

**THE GATHERING OF
WEST CHESTER, INC.
D/B/A PROVIDENCE CHURCH**

Financial Statements

June 30, 2023 and 2022

**Kreischer
Miller**

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THE GATHERING OF WEST CHESTER, INC.
D/B/A PROVIDENCE CHURCH
June 30, 2023 and 2022

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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, 2023 and 2022, 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.

Kreischer Miller

Horsham, Pennsylvania

October 26, 2023

**THE GATHERING OF WEST CHESTER, INC.
D/B/A PROVIDENCE CHURCH**

**Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
June 30, 2023 and 2022
(See Independent Accountants' Review Report)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 309,536	\$ 331,985
Restricted cash	116,747	108,100
Total current assets	426,283	440,085
Property and equipment, net	7,466,243	7,594,372
	<u>\$ 7,892,526</u>	<u>\$ 8,034,457</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable, current portion	\$ 62,264	\$ 61,826
Accrued expenses	33,252	27,984
Total current liabilities	95,516	89,810
Notes payable, net of current portion	2,366,038	2,664,717
Total liabilities	<u>2,461,554</u>	<u>2,754,527</u>
Net assets:		
Without donor restrictions	5,242,097	5,092,330
With donor restrictions	188,875	187,600
Total net assets	<u>5,430,972</u>	<u>5,279,930</u>
	<u>\$ 7,892,526</u>	<u>\$ 8,034,457</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, 2023 and 2022
(See Independent Accountants' Review Report)**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support:			
Contributions	\$ 1,602,040	\$ 623,309	\$ 2,225,349
Rental income, net	133,004	-	133,004
Net assets released from restrictions	622,034	(622,034)	-
	<u>2,357,078</u>	<u>1,275</u>	<u>2,358,353</u>
Expenses:			
Program services	2,010,057	-	2,010,057
Supporting services:			
Administrative	293,863	-	293,863
Fundraising	208	-	208
	<u>2,304,128</u>	<u>-</u>	<u>2,304,128</u>
Changes in net assets before non-operating revenue and expenses	52,950	1,275	54,225
Non-operating revenue and expenses:			
Interest income	4,471	-	4,471
Billboard income	47,783	-	47,783
Employee retention credit	-	-	-
Other income	44,563	-	44,563
	<u>96,817</u>	<u>-</u>	<u>96,817</u>
Changes in net assets	149,767	1,275	151,042
Net assets, beginning of year	5,092,330	187,600	5,279,930
Net assets, end of year	<u>\$ 5,242,097</u>	<u>\$ 188,875</u>	<u>\$ 5,430,972</u>

See accompanying notes to financial statements.

2022		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,346,928	\$ 1,061,055	\$ 2,407,983
76,229	-	76,229
1,343,895	(1,343,895)	-
2,767,052	(282,840)	2,484,212
1,880,906	-	1,880,906
276,288	-	276,288
4,830	-	4,830
2,162,024	-	2,162,024
605,028	(282,840)	322,188
145	-	145
23,015	-	23,015
115,178	-	115,178
25,349	-	25,349
163,687	-	163,687
768,715	(282,840)	485,875
4,323,615	470,440	4,794,055
\$ 5,092,330	\$ 187,600	\$ 5,279,930

**THE GATHERING OF WEST CHESTER, INC.
D/B/A PROVIDENCE CHURCH**

**Statements of Functional Expenses - Modified Cash Basis
Years Ended June 30, 2023 and 2022
(See Independent Accountants' Review Report)**

	2023			Total
	Program Services	Supporting Services Administrative	Fundraising	
Arts and Music Fund, benevolence, EHD Fund, Expand the Table, Missions, Retreats and Supports	\$ 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

	2022			Total
	Program Services	Supporting Services Administrative	Fundraising	
Expand the Table, Supports, Missions, Benevolence, COVID-19 Relief, Residency and TWLV	\$ 306,944	\$ 34,105	\$ -	\$ 341,049
Ministries	152,398	-	4,830	157,228
National and global partnerships	57,233	-	-	57,233
Salaries	878,420	98,036	-	976,456
Payroll taxes and employee benefits	45,340	5,060	-	50,400
Building related expenses	98,420	10,936	-	109,356
Depreciation	286,035	31,782	-	317,817
Building related expenses, interest	53,875	5,986	-	59,861
Insurance	2,241	20,172	-	22,413
Rental expenses	11,848	1,317	-	13,165
Office expenses	-	70,211	-	70,211
Total expenses by function	1,892,754	277,605	4,830	2,175,189
Expenses included with revenues on the statement of revenue, expenses and changes in net assets	(11,848)	(1,317)	-	(13,165)
Total functional expenses	\$ 1,880,906	\$ 276,288	\$ 4,830	\$ 2,162,024

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, 2023 and 2022
(See Independent Accountants' Review Report)**

	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ 151,042	\$ 485,875
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	322,393	317,817
Increase in:		
Accrued expenses	5,268	3,849
Net cash provided by operating activities	<u>478,703</u>	<u>807,541</u>
Cash flows from investing activity:		
Purchases of property and equipment	<u>(194,264)</u>	<u>(76,841)</u>
Net cash used in investing activities	<u>(194,264)</u>	<u>(76,841)</u>
Cash flows from financing activity:		
Repayments of notes payable	<u>(298,241)</u>	<u>(931,242)</u>
Net cash used in financing activities	<u>(298,241)</u>	<u>(931,242)</u>
Net decrease in cash, cash equivalents, and restricted cash	(13,802)	(200,542)
Cash, cash equivalents, and restricted cash, beginning of year	<u>440,085</u>	<u>640,627</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 426,283</u>	<u>\$ 440,085</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 106,915</u>	<u>\$ 59,861</u>
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	\$ 309,536	\$ 331,985
Restricted cash	116,747	108,100
	<u>\$ 426,283</u>	<u>\$ 440,085</u>

See accompanying notes to financial statements

**THE GATHERING OF WEST CHESTER, INC.
D/B/A PROVIDENCE CHURCH**

Notes to Financial Statements

June 30, 2023 and 2022

(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.

**THE GATHERING OF WEST CHESTER, INC.
D/B/A PROVIDENCE CHURCH**

Notes to Financial Statements

June 30, 2023 and 2022

(See Independent Accountants' Review Report)

(2) Summary of Significant Accounting Policies, Continued

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.

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.

THE GATHERING OF WEST CHESTER, INC.
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Notes to Financial Statements

June 30, 2023 and 2022

(See Independent Accountants' Review Report)

(2) Summary of Significant Accounting Policies, Continued

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*.

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
Arts and Music Fund, benevolence, EHD Fund, Expand the Table, Missions, Retreats and Supports	Specific identification
Ministries	Specific identification
National and global partnerships	Specific identification
Office expenses	100% administrative
Salaries, payroll taxes and 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.

**THE GATHERING OF WEST CHESTER, INC.
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Notes to Financial Statements

June 30, 2023 and 2022

(See Independent Accountants' Review Report)

(2) Summary of Significant Accounting Policies, Continued

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 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.

For the year ended June 30, 2023, 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, 2019.

Subsequent Events

Management has evaluated subsequent events through October 26, 2023, 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, 2023 and 2022, cash and cash equivalents totaled \$309,536 and \$331,985, respectively.

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

**THE GATHERING OF WEST CHESTER, INC.
D/B/A PROVIDENCE CHURCH**

Notes to Financial Statements

June 30, 2023 and 2022

(See Independent Accountants' Review Report)

(4) Property and Equipment, Net

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

	2023	2022
Land and land improvements	\$ 1,094,385	\$ 1,092,685
Billboard	277,176	277,176
Building and improvements	6,496,820	6,496,820
Furniture and fixtures	270,983	257,983
Machinery and equipment	564,690	546,506
Construction in progress	161,380	-
	<u>8,865,434</u>	<u>8,671,170</u>
Accumulated depreciation	(1,399,191)	(1,076,798)
	<u>\$ 7,466,243</u>	<u>\$ 7,594,372</u>

For the years ended June 30, 2023 and 2022, depreciation expense totaled \$322,393 and \$317,817, respectively.

(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 \$2,128,126 and \$2,180,398 at June 30, 2023 and 2022, respectively. The second promissory note, with a 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 (8.25% at June 30, 2023), one principal payment of \$200,000 in April 2023, one principal payment of \$100,000 in April 2024, and one payment of principal and interest of \$215,736 in March 2025. The balance on the loan was \$76,500 and \$314,157 at June 30, 2023 and 2022, respectively. In connection with the notes, the Church is subject to certain financial covenants.

**THE GATHERING OF WEST CHESTER, INC.
D/B/A PROVIDENCE CHURCH**

Notes to Financial Statements

June 30, 2023 and 2022

(See Independent Accountants' Review Report)

(5) Notes Payable, Continued

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 \$223,676 and \$231,988 at June 30, 2023 and 2022, respectively.

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

Year Ending	
June 30,	Amount
2024	\$ 62,264
2025	141,367
2026	67,578
2027	70,404
2028	73,347
Thereafter	2,013,343
	<u>\$ 2,428,302</u>

(6) CARES Act

Employee Retention Tax Credit

In addition, the Church met provisions under the CARES Act to participate in the Employee Retention Tax Credit benefit. This benefit program provides an employer with tax credits against federal payroll taxes. The tax credits are recorded as employee retention credits in the accompanying statements of revenue, expenses and changes in net assets - modified cash basis.

(7) 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 3% of eligible compensation when they have completed one year of service and have attained age 21.

For the years ended June 30, 2023 and 2022, the Church contributed \$21,776 and \$18,637 to the 403(b) savings plan, respectively.

**THE GATHERING OF WEST CHESTER, INC.
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Notes to Financial Statements

June 30, 2023 and 2022

(See Independent Accountants' Review Report)

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 are restricted for the following purposes:

	2023	2022
Benevolence	\$ 5,422	\$ 4,738
Counseling Scholarship Fund	1,285	1,705
Expand the Table	55,915	2,845
Kids Camp Scholarship	1,547	2,435
Missions Fund	92,895	122,569
NYC Missions Trip	4,802	-
Supports	27,009	18,270
Washington Street	-	35,038
	<u>\$ 188,875</u>	<u>\$ 187,600</u>