

The Gathering of West Chester, Inc. d/b/a Providence Church

Financial Statements

June 30, 2024 and 2023

The Gathering of West Chester, Inc. d/b/a Providence Church
June 30, 2024 and 2023

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Independent Accountants' Review Report

Finance Committee
The Gathering of West Chester, Inc.
d/b/a Providence Church
West Chester, Pennsylvania

We have reviewed the accompanying financial statements of The Gathering of West Chester, Inc. d/b/a Providence Church (a not-for-profit organization), which comprise the statements of assets, liabilities and net assets - modified cash basis as of June 30, 2024 and 2023, and the related statements of revenue, expenses and changes in net assets - modified cash basis, functional expenses – modified cash basis, and cash flows - modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Gathering of West Chester, Inc. d/b/a Providence Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Christopher Miller". The signature is written in a cursive style with a large initial "C".

Horsham, Pennsylvania
November 20, 2024

The Gathering of West Chester, Inc. d/b/a Providence Church

Statements of Assets, Liabilities and Net Assets - Modified Cash Basis

June 30, 2024 and 2023

(See Independent Accountants' Review Report)

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 437,808	\$ 309,536
Restricted cash	136,612	116,747
Other current assets	2,078	-
Total current assets	576,498	426,283
Property and equipment, net	7,261,938	7,466,243
	<u>\$ 7,838,436</u>	<u>\$ 7,892,526</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable, current portion	\$ 64,867	\$ 62,264
Accrued expenses	30,024	33,252
Total current liabilities	94,891	95,516
Notes payable, net of current portion	2,224,082	2,366,038
Total liabilities	<u>2,318,973</u>	<u>2,461,554</u>
Net assets:		
Without donor restrictions	5,306,697	5,278,069
With donor restrictions	212,766	152,903
Total net assets	<u>5,519,463</u>	<u>5,430,972</u>
	<u>\$ 7,838,436</u>	<u>\$ 7,892,526</u>

See accompanying notes to financial statements.

The Gathering of West Chester, Inc. d/b/a Providence Church

Statements of Revenue, Expenses and Changes in Net Assets - Modified Cash Basis
Years Ended June 30, 2024 and 2023
(See Independent Accountants' Review Report)

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support:			
Contributions	\$ 1,918,321	\$ 553,897	\$ 2,472,218
Rental income, net	110,926	-	110,926
Registration income	101,325	-	101,325
Net assets released from restrictions	494,034	(494,034)	-
	<u>2,624,606</u>	<u>59,863</u>	<u>2,684,469</u>
Expenses:			
Program services	2,307,002	-	2,307,002
Supporting services:			
Administrative	332,559	-	332,559
Fundraising	-	-	-
	<u>2,639,561</u>	<u>-</u>	<u>2,639,561</u>
Changes in net assets before non-operating revenue	(14,955)	59,863	44,908
Non-operating revenue:			
Interest income	13,068	-	13,068
WC Outdoor income	30,515	-	30,515
	<u>43,583</u>	<u>-</u>	<u>43,583</u>
Changes in net assets	28,628	59,863	88,491
Net assets, beginning of year	<u>5,278,069</u>	<u>152,903</u>	<u>5,430,972</u>
Net assets, end of year	<u>\$ 5,306,697</u>	<u>\$ 212,766</u>	<u>\$ 5,519,463</u>

See accompanying notes to financial statements.

2023		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,602,040	\$ 623,309	\$ 2,225,349
133,004	-	133,004
44,563	-	44,563
622,034	(622,034)	-
2,401,641	1,275	2,402,916
2,010,057	-	2,010,057
293,863	-	293,863
208	-	208
2,304,128	-	2,304,128
97,513	1,275	98,788
4,471	-	4,471
47,783	-	47,783
52,254	-	52,254
149,767	1,275	151,042
5,128,302	151,628	5,279,930
\$ 5,278,069	\$ 152,903	\$ 5,430,972

The Gathering of West Chester, Inc. d/b/a Providence Church

Statements of Functional Expenses - Modified Cash Basis

Years Ended June 30, 2024 and 2023

(See Independent Accountants' Review Report)

	2024			
	Program	Supporting Services		Total
	Services	Administrative	Fundraising	
Restricted and other expenses	\$ 380,705	\$ 42,301	\$ -	\$ 423,006
Ministries	235,415	-	-	235,415
Local and global partnerships	64,801	-	-	64,801
Salaries	997,082	120,598	-	1,117,680
Payroll taxes and employee benefits	121,889	14,743	-	136,632
Building related expenses	115,595	12,844	-	128,439
Depreciation	302,668	33,630	-	336,298
Building related expenses, interest	86,105	9,567	-	95,672
Insurance	2,742	24,682	-	27,424
Rental expenses	18,824	2,092	-	20,916
Office expenses	-	74,194	-	74,194
Total expenses by function	2,325,826	334,651	-	2,660,477
Expenses included with revenues on the statement of revenue, expenses and changes in net assets	(18,824)	(2,092)	-	(20,916)
Total functional expenses	\$2,307,002	\$ 332,559	\$ -	\$ 2,639,561
	2023			
	Program	Supporting Services		
	Services	Administrative	Fundraising	Total
Restricted and other expenses	\$ 254,801	\$ 28,311	\$ -	\$ 283,112
Ministries	168,801	-	208	169,009
Local and global partnerships	62,500	-	-	62,500
Salaries	991,089	116,026	-	1,107,115
Payroll taxes and employee benefits	50,852	5,675	-	56,527
Building related expenses	101,396	11,266	-	112,662
Depreciation	290,154	32,239	-	322,393
Building related expenses, interest	88,148	9,794	-	97,942
Insurance	2,316	20,847	-	23,163
Rental expenses	14,729	1,636	-	16,365
Office expenses	-	69,705	-	69,705
Total expenses by function	2,024,786	295,499	208	2,320,493
Expenses included with revenues on the statement of revenue, expenses and changes in net assets	(14,729)	(1,636)	-	(16,365)
Total functional expenses	\$2,010,057	\$ 293,863	\$ 208	\$ 2,304,128

See accompanying notes to financial statements.

The Gathering of West Chester, Inc. d/b/a Providence Church

**Statements of Cash Flows - Modified Cash Basis
Years Ended June 30, 2024 and 2023
(See Independent Accountants' Review Report)**

	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ 88,491	\$ 151,042
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	336,298	322,393
Increase in:		
Other current assets	(2,078)	-
Increase/(decrease) in:		
Accrued expenses	(3,228)	5,268
Net cash provided by operating activities	419,483	478,703
Cash flows from investing activity:		
Purchases of property and equipment	(131,992)	(194,264)
Net cash used in investing activities	(131,992)	(194,264)
Cash flows from financing activity:		
Repayments of notes payable	(139,354)	(298,241)
Net cash used in financing activities	(139,354)	(298,241)
Net increase (decrease) in cash, cash equivalents, and restricted cash	148,137	(13,802)
Cash, cash equivalents, and restricted cash, beginning of year	426,283	440,085
Cash, cash equivalents, and restricted cash, end of year	\$ 574,420	\$ 426,283
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 98,148	\$ 106,915

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of assets, liabilities and net assets - modified cash basis that sum to the total of the same amounts shown below:

Cash and cash equivalents	\$ 437,808	\$ 309,536
Restricted cash	136,612	116,747
	\$ 574,420	\$ 426,283

See accompanying notes to financial statements.

The Gathering of West Chester, Inc. d/b/a Providence Church

Notes to Financial Statements

June 30, 2024 and 2023

(See Independent Accountants' Review Report)

(1) Nature of Organization

The Gathering of West Chester, Inc. d/b/a Providence Church (the Church) is located in West Chester, Pennsylvania, and provides religious services to its congregants and the community. The Church's mission is leading people to grow in their faith, hope, and love for Jesus Christ.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This method differs from GAAP in that, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Accrued expenses represent expenses that have been charged on credit cards.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. The Church's net assets, revenue, gains, and losses are classified in the financial statements based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 Board of Elders.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. 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.

Measure of Operations

The statements of revenue, expenses and changes in net assets – modified cash basis report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Church's ongoing programs and activities. Non-operating activities are considered to be peripheral to the Church's ongoing programs and activities.

The Gathering of West Chester, Inc. d/b/a Providence Church

Notes to Financial Statements

June 30, 2024 and 2023

(See Independent Accountants' Review Report)

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

The Church considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash represents amounts received from donors for specific programs.

Property and Equipment

Acquisition of property and equipment in excess of \$1,000 is capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair value at the date of donation and are depreciated using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are as follows:

Land and land improvements	20-40 years
Billboard	10 years
Building and improvements	5-40 years
Furniture and fixtures	7-40 years
Machinery and equipment	5-25 years

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 and reported in the statements of revenue, expenses and changes in net assets – modified cash basis as net assets released from restrictions.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Church with specific programs and various committee assignments. An amount has not been recognized in the accompanying statements of revenue, expenses and changes in net assets – modified cash basis for these volunteer efforts because they did not meet the requirements for recognition under FASB ASC 958-605, *Revenue Recognition*.

The Gathering of West Chester, Inc. d/b/a Providence Church

Notes to Financial Statements

June 30, 2024 and 2023

(See Independent Accountants' Review Report)

(2) Summary of Significant Accounting Policies, Continued

Rental Income

Rental income consists of amounts received from the rental of the Church's hall, kitchen, and parking lot and is recognized when received. Terms of rentals cover one-time events and month to month rental agreements.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses – modified cash basis. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Restricted and other expenses	Specific identification
Ministries	Specific identification
Local and global partnerships	Specific identification
Office expenses	100% administrative
Salaries, payroll taxes and employee benefits	Headcount/time and effort
Building related expenses	Square footage

Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Risk

Financial instruments that potentially expose the Church to a concentration of credit risk consist of cash and cash equivalents. The Church maintains cash balances at financial institutions which may exceed FDIC or SIPC insurance limits. Management believes that it is not exposed to any significant credit risks on its cash accounts.

Income Taxes

The Church has been recognized by the Internal Revenue Service as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(c)(1) of the IRC. However, at times, the Church is subject to unrelated business income tax based on its activities. The Church files an *Exempt Organization Business Income Tax Return* (Form 990T) with the Internal Revenue Service to report its unrelated business taxable income.

The Gathering of West Chester, Inc. d/b/a Providence Church

Notes to Financial Statements

June 30, 2024 and 2023

(See Independent Accountants' Review Report)

(2) Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

For the year ended June 30, 2024, the Church did not identify any uncertain tax positions taken or expected to be taken, which would require adjustment to or disclosure in the financial statements. The Church is potentially subject to federal, state, and local examinations for the years subsequent to June 30, 2020.

Reclassifications

Certain items in the accompanying financial statements for the year ended June 30, 2023 have been reclassified to conform to the current year presentation.

Subsequent Events

Management has evaluated subsequent events through November 20, 2024, which is the date the financial statements were available to be issued.

(3) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of assets, liabilities and net assets – modified cash basis, comprise of cash and cash equivalents. For the years ended June 30, 2024 and 2023, cash and cash equivalents totaled \$437,808 and \$309,536, respectively.

All cash and cash equivalents are invested in high-yield interest-bearing accounts that are FDIC insured.

(4) Property and Equipment, Net

Property and equipment, net, consisted of the following at June 30:

	2024	2023
Land and land improvements	\$ 1,098,365	\$ 1,094,385
Billboard	277,176	277,176
Building and improvements	6,666,791	6,496,820
Furniture and fixtures	340,782	270,983
Machinery and equipment	570,377	564,690
Construction in progress	43,936	161,380
	<u>8,997,427</u>	<u>8,865,434</u>
Accumulated depreciation	(1,735,489)	(1,399,191)
	<u>\$ 7,261,938</u>	<u>\$ 7,466,243</u>

For the years ended June 30, 2024 and 2023, depreciation expense totaled \$336,298 and \$322,393, respectively.

The Gathering of West Chester, Inc. d/b/a Providence Church

Notes to Financial Statements

June 30, 2024 and 2023

(See Independent Accountants' Review Report)

(5) Notes Payable

On July 19, 2019, the Church borrowed from Wilmington Savings Fund Society, FSB to refinance the two outstanding mortgage notes and to finance ongoing construction projects. The balance on the loan was \$2,180,398 at June 30, 2021. In March 2022, the Church bifurcated the loan into two notes. The balance of the loan at the date of the conversion was \$2,715,192. The first promissory note, with a principal balance of \$2,200,000, is payable over 10 years. The note, payable in 60 monthly installments of principal and interest of \$11,754, including interest at a fixed rate of 4.06%, followed by 60 monthly installments of principal and interest at a variable rate at the Wilmington Savings Fund Society, FSB prime rate, followed by a balloon payment of principal and interest at maturity, February 2032. The balance on the loan was \$2,073,900 and \$2,128,126 at June 30, 2024 and 2023, respectively.

The second promissory note, with an original principal balance of \$515,192, is payable over 3 years. The note, payable in 35 monthly installments of interest at the lowest prime rate published in The Wall Street Journal "Money Rates" table (8.5% at June 30, 2024). The balance on the loan was \$76,500 at June 30, 2023, and was paid off during the year ended June 30, 2024. In connection with the notes, the Church is subject to certain financial covenants.

In June 2021, the Church borrowed \$240,000 from Wilmington Savings Fund Society, FSB to finance the purchase of a property. The loan is payable in 120 monthly installments of \$1,456, including interest at 3.96% with all remaining principal and interest due in June 2031. The note is secured by the underlying real estate property. The balance on the loan was \$215,049 and \$223,676 at June 30, 2024 and 2023, respectively.

Future annual minimum principal payments on the loans are as follows:

Year Ending June 30,	Amount
2025	\$ 64,867
2026	67,578
2027	70,404
2028	73,347
2029	76,413
Thereafter	1,936,340
	<u>\$ 2,288,949</u>

(6) Retirement Plan

The Church has adopted a 403(b) savings plan which is available to all employees who work at least 20 hours per week. Participants in the plan are eligible for employer matching contributions up to 5% of eligible compensation when they have completed one year of service and have attained age 21.

For the years ended June 30, 2024 and 2023, the Church contributed \$31,660 and \$21,776 to the 403(b) savings plan, respectively.

The Gathering of West Chester, Inc. d/b/a Providence Church

Notes to Financial Statements

June 30, 2024 and 2023

(See Independent Accountants' Review Report)

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2024 and 2023 are restricted for the following purposes:

	2024	2023
Care Fund	\$ 1,258	\$ 5,422
Counseling Scholarship Fund	2,035	1,285
Expand the Table	22,118	55,915
Kids Camp Scholarship	874	1,547
Missions Fund	102,423	55,650
Music and Arts Project	10,771	1,433
NYC Missions Trip	6,458	3,886
Prague Missions Trip	4,025	-
Refugee Housing Project	50,000	-
Supports	3,292	27,765
Washington Street	9,512	-
	<u>\$ 212,766</u>	<u>\$ 152,903</u>