456	-	-	1,916,456
Credit card fees	14,203	41,514	6,469	-	62,186
Programs	1,442,455	32	87	47	1,442,621
Rent and utilities	48,109	141,744	1,468	9,661	200,982
Development expense	120	-	8,206	30	8,356
Depreciation expense	181,909	138,251	-	43,658	363,818
Newsletter	-	464	-	-	464
Postage	1,322	137	862	469	2,790
Printing	1,016	260	3,979	-	5,255
Professional expense	-	22,662	210	289	23,161
Supplies	14,540	27	1,128	11,781	27,476
Licenses	-	-	-	159	159
Software subscriptions	1,326	11,734	13,500	2,475	29,035
Other expense	35	164	-	1,330	1,529
Total functional expenses	2,597,883	4,770,967	303,073	434,256	8,106,179
Interest expense	30,384	188,289	-	11,506	230,179
TOTAL EXPENSES	\$ 2,628,267	\$ 4,959,256	\$ 303,073	\$ 445,762	\$ 8,336,358

The accompanying notes are an integral part of the financial statements.

THE CHRISTIAN CENTER OF PARK CITY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended March 31, 2020

	Program Services		Supporting Services		Total
	Programs	Thrift Stores	Fundraising Activities	Management and General	
Salaries and wages	\$ 758,889	\$ 459,850	\$ 132,027	\$ 189,703	\$ 1,540,469
Payroll tax	44,262	38,072	12,553	13,721	108,608
Health insurance	84,142	49,175	10,641	39,492	183,450
Advertising	4,072	1,893	2,159	-	8,124
Auto expenses and fuel	13,202	35,209	221	28	48,660
Bank service charges	30	25	27	155	237
Board expenses	-	-	-	6,528	6,528
Insurance	7,369	16,318	-	-	23,687
Vendor and contract services	52,358	57,626	47,017	30,914	187,915
Cost of sales	-	1,305,401	-	-	1,305,401
Gift in-kind donations	-	1,724,922	-	-	1,724,922
Credit card fees	9,812	25,886	3,589	1,092	40,379
Dues and subscriptions	4,377	3,126	8,066	2,541	18,110
Programs	169,160	248	2,997	-	172,405
Rent and utilities	55,391	133,444	703	13,957	203,495
Development expense	3,275	-	2,917	-	6,192
Miscellaneous	-	-	200	-	200
Depreciation expense	187,632	142,601	-	45,032	375,265
Newsletter	-	271	3,675	-	3,946
Postage	81	-	2,414	555	3,050
Printing	3,474	279	362	658	4,773
Professional expense	12,641	57	519	-	13,217
Supplies	24,505	10,256	1,230	6,442	42,433
Licenses	505	70	-	135	710
Total functional expenses	1,435,177	4,004,729	231,317	350,953	6,022,176
Interest expense	237,457	83,133	-	7,928	328,518
TOTAL EXPENSES	\$ 1,672,634	\$ 4,087,862	\$ 231,317	\$ 358,881	\$ 6,350,694

The accompanying notes are an integral part of the financial statements.

THE CHRISTIAN CENTER OF PARK CITY
STATEMENTS OF CASH FLOWS
Years ended March 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,936,004	\$ 1,665,824
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	363,818	375,265
Amortization of debt issuance costs	-	4,932
Forgiveness of PPP loan	(282,700)	-
Non-cash donation for debt forgiven	-	(250,000)
Changes in operating assets and liabilities:		
Pledge receivables	(47,122)	5,250
Inventory	(4,444)	-
Prepaid expenses	(30,132)	-
Deposits	-	(250)
Accounts payable	(42,833)	42,024
Accrued expenses	18,353	(35,055)
Net cash flows from operating activities	1,910,944	1,807,990
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of property and equipment	(76,565)	(208,010)
Net cash used by investing activities	(76,565)	(208,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to reduce long-term liabilities	(251,482)	(1,508,893)
Cash received from long-term liabilities	-	369,888
Cash received from PPP Loan	282,700	-
Cash paid to reduce short-term liabilities	-	(4,828)
Net cash flows from (used by) financing activities	31,218	(1,143,833)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,865,597	456,147
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	801,740	345,593
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,667,337	\$ 801,740
NON-CASH INVESTING ACTIVITIES		
Equipment acquired through short-term liabilities	\$ -	\$ 8,000
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 230,179	\$ 328,518

The accompanying notes are an integral part of the financial statements.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Christian Center of Park City, a nonprofit organization, (the "Organization") was formed on December 14, 1999. The Organization's mission is to serve as a Christian, humanitarian community resource center that helps improve the lives of people and communities through meeting immediate and basic needs, serving as a leading networker of community resources, offering counseling and care support, and by giving hope to those they serve. Over the last 20 years, the Organization has started a multitude of programs, including the largest food pantry in both Summit and Wasatch Counties, two thrift stores, a boutique shop, a weekly dinner for international seasonal workers, an outreach to Native American Communities (Navajo and Goshute), a free legal clinic, special initiatives reaching low-income children through the schools and seasonal programs, as well as leveraging over \$14 million in food and household supplies, engaging hundreds of volunteers in thousands of hours of service projects, and helping countless residents secure the resources they need to survive.

Accounting Principles

The accompanying financial statements have been prepared using the accrual basis of accounting. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under those standards, net assets, contributions, service fees, gains, losses, and expenses are classified as net assets with donor restrictions and net assets without donor restrictions, depending on the existence and nature of any donor restrictions and based upon the following criteria:

- *Net Assets Without Donor Restrictions* - Net assets without donor restrictions are able to be spent by the Organization at its discretion and are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. As of March 31, 2021, net assets without donor restrictions were \$7,953,501.
- *Net Assets With Donor Restrictions* - Donations specifically restricted by the donor are recorded as net assets with donor restrictions. When a donor restriction expires or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. As of March 31, 2021, the Organization's net assets with donor restrictions were \$899,875.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are generally comprised of certain highly liquid investments when purchased with maturities of three months or less.

Inventory

Inventory consists of donated items to be given away to the needy and/or sold for the benefit of the Organization. Donated items are valued at the estimated value for which they can be sold.

Property and Equipment

It is the Organization's policy to capitalize property and equipment purchases over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are being depreciated over their estimated useful lives using the straight-line method.

Donated Services and In-Kind Contributions

During the years ended March 31, 2021 and 2020, the value of contributed services was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services also do not meet the criteria for recognition as contributed services. The Organization receives more than 3,000 volunteer hours per year.

The Organization also receives food, clothing, furniture and other goods which assist in the accomplishment of its mission. These donations are recorded in the financial statements as in-kind revenue and expense at their estimated fair market value which totaled approximately \$3,347,408 and \$3,055,870 for the years ended March 31, 2021 and 2020, respectively.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Thrift Stores revenues are recognized at the point of sale.

Contributions

Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. All contributions are considered to be available for unrestricted use in the appropriate time period, unless specifically restricted by the donor.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Amounts restricted for future periods or restricted for specific purposes are reported as restricted support. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as satisfactions of program restrictions and net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The donor restrictions on assets as of March 31, 2021 and 2020 related to collections and pledges which were designated for allocation during future years at the restriction of the donor, were to be used in specific programs and had not been expended at March 31, 2021 and 2020 (see Note 6).

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and under the State of Utah tax regulations. Consequently, no provision for income taxes has been recorded in the accompanying financial statements.

Advertising

All costs associated with advertising and promoting the Organization's goods and services are expensed in the year incurred. Advertising expense totaled \$6,228 and \$8,124 for the years ended March 31, 2021 and 2020, respectively.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

The Organization's financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments.

The Organization maintains its cash balances at a financial institution. At times such investments may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Reclassifications

Certain prior year items have been reclassified to conform to the current year presentation.

Subsequent Events

Management of the Organization has evaluated subsequent events through November 4, 2021, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that require recognition or disclosure in these financial statements.

NOTE 2 - RELATED PARTY TRANSACTIONS

During fiscal year 2021, the Organization received support without donor restrictions in the amount of \$171,680 and support with donor restrictions in the amount of \$58,460 from board members and employees. These amounts from related parties were 2% of total revenues and support. During fiscal year 2020, the Organization received support without donor restrictions in the amount of \$268,217 and support with donor restrictions in the amount of \$1,037,880 from board members and employees. These amounts from related parties were 16% of total revenues and support.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	2021	2020
Cost:		
Land and buildings	\$ 11,701,032	\$ 11,677,311
Auto and trucks	207,112	189,749
Furniture, fixtures, and equipment	650,165	614,684
	12,558,309	12,481,744
Less accumulated depreciation	(1,542,491)	(1,178,673)
Net book value	\$ 11,015,818	\$ 11,303,071

Depreciation expense for the years ended March 31, 2021 and 2020 was \$363,818 and \$375,265, respectively.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 4 - LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	2021	2020
Note to a private entity, variable interest (6% at March 31, 2021), payable in monthly installments of \$21,994 including interest, secured by property, matures January 2036	\$ 2,588,454	\$ 2,693,630
Note with a bank, interest based on lender's index rate (2.95% at March 31, 2021), payable in monthly installments of \$11,602 including interest, matures March 2030, guaranteed by a board member	2,313,756	2,460,062
	4,902,210	5,153,692
Less current portion of long-term liabilities	(111,664)	(172,848)
Long-term liabilities excluding current portion	<u>\$ 4,790,546</u>	<u>\$ 4,980,844</u>

Aggregate maturities of long-term liabilities in each of the next five years are as follows:

2022	\$ 111,664
2023	180,981
2024	199,402
2025	209,543
2026	220,058
Thereafter	3,980,562
	<u>\$ 4,902,210</u>

In response to the coronavirus outbreak in 2020, the U.S. Federal Government enacted the CARES Act that among other economic stimulus measures established the Paycheck Protection Program (PPP) to provide small business administration ("SBA") backed loans to help organizations keep their workforce employed during the COVID-19 crisis. In April 2020, the Organization obtained a PPP loan for a total of \$282,700. This note was to mature in April 2022 and bear interest at a fixed annual rate of 1% with the first six months of payments and interest deferred. Prior to March 31, 2021, this loan was effectively forgiven and recorded as grant income during the fiscal year ended March 31, 2021. The amount is included in miscellaneous income on the statements of activities.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 5 - OPERATING LEASES

The Organization entered into a lease agreement beginning August 1, 2016 to lease space in Heber City for their Heber City Center Stage thrift store and Heber City Pantry. The lease had an initial term of 1 year with an option to extend the lease for an additional two years. The Organization extended the lease and entered into a new three year agreement effective March 1, 2021. The lease calls for monthly payments of \$7,907.

Total rent expense for building leases for the years ended March 31, 2021 and 2020, was \$91,264 and \$88,264, respectively. Future minimum lease payments are as follows:

2022		\$ 91,742
2023		95,100
2024		<u>90,200</u>
		<u><u>\$ 277,042</u></u>

The Organization leases vehicles under operating leases. Total rent expense for vehicle leases for the years ended March 31, 2021 and 2020, was \$9,300 and \$17,660, respectively. Future minimum lease payments are as follows:

2022		\$ 5,425
2023		<u>-</u>
		<u><u>\$ 5,425</u></u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Backpacks for Kids/Back to School Programs	\$ 12,092	\$ 37,332
Emergency assistance	397,069	89,371
Native American outreach	18,843	39,457
Special events	44,657	11,854
Counseling	<u>427,214</u>	<u>176,296</u>
	<u><u>\$ 899,875</u></u>	<u><u>\$ 354,310</u></u>

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available for general expenditures within one year are as follows:

Cash and cash equivalents	\$ 2,667,337
Pledges receivable	<u>47,122</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,714,459</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.