VALLEY PRESBYTERIAN CHURCH
AND AFFILIATE

COMBINED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

Year Ended December 31, 2023

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AND AFFILIATE

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AND ADDITIONAL INFORMATION

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INDEPENDENT AUDITORS' REPORT

To the Session of

VALLEY PRESBYTERIAN CHURCH AND AFFILIATE

Qualified Opinion

We have audited the financial statements of ***Valley Presbyterian Church and Affiliate*** (the "Organization"), which comprise the combined statement of financial position as of December 31, 2023, and the related combined statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 14 to the combined financial statements, ***Valley Presbyterian Church and Affiliate's*** combined financial statements do not include the accounts of ***Valley Presbyterian Day School***. In our opinion, the Organization's combined financial statements should include the accounts of ***Valley Presbyterian Day School*** to conform with accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization 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 Combined Financial Statements

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

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In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the combined financial statements are issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 the Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

CBIZ CPAs P.C.[1]

August 19, 2024

[1] *In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.*

VALLEY PRESBYTERIAN CHURCH AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 533,353
Receivables	101,148
Prepaid expenses	11,757
TOTAL CURRENT ASSETS	646,258
INVESTMENTS	5,435,836
PROPERTY AND EQUIPMENT, net	16,848,542
ASSETS HELD UNDER SPLIT-INTEREST AGREEMENTS	6,156
TOTAL ASSETS	$ 22,936,792

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 23,376
Accrued expenses	102,696
Current portion of finance lease obligation	5,259
Current portion of liabilities under split-interest agreements	6,042
Current portion of disaffiliation liability	48,423
TOTAL CURRENT LIABILITIES	185,796
LIABILITIES UNDER SPLIT-INTEREST AGREEMENTS, net of current portion	12,585
FINANCE LEASE OBLIGATION, net of current portion	20,212
DISAFFILIATION LIABILITY, net of current portion	634,810
TOTAL LIABILITIES	853,403
NET ASSETS	
NET ASSETS WITHOUT DONOR RESTRICTIONS	
Board designated	3,354,639
Undesignated	17,210,383
NET ASSETS WITHOUT DONOR RESTRICTIONS	20,565,022
NET ASSETS WITH DONOR RESTRICTIONS	1,518,367
TOTAL NET ASSETS	22,083,389
TOTAL LIABILITIES AND NET ASSETS	$ 22,936,792

See Notes to Combined Financial Statements

VALLEY PRESBYTERIAN CHURCH AND AFFILIATE

COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and bequests	$ 2,820,390	$ 45,848	$ 2,866,238
Program fees	35,944	-	35,944
Investment return	544,286	174,461	718,747
Change in value of split-interest agreements	(3,787)	-	(3,787)
Other income	125,529	-	125,529
Net assets released from restrictions	258,537	(258,537)	-
TOTAL SUPPORT AND REVENUE	3,780,899	(38,228)	3,742,671
EXPENSES			
Salaries	1,313,846	-	1,313,846
Employee benefits	337,680	-	337,680
Payroll taxes	64,835	-	64,835
Mission	176,023	-	176,023
Student camp and mission trips	132,478	-	132,478
Supplies	262,818	-	262,818
Fellowship events and meals	42,086	-	42,086
Professional fees	111,897	-	111,897
Occupancy	226,703	-	226,703
Insurance	78,762	-	78,762
Outside contractors	291,872	-	291,872
Other expenses	114,891	-	114,891
Depreciation and amortization	697,150	-	697,150
PC(USA) Disaffiliation	1,012,745	-	1,012,745
TOTAL EXPENSES	4,863,786	-	4,863,786
CHANGE IN NET ASSETS	(1,082,887)	(38,228)	(1,121,115)
NET ASSETS, BEGINNING OF YEAR	21,647,909	1,556,595	23,204,504
NET ASSETS, END OF YEAR	$ 20,565,022	$ 1,518,367	$ 22,083,389

VALLEY PRESBYTERIAN CHURCH AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services										
	Pastoral Ministry	Facilities	Missions	Worship and Music	Christian Education	Fellowship and Congregational Care	Café	Total Programs	General and Administrative	Fundraising	Total
Salaries	$ 330,885	$ 133,921	$ 4,959	$ 196,984	$ 312,329	$ 58,295	$ 100,819	$ 1,138,192	$ 175,654	$ -	$ 1,313,846
Employee benefits	154,576	14,253	1,183	26,915	76,704	8,080	15,634	297,345	40,335	-	337,680
Payroll taxes	-	9,939	386	12,992	19,335	4,451	7,374	54,477	10,358	-	64,835
Total salaries and related expenses	485,461	158,113	6,528	236,891	408,368	70,826	123,827	1,490,014	226,347	-	1,716,361
Mission	-	-	176,023	-	-	-	-	176,023	-	-	176,023
Student camp and mission trips	-	-	103,278	-	29,200	-	-	132,478	-	-	132,478
Supplies	-	121,424	-	24,441	44,684	25,917	5,734	222,200	30,125	10,493	262,818
Fellowship events and meals	-	-	-	-	6,459	35,627	-	42,086	-	-	42,086
Professional fees	-	-	-	-	-	8,000	-	8,000	103,897	-	111,897
Occupancy	-	-	23,478	31,875	139,876	25,350	-	220,579	6,124	-	226,703
Insurance	-	-	-	-	-	-	-	-	78,762	-	78,762
Outside contractors	-	154,799	-	63,874	21,611	5,584	781	246,649	45,223	-	291,872
Other expenses	-	-	-	-	-	46,041	3,285	49,326	64,781	784	114,891
PC(USA) Disaffiliation	-	-	-	-	-	-	-	-	1,012,745	-	1,012,745
Total before depreciation	$ 485,461	$ 434,336	$ 309,307	$ 357,081	$ 650,198	$ 217,345	$ 133,627	$ 2,587,355	$ 1,568,004	$ 11,277	$ 4,166,636
Depreciation and amortization	-	-	72,200	98,022	430,140	77,955	-	678,317	18,833	-	697,150
Total functional expenses	$ 485,461	$ 434,336	$ 381,507	$ 455,103	$ 1,080,338	$ 295,300	$ 133,627	$ 3,265,672	$ 1,586,837	$ 11,277	$ 4,863,786

VALLEY PRESBYTERIAN CHURCH AND AFFILIATE

COMBINED STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (1,121,115)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	697,150
PC USA disaffiliation fee accrued as a note payable	700,494
Endowment contribution	(27,161)
Realized and unrealized investment gains	(603,945)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Receivables	121,492
Prepaid expenses	2,001
Assets held under split-interest agreements	5,895
Increase (decrease) in:	
Accounts payable	(48,395)
Accrued expenses	6,728
Liabilities under split-interest agreements	(2,228)
Net cash used in operating activities	(269,084)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	1,000,583
Purchases of investments	(589,129)
Purchases of property and equipment	(364,924)
Net cash provided by investing activities	46,530
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash received for endowment contribution	27,161
Cash paid for PCUSA disaffiliation liability	(17,261)
Payments on finance lease obligation	(5,244)
Net cash provided by financing activities	4,656
NET CHANGE IN CASH AND CASH EQUIVALENTS	(217,898)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	751,251
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 533,353
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 29,528
Property and equipment obtained with a finance lease obligation	$ 27,624

See Notes to Combined Financial Statements

(1) Organization operations and summary of significant accounting policies

Nature of operations – ***Valley Presbyterian Church*** (the "Church") was organized on October 31, 1956 and, as of June 30, 2023, was a constituent of the Presbyterian Church of the United States of America. Effective July 1, 2023, the Church disaffiliated from Presbyterian Church of the United States of America and joined a new denomination group, as discussed below. The Church is a nonprofit organization and is dedicated to spreading the Gospel through establishing, developing, and promoting all aspects of church ministry within Paradise Valley, Arizona and the surrounding communities. The Church is supported primarily through contributions from the congregation.

Valley Presbyterian Foundation (the "Foundation") was organized on February 18, 1976 as a nonprofit corporation with the purpose of providing income exclusively to the Church. This income is intended to strengthen and extend the work of the Church in areas that are not part of the operating budget. In addition, the Foundation is the Trustee under the terms of the irrevocable trusts described in Note 12. The assets and liabilities of the Memorial Gardens Trust are included in the Foundation.

The Church and the Foundation (collectively referred to as the "Organization") have common members of their respective sessions.

Valley Presbyterian Day School (the "School") was organized on January 10, 1991 as a nonprofit corporation with the purpose of providing a Christian school built upon a sound educational program for young children of the community, as part of the charter outreach of the Church. The Organization has both control of and an economic interest in the School. However, management of the Organization has elected not to include the activities of the School in the accompanying combined financial statements.

The significant accounting policies followed by the Organization are summarized below:

The Financial Accounting Standards Board ("FASB") sets generally accepted accounting principles in the United States of America ("GAAP") to ensure consistent reporting. References to GAAP are to the FASB Accounting Standards Codification ("ASC").

Combined financial statements – The accompanying combined financial statements include the accounts of the Church and the Foundation, both of which are under common control. All significant intercompany transactions and accounts have been eliminated in combination.

Change in denomination affiliation – In November 2020, a group of Church members formed a committee to begin the process of assessing the Church, identifying strengths and weaknesses as well as challenges and opportunities. Part of this assessment involved addressing the Church's affiliation with the Presbyterian Church of the United States of America ("PCUSA") denomination, and potential affiliation with a different denomination, specifically ECO: A Covenant Order of Evangelical Presbyterians ("ECO"). The committee was unanimous in its conclusion that it was necessary for the Church to begin deliberations with the Grand Canyon Presbytery ("PGC"), the regional body of PCUSA, to commence the process of disaffiliation with PCUSA and ultimate affiliation with ECO. The Church had not changed its theology, missions, or goals, but the committee believes affiliation with ECO will be beneficial to the Church in the future.

Part of the disaffiliation process involved a financial settlement between PGC and the Church. In March 2023, terms of the disaffiliation were agreed upon and the Church entered into the disaffiliation agreement with PGC. The Church's disaffiliation with PGC was deemed effective as of July 1, 2023.

(1) Organization operations and summary of significant accounting policies (continued)

The agreement states that PGC shall deliver to the Church a quitclaim deed that formally conveys unto the Church all rights, title, and interests, including any trust interests, that the PGC and/or the PCUSA may have with respect to the real property in the Church's possession or titled in the Church's name. Additionally, the Church shall provide to PGC original hard copies of the Church's official rolls, registers, and minutes of Session meetings.

Basis of presentation – The accompanying combined financial statements are presented in accordance with FASB ASC 958-205, *Not-for-Profit Organizations – Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The Organization maintains its accounts on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified 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 Organization's management and the Session.

Net assets with donor restrictions
Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are 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 combined statements of activities and change in net assets.

Management's use of estimates – The preparation of combined 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 combined financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Contributions – The Organization evaluates grants and contributions for evidence of the transfer of commensurate value from the Organization to the resource provider. The transfer of commensurate value from the Organization to the resource provider may include instances when a) the goods or services provided by the Organization directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Organization. When such factors exist, the Organization accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customers*, or other appropriate guidance. In the absence of these factors, the Organization accounts for the award under the contribution accounting model.

(1) Organization operations and summary of significant accounting policies (continued)

In the absence of the transfer of commensurate value from the Organization to the resource provider, the Organization evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Organization or the right of return from the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Organization and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Organization to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

The Organization accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions with donor restrictions are reported as an increase in net assets with donor restrictions. 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 are reported in the combined statement of activities and change in net assets as net assets released from restrictions. Restricted support where restrictions are met in the same period as the donation is made is shown as additions to contributions without donor restrictions.

Revenue from contracts with customers – The Organization offers various other services through program fees, events, and other sources. Revenue is recognized when control of the promised services is transferred to the Organization’s customers at an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services.

Donated materials and services – Donated materials and professional services are recognized as contributions, in accordance with FASB ASC 958-605, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. No amounts have been reflected in the combined financial statements for certain donated volunteer services because they did not qualify for recording under the guidelines of FASB ASC 958-605; however, a substantial number of volunteers have donated significant amounts of their time to administer the numerous ministries and programs of the Organization.

Cash and cash equivalents – Cash consists of cash and, at times, cash equivalents, which consist of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation (“FDIC”).

Receivables – Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Included within receivables is approximately $101,000 due from a school district for reimbursements that are payable in equal installments starting in 2023 and ending in 2025. Receivables are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts is not considered necessary as of December 31, 2023.

(1) Organization operations and summary of significant accounting policies (continued)

Investments – The Organization accounts for its marketable investments in accordance with FASB ASC ASC 958-321, *Not-for-Profit Entities – Investments – Equity Securities* and FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt Securities*.

As of December 31, 2023, the Organization's investments in equity instruments without readily determinable fair values consisted of an investment in a non-traded real estate investment trust ("REIT") which is further described in Note 2. Additionally, the Organization invests in certain investments that qualify for the use of Net Asset Value ("NAV") as a practical expedient for fair value as permitted under FASB ASC 820, *Fair Value Measurement*.

The Organization has elected to report their other investments at fair value in accordance with FASB ASC 958-325*, Not-for-Profit Entities – Investments – Other*. As of December 31, 2023, the Organization's other investments consisted of funds held at the Presbyterian Foundation which are further described in Note 5.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect account balances and the amounts reported in the accompanying combined financial statements.

Investment income or loss (including unrealized and realized gains and losses on investments, interest, and dividends, net of investment fees) is included in net assets without restriction unless the associated income or loss is restricted.

Property and equipment and related depreciation – Purchased property and equipment is recorded at cost and donated property and equipment is recorded at fair value at the date of the gift to the Organization. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of $1,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation account is relieved and any gain or loss is included in operations.

Depreciation of property and equipment is computed using the straight-line method over the following estimated range of useful lives:

Landes Center, education and administration facility	5 - 39 years
Sanctuary	5 - 50 years
Chapel	5 - 50 years
Furniture, fixtures and equipment	7 - 10 years
Music building	7 - 40 years
Memorial garden	5 - 40 years
Automotive equipment	5 years
Equipment held under capital lease	5 years

(1) Organization operations and summary of significant accounting policies (continued)

Donations of property and equipment are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to 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 revenues of the net assets with donor restrictions class. 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 or as instructed by the donor.

Impairment of long-lived assets – The Organization accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded for 2023.

Functional allocation of expenses – The costs of providing the Organization's various programs and activities have been summarized based on natural classifications in the combined statement of activities and change in net assets. The combined statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on personnel activity and other appropriate allocation methods. Such allocations are determined by management on an equitable basis.

The departmental expenses that are allocated by natural classification include the following:

Salaries and related expenses	Time and effort
Occupancy, depreciation and amortization	Hours of use by program

Fair value measurement – FASB ASC 820, *Fair Value Measurement,* establishes a common definition for fair value to be applied to GAAP requiring the use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. It also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

(1) Organization operations and summary of significant accounting policies (continued)

Income tax status – The Church and Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code ("IRC") and, accordingly, there is no provision for income taxes. In addition, the Internal Revenue Service ("IRS") has determined that the Church and Foundation are not private foundations under the provisions of Section 509 (a) of the IRC. Income determined to be unrelated business taxable income would be taxable.

The Organization accounts for their uncertain tax positions in accordance with the provisions of FASB ASC 740, *Income Taxes* by applying a more-likely-than-not threshold to the recognition and de-recognition of uncertain tax positions in earnings in the year of such change. The Organization evaluates their uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts. The Organization is not required to file a 990; and accordingly, there is no statute of limitations on an IRS examination.

Recent accounting pronouncements – Effective January 1, 2023, the Organization adopted ASC Topic 326, *Financial Instruments-Credit Losses*, using the modified retrospective approach. Under the new standard, the Organization is required to use a current expected credit loss ("CECL") model that will immediately recognize an estimate of credit losses that are expected to occur over the life of financial instruments, including trade receivables and reinsurance recoverable. The CECL model uses a broader range of reasonable and supportable information in the development of credit loss estimates. The adoption did not have a material impact on the Organization's combined financial statements.

Subsequent events – The Organization has evaluated subsequent events through August 19, 2024, which is the date the combined financial statements were available to be issued.

(2) Investments

Investments consist of the following at December 31, 2023:

Cash	$ 47,919
Equity – domestic stock	3,066,030
Equity mutual funds	55,100
Fixed income mutual funds	403,690
Corporate bonds	1,778,482
Assets held under split-interest agreements	6,156
Real estate investment trust	84,615
Total investments	$ 5,441,992

Investment return consists of the following for the year ended December 31, 2023:

Dividend and interest income	$ 146,056
Realized and unrealized investment losses	603,945
Investment fees	(31,254)
Total investment return	$ 718,747

(3) Property and equipment

Property and equipment consists of the following at December 31, 2023:

Cost and donated value:	
Landes Center, education and administrative facility	$ 9,680,457
Chapel	1,225,494
Sanctuary	13,034,247
Furniture, fixtures and equipment	1,510,077
Music building	25,361
Memorial garden	272,846
Land	80,000
Automotive equipment	36,285
Equipment held under finance lease	27,546
Total cost and donated value	25,892,313
Accumulated depreciation	(9,043,771)
Property and equipment, net	$ 16,848,542

Depreciation expense charged to operations was $697,150 for the year ended December 31, 2023.

The cost of the assets held under the finance lease agreement totaled $24,574 at December 31, 2023. Accumulated amortization on assets held under the finance lease agreement totaled $6,615 at December 31, 2023. Depreciation and amortization for assets held under the finance lease agreement was $6,615 for the year ended December 31, 2023.

(4) Finance lease obligation

In May 2018, the Organization entered into a non-cancelable finance lease agreement for certain equipment that expired in April 2023 and eared interest at 3.62%.

In June 2023, the Organization entered into a non-cancelable finance lease agreement for certain equipment that expires in 2028. The obligation under the finance lease reflects the present value of future lease payments discounted a risk-free interest rate of 4.79%

Financing and operating cash flows from financing leases for 2023 totaled $5,244 and $511, respectively. The weighted average discount rate and weighted average remaining lease term as of December 31, 2023 were 4.79% and 4.34 years, respectively.

(4) Finance lease obligation (continued)

The future minimum lease payments required under the finance lease are as follows:

Year Ending December 31,	
2024	$ 6,000
2025	6,000
2026	6,000
2027	6,000
2028	3,333
Less: interest	(1,862)
Present value of finance lease liability	25,471
Less: current portion	(5,259)
Non-current protion	$ 20,212

(5) Split-interest agreements

The Organization is currently the irrevocable beneficiary of a charitable remainder trust. The charitable remainder trust provides for the payment of distributions to the grantor over the trust's term (the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Organization's use. The fair market value of the assets held in the charitable remainder trust was $6,156 at December 31, 2023. The portion of the trust attributable to the present value of the future benefits to be received by the Organization is recorded as a donor restricted contribution in the period the trust is established. On an annual basis, the Organization recalculates the liability to adjust distributions to the designated beneficiary based on actuarial assumptions. Adjustments to reflect the valuation of the present value of the estimated annuity payments and changes in actuarial assumptions are recognized in the combined statement of activities and change in net assets as a change in value of split interest agreements. The liabilities under split-interest agreements include the present value of the estimated annuity payments for the charitable remainder trust (estimated payments of $18,627 at December 31, 2023) which is calculated using a discount rate of 5.20% for 2023, and the applicable IRS mortality tables.

The investments associated with the charitable remainder trusts have been accounted for in accordance with FASB ASC 958-321, *Not-for-Profit Entities – Investments – Equity Securities*. The charitable remainder trust investments consist entirely of U.S. equity mutual funds, international fixed income mutual funds and cash at December 31, 2023.

(6) Line of credit

In July 2013, the Church entered into a line of credit agreement with a limit of $250,000. The line of credit is guaranteed by certain investments of the Foundation. The line of credit does not mature until default or notice is given by the lender. Interest is charged at the bank prime rate plus 0.63% (9.13% at December 31, 2023). No amounts were outstanding under the line of credit as of December 31, 2023. Total interest expense related to this line of credit was $250 for 2023.

(7) Margin loan and note payable

In February 2020, the Organization added a margin loan feature to their investment portfolio held with Schwab. Interest is charged on a daily basis based on credit extended on a compounding basis at a variable rate. Credit is not extended unless the investment account is greater than $2,000 and the maximum amount that can be loaned is 50% of the value of equity securities and is generally due on demand. At December 31, 2023, the Organization had no outstanding balance on the margin loan.

(8) Net assets with donor restrictions

Net assets with donor restrictions are restricted for purposes or periods as follows at December 31, 2023:

Net assets with donor restrictions consist of:	
Church:	
Deacon Fund	$ 11,903
Church subtotal	11,903
Foundation:	
Scholarship endowments	99,530
Music endowments	(24,562)
McKee Youth Mission Fund	-
Whiting Fund	22,812
Boy Scouts	48,559
Freeman	2,371
Other funds	(2,575)
Kreizenbeck	4,782
Annis Organ Fund	22,413
Awaken Café	27,004
Music program	273,953
Foundation subtotal	474,287
Restricted in perpetuity	1,032,177
Foundation total	1,506,464
Total net assets with donor restrictions	$ 1,518,367

(9) Net assets released from donor restrictions

Net assets released from restriction consist of the following for the year ended December 31, 2023:

Church:	
Deacon Fund	$ 32,691
Church subtotal	32,691
Foundation:	
Music endowments	$ 42,915
Music programs	6,074
Scholarships	35,188
Other programs	141,669
Foundation subtotal	225,846
Total net assets released from restriction	$ 258,537

(10) Net assets without donor restrictions

The Organization's Board of Trustees has designated portions of the net assets without donor restrictions for endowment purposes for which the corpus and unspent earnings have been designated for various purposes, including use in future periods, maintenance, and programs.

Additionally, the Board of Trustees has designated a portion of net assets without donor restrictions for the purposes of maintenance expenses.

Board designated net assets consist of the following at December 31, 2023:

Board designated endowment funds	$ 3,113,438
Board designated for maintenance reserve	241,201
Total net assets with board designations	$ 3,354,639

(11) Endowments

The Organization's endowments consist of several individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In September 2008, the State of Arizona enacted ARS§10-11801 et seq Management of Charitable Funds Act ("MCFA"). The Board of Trustees of the Organization has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the perpetual endowment, and (b) the original value of subsequent gifts to the perpetual endowment.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as net assets subject to purpose or time restrictions based upon the presence or absence from the donor and are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MCFA.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects their endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(11) Endowments (continued)

The Organization's Board of Trustees has discretion over the amounts appropriated for distribution. In recent periods, the Board of Trustees appropriated for distribution 5% of its endowment fund's average fair value over the prior 3 years through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this practice, the Organization considered the long-term expected return on their endowments. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Trustees has interpreted MCFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The following table presents the endowment net assets composition by type of fund as of December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	$ 3,113,438	$ -	$ 3,113,438
Endowment funds restricted in perpetuity	-	1,032,177	1,032,177
Term endowment corpus	-	273,953	273,953
Accumulated earnings on endowment funds	-	203,432	$ 203,432
Underwater endowment funds	-	(27,923)	(27,923)
Total funds	$ 3,113,438	$ 1,481,639	$ 4,595,077

The changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2023	$ 3,653,819	$ 1,447,164	$ 5,100,983
Contributions	146,428	27,161	173,589
Investment return:			
Investment income	84,262	25,328	109,590
Net appreciation	503,953	133,335	637,288
Appropriation of endowment assets for expenditure	(1,275,024)	(151,349)	(1,426,373)
Endowment net assets, December 31, 2023	$ 3,113,438	$ 1,481,639	$ 4,595,077

At December 31, 2023, funds with original gift values of $463,144, fair values of $435,221, and deficiencies of $27,923 were reported as net assets with donor restrictions.

(12) Trust beneficiary

The Memorial Gardens Trust was established by the Church on July 20, 1987, naming the Foundation as the Trustee, for purposes of maintaining the Memorial Gardens at the Church in perpetuity. The Memorial Gardens Trust must retain funds that are actuarially determined to meet the future requirements of the Memorial Gardens for maintenance and repair. The Trustee may distribute income and principal of the Memorial Gardens Trust to the Valley Presbyterian Church once the trust corpus is safely above the actuarially determined amounts necessary to maintain the Memorial Gardens in perpetuity. At December 31, 2023, this fund totaled $506,248 and was included in the Foundation investments and within Board designated net assets.

(13) Retirement plan

Starting 2017, Pastors and employees who are over the age of 50 and have been employed at Valley Presbyterian Church (U.S.A.) for at least 20 years, are eligible to participate in a defined contribution plan sponsored by the PCUSA. Contributions are made to the plan based upon 11% of each employee's effective salary rate.

As of July 1, 2023, the Organization's disaffiliation from PCUSA, as described in Note 1, resulted in the termination of participation in the current plan provider. Effective July 1, 2023, the Organization obtained a new plan provider and transferred all previously covered employees into the new plan. Contributions are made to the plan based upon 10% of each employee's effective salary rate.

(14) Uncombined affiliate

The Organization's combined financial statements do not include the accounts of the ***Valley Presbyterian Day School*** (the "School"). The Organization has both control of and an economic interest in the School. Accordingly, under GAAP, the School should be combined with the Organization. The School's fiscal period begins June 1st and ends May 31st and the accounts are maintained on a cash basis of accounting, which is not an accounting basis generally accepted in the United States of America. Management of the Organization has elected not to include the activities of the School in these combined financial statements.

If the accounts (on the cash basis and unaudited) of the School were included in the combined statement of financial position, net assets would increase by approximately $284,000 at December 31, 2023. The change in net assets in the combined statement of activities and change in net assets would increase by approximately $51,000 for the year ended December 31, 2023.

(15) Fair value measurement

The following table summarizes the valuation of the Organization's assets and liabilities by the categories described in Note 1 as of December 31, 2023:

	(Level 1)	(Level 2)	(Level 3)
Domestic stock			
Healthcare	$ 334,777	$ -	$ -
Technology	766,924	-	-
Consumer goods	433,185	-	-
Utilities	30,370	-	-
Industrial goods	246,577	-	-
Financial	250,463	-	-
Developed International	222,496	-	-
Emerging International	61,650	-	-
Other domestic stock	719,588	-	-
Equity mutual funds	55,100	-	-
Fixed income mutual funds	403,690	-	-
Corporate bonds	1,473,456	305,026	-
Assets held under split-interest agreement	6,156	-	-

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to methodologies used at December 31, 2023.

Domestic stock (equity securities) – Equity securities are measured using the quoted market prices for each security from major stock exchanges or other electronic quotation systems.

Mutual funds – Mutual funds are valued at the NAV of shares held by the Organization at year end based on readily determinable fair values, which are published daily and are the basis for current transactions.

Bonds – Bonds are valued using propriety valuation models incorporating live data from active market makers and inter-dealer brokers as reported on electronic communication networks. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers, and other data.

The Organization measures its investments in a non-marketable REIT at carrying value, less impairment, and adjusted for observable price changes in orderly transactions. During the year ended December 31, 2023, the Organization recognized a loss of approximately $51,000 in the carrying value of the non-marketable REIT investment resulting from a decrease in the published per share value of the REIT below the Organization’s carrying value. The loss is recognized as a nonrecurring level three fair value measurement. The loss has been recorded by the Organization in investment return in the accompanying combined statement of activities and change in net assets.

(16) Liquidity and availability of resources

Financial assets available for general expenditure as of December 31, 2023 are as follows:

Cash and cash equivalents	$ 533,353
Receivables	101,148
Investments	5,435,836
Total financial assets available within one year	6,070,337
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with program purpose restrictions	(486,190)
Investments held under split-interest agreements	(6,156)
Perpetual donor restricted endowments	(1,032,177)
Total amounts unavailable for general expenditures within one year	(1,524,523)
Amounts unavailable to management without Board's approval	
Board designated endowment funds	(3,113,438)
Board designated for maintenance reserve	(241,201)
Total amounts unavailable to management without Board's approval	(3,354,639)
Total financial assets available within one year after restrictions and board designations	$ 1,191,175

The Church and the Foundation monitor their cash flows to ensure the fulfillment of all obligations. As part of their liquidity plan, excess cash is invested in short-term investments, primarily mutual funds, so as to have readily liquid investments available as needed. Upon approval by The Board of Trustees, excess cash invested in long-term investments may be liquidated within a reasonable period of time to fund current obligations. The Board of Trustees' designated investments may be drawn upon, if necessary to meet unexpected liquidity needs or in the event of financial distress.

The Church also maintains a $250,000 line of credit with a bank, of which the full balance was available for use by the Church as of December 31, 2023.

(17) Disaffiliation liability

As part of the disaffiliation process described in Note 1, a financial settlement was reached between PGC and the Church. Terms of the agreement include total payments of $1,429,161 to PGC, a portion of which is payable to PGC over a ten-year term. The Church recognized expenses totaling $1,012,745 related to this agreement during 2023, which is net of imputed interest expense that will be recognized over the ten-year payment term.

Per the terms of the agreement, a portion of the settlement liability totaling $1,116,909 was payable to PGC over ten years at a 0% interest rate. Monthly payments total $9,308 and the first payment was due in July 2023. The Church imputed interest on the long-term payable portion of the agreement using a discount rate of 10.13%, resulting in a net liability of $700,494 as of the date of the agreement. In 2023, the Church paid $17,261 toward the principal balance of the disaffiliation liability. At December 31, 2023, $683,233 was outstanding.

At December 31, 2023, estimated annual maturities of the disaffiliation liability due to PGC are as follows:

Years Ending December 31,	
2024	$ 48,423
2025	49,648
2026	54,917
2027	60,746
2028	67,194
Thereafter	402,305
Total liability maturities	$ 683,233

CBIZ CPAs

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

We have audited the combined financial statements of ***Valley Presbyterian Church and Affiliate*** (collectively, the "Organization") as of and for the year ended December 31, 2023, and our report thereon dated August 19, 2024, which expresses a qualified opinion on these combined financial statements, appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position, combining statement of activities and change in net assets, and combining statement of cash flows on pages 23, 24, and 25 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations and cash flows of the individual organizations, and are not a required part of the combined financial statements. The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

CBIZ CPAs P.C.[1]

August 19, 2024

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KRESTON GLOBAL

[1] In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

VALLEY PRESBYTERIAN CHURCH AND AFFILIATE

ADDITIONAL INFORMATION

December 31, 2023

COMBINING STATEMENT OF FINANCIAL POSITION

A S S E T S

	Church	Foundation and Memorial Gardens Trust	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 445,104	$ 88,249	$ -	$ 533,353
Receivables	4,850,349	531,205	(5,280,406)	101,148
Prepaid expenses	8,187	3,570	-	11,757
TOTAL CURRENT ASSETS	5,303,640	623,024	(5,280,406)	646,258
INVESTMENTS	-	5,435,836	-	5,435,836
DUE FROM FOUNDATION	734,954	-	(734,954)	-
PROPERTY AND EQUIPMENT, net	16,848,542	-	-	16,848,542
ASSETS HELD UNDER SPLIT-INTEREST AGREEMENT	-	6,156	-	6,156
TOTAL ASSETS	$ 22,887,136	$ 6,065,016	$ (6,015,360)	$ 22,936,792

L I A B I L I T I E S A N D N E T A S S E T S

	Church	Foundation and Memorial Gardens Trust	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable	$ 5,301,471	$ 2,311	$ (5,280,406)	$ 23,376
Accrued expenses	102,696	-	-	102,696
Current portion of finance lease obligation	5,259	-	-	5,259
Current portion of liabilities under split-interest agreements	-	6,042	-	6,042
Current portion of disaffiliation liability	48,423	-	-	48,423
TOTAL CURRENT LIABILITIES	5,457,849	8,353	(5,280,406)	185,796
LIABILITIES UNDER SPLIT-INTEREST AGREEMENTS, net of current portion	-	12,585	-	12,585
FINANCE LEASE OBLIGATION, net of current portion	20,212	-	-	20,212
DUE TO CHURCH	-	734,954	(734,954)	-
DISAFFILIATION LIABILITY, net of current portion	634,810	-	-	634,810
TOTAL LIABILITIES	6,112,871	755,892	(6,015,360)	853,403
NET ASSETS				
NET ASSETS WITHOUT DONOR RESTRICTIONS	16,762,362	3,802,660	-	20,565,022
NET ASSETS WITH DONOR RESTRICTIONS	11,903	1,506,464	-	1,518,367
TOTAL NET ASSETS	16,774,265	5,309,124	-	22,083,389
TOTAL LIABILITIES AND NET ASSETS	$ 22,887,136	$ 6,065,016	$ (6,015,360)	$ 22,936,792

VALLEY PRESBYTERIAN CHURCH AND AFFILIATE

ADDITIONAL INFORMATION

Year Ended December 31, 2023

COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

	Church	Foundation and Memorial Gardens Trust	Eliminations	Total
SUPPORT AND REVENUE				
Contributions and bequests	$ 2,736,372	$ 244,871	$ (115,005)	$ 2,866,238
Program fees	35,944	-	-	35,944
Investment return	4,683	714,064	-	718,747
Change in value of split-interest agreements	-	(3,787)	-	(3,787)
Disaffiliation related contributions from VPF	1,072,077	-	(1,072,077)	-
Other income	22,454	103,075	-	125,529
TOTAL SUPPORT AND REVENUE	3,871,530	1,058,223	(1,187,082)	3,742,671
EXPENSES				
Salaries	1,302,746	11,100	-	1,313,846
Employee benefits	337,680	-	-	337,680
Payroll taxes	63,869	966	-	64,835
Mission	139,095	-	36,928	176,023
Student camp and mission trips	132,478	-	-	132,478
Supplies	9,656	405,095	(151,933)	262,818
Fellowship events and meals	42,086	-	-	42,086
Professional fees	98,812	13,085	-	111,897
Occupancy	226,703	-	-	226,703
Insurance	78,762	-	-	78,762
Outside contractors	291,872	-	-	291,872
Other expenses	114,889	2	-	114,891
Depreciation and amortization	697,150	-	-	697,150
PC(USA) Disaffiliation	1,012,745	-	-	1,012,745
Disaffiliation related contributions to VPC	-	1,072,077	(1,072,077)	-
TOTAL EXPENSES	4,548,543	1,502,325	(1,187,082)	4,863,786
CHANGE IN NET ASSETS	(677,013)	(444,102)	-	(1,121,115)
NET ASSETS, BEGINNING OF YEAR	17,451,278	5,753,226	-	23,204,504
NET ASSETS, END OF YEAR	$ 16,774,265	$ 5,309,124	$ -	$ 22,083,389

VALLEY PRESBYTERIAN CHURCH AND AFFILIATE

ADDITIONAL INFORMATION

Year Ended December 31, 2023

COMBINING STATEMENT OF CASH FLOWS

	Church	Foundation and Memorial Gardens Trust	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$ (677,013)	$ (444,102)	$ -	$ (1,121,115)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation and amortization	697,150	-	-	697,150
PC USA disaffiliation fee accrued as a note payable	700,494	-	-	700,494
Endowment contribution	-	(27,161)	-	(27,161)
Realized and unrealized investment losses	-	(603,945)	-	(603,945)
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Receivables	119,415	(98,500)	100,577	121,492
Due from VPF	(734,954)	-	-	(734,954)
Prepaid expenses	(929)	2,930	-	2,001
Assets held under split-interest agreements	-	5,895	-	5,895
Increase (decrease) in:				
Accounts payable	51,511	671	(100,577)	(48,395)
Accrued expenses	6,728	-	-	6,728
Due to VPC	-	734,954	-	734,954
Liabilities under split-interest agreements	-	(2,228)	-	(2,228)
Net cash used in operating activities	162,402	(431,486)	-	(269,084)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments	-	1,000,583	-	1,000,583
Purchases of investments	-	(589,129)	-	(589,129)
Purchases of property and equipment	(364,924)	-	-	(364,924)
Net cash provided by (used in) investing activities	(364,924)	411,454	-	46,530
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash paid for PCUSA disaffiliation liability	(17,261)	-		(17,261)
Cash received for endowment contribution	-	27,161	-	27,161
Payments on finance lease obligation	(5,244)	-	-	(5,244)
Net cash provided by financing activities	(22,505)	27,161	-	4,656
NET CHANGE IN CASH AND CASH EQUIVALENTS	(225,027)	7,129	-	(217,898)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	670,131	81,120	-	751,251
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 445,104	$ 88,249	$ -	$ 533,353
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest	$ 29,528	$ -	$ -	$ 29,528
Property and eqquipment obtained with a financing lease liability	$ 27,624	$ -	$ -	$ 27,624