

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Financial Statements
With Independent Auditors' Report

August 31, 2023 and 2022

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cornerstone Fellowship of Livermore California
Livermore, California

Opinion

We have audited the accompanying financial statements of Cornerstone Fellowship of Livermore California, which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cornerstone Fellowship of Livermore California as of August 31, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Cornerstone Fellowship of Livermore California and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cornerstone Fellowship of Livermore California's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Board of Directors
Cornerstone Fellowship of Livermore California
Livermore, California

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cornerstone Fellowship of Livermore California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cornerstone Fellowship of Livermore California'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.

Capin Crouse LLP

Pleasanton, California
December 1, 2023

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Statements of Financial Position

	August 31,	
	2023	2022
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 2,970,270	\$ 3,989,015
Government grant receivable	-	256,210
Prepaid expenses and other assets	80,298	214,496
Financing lease–right of use assets, current portion	64,675	-
	3,115,243	4,459,721
Restricted cash	-	22,188
Financing lease–right of use assets, net of current portion	26,825	-
Interest rate swap agreement	733,298	546,346
Land held for sale	2,501,880	2,501,880
Property and equipment-net	23,428,442	24,165,063
	26,690,445	27,235,477
Total Assets	\$ 29,805,688	\$ 31,695,198
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 153,603	\$ 91,416
Accrued expenses	461,071	589,341
Financing lease–right of use obligations, current portion	68,416	-
Long-term debt, current portion	698,106	733,591
	1,381,196	1,414,348
Financing lease–right of use obligations, net of current portion	26,149	-
Long-term debt, net of current portion	17,081,405	17,836,447
	17,107,554	17,836,447
Total liabilities	18,488,750	19,250,795
Net assets:		
Without donor restrictions	11,190,582	12,287,548
With donor restrictions	126,356	156,855
Total net assets	11,316,938	12,444,403
Total Liabilities and Net Assets	\$ 29,805,688	\$ 31,695,198

See notes to financial statements

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Statements of Activities

	Year Ended August 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:						
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Tithes and offerings	\$ 5,127,280	\$ 197,036	\$ 5,324,316	\$ 6,909,048	\$ 166,802	\$ 7,075,850
Registration fees	202,776	-	202,776	85,808	-	85,808
Other income	191,217	-	191,217	40,627	-	40,627
Net assets released from restrictions	227,535	(227,535)	-	414,085	(414,085)	-
Total Support, Revenue, and Reclassifications	5,748,808	(30,499)	5,718,309	7,449,568	(247,283)	7,202,285
EXPENSES:						
Salaries and benefits	3,181,813	-	3,181,813	4,077,378	-	4,077,378
Facilities	920,692	-	920,692	921,466	-	921,466
Depreciation and amortization	830,471	-	830,471	865,062	-	865,062
Office and supplies	637,021	-	637,021	783,459	-	783,459
Interest	708,242	-	708,242	730,676	-	730,676
Financial assistance	396,448	-	396,448	346,656	-	346,656
Food and travel	288,432	-	288,432	151,095	-	151,095
Miscellaneous	69,607	-	69,607	67,332	-	67,332
Total Expenses	7,032,726	-	7,032,726	7,943,124	-	7,943,124
Change in Net Assets from Operations	(1,283,918)	(30,499)	(1,314,417)	(493,556)	(247,283)	(740,839)
NON-OPERATING ACTIVITIES:						
Unrealized gain on interest rate swap	186,952	-	186,952	1,448,063	-	1,448,063
Change in Net Assets	(1,096,966)	(30,499)	(1,127,465)	954,507	(247,283)	707,224
Net Assets, Beginning of Year	12,287,548	156,855	12,444,403	11,333,041	404,138	11,737,179
Net Assets, End of Year	\$ 11,190,582	\$ 126,356	\$ 11,316,938	\$ 12,287,548	\$ 156,855	\$ 12,444,403

See notes to financial statements

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Statements of Cash Flows

	Year Ended August 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,127,465)	\$ 707,224
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	830,471	865,062
Non-cash effect of change in accounting principle	7,348	-
Government grant receivable	256,210	417,538
Loss on disposal of property and equipment	1,364	26,672
Unrealized gain on interest rate swap	(186,952)	(1,448,063)
Contributions restricted for long-term purposes	-	(5,000)
Net change in:		
Prepaid expenses and other assets	134,198	(87,651)
Accounts payable	62,187	(28,640)
Accrued expenses	(128,270)	104,873
Net Cash Provided (Used) by Operating Activities	(150,909)	552,015
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(125,390)	(306,924)
Net Cash Used by Investing Activities	(125,390)	(306,924)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of property and equipment	-	(4,465)
Principal payments on long-term debt	(685,370)	(748,070)
Principal payments on financing lease	(79,264)	-
Contributions restricted for long-term purposes	-	5,000
Net Cash Used by Financing Activities	(764,634)	(747,535)
Change in Cash, Cash Equivalents, and Restricted Cash	(1,040,933)	(502,444)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	4,011,203	4,513,647
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 2,970,270	\$ 4,011,203

(continued)

See notes to financial statements

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Statements of Cash Flows (continued)

	Year Ended August 31,	
	<u>2023</u>	<u>2022</u>
SUMMARY OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Cash and cash equivalents	\$ 2,970,270	\$ 3,989,015
Cash restricted for long-term purposes	<u>-</u>	<u>22,188</u>
	<u>\$ 2,970,270</u>	<u>\$ 4,011,203</u>
SUPPLEMENTAL INFORMATION AND NON-CASH ITEMS:		
Cash paid for interest	<u>\$ 674,410</u>	<u>\$ 702,705</u>
Right-of-use assets obtained in exchange for financing lease obligations	<u>\$ 120,818</u>	<u>\$ -</u>
Interest paid related to financing leases	<u>\$ 3,615</u>	<u>\$ -</u>
Write-off of fully depreciated assets	<u>\$ 1,041,915</u>	<u>\$ -</u>

See notes to financial statements

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

Cornerstone Fellowship of Livermore California (the Church) was organized on May 23, 1993, in California as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Church is subject to federal income tax on any unrelated business taxable income. In addition, the Church is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

The Church's main campus is located in Livermore, California, and it has additional California campuses in Brentwood, Walnut Creek, Hayward, and Danville. The Church's primary source of support and revenue consists of tax-deductible contributions from members and regular attendees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Church have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies is described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. These accounts may, at times, exceed federally insured limits. As of August 31, 2023 and 2022, the Church's cash balances exceeded federally insured limits by approximately \$2,707,000 and \$3,969,000, respectively. The Church has not experienced any losses in such accounts.

RESTRICTED CASH

Cash restricted for long-term purposes consists of contributions restricted for property and equipment that have not been released as of August 31, 2022.

GOVERNMENT GRANT RECEIVABLE

Government grant receivable consists of the Employee Retention Credit (ERC). Laws and regulations concerning government programs, including the ERC, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Church's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Church. During the year ended August 31, 2023, the Church received all ERC funds in full.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist primarily of inventory, deposits, and prepaid insurance. Inventory for the bookstore is valued at lower of cost or net realizable value, measured using the average cost method. Inventory consists of Bibles and other items.

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FINANCING LEASE–RIGHT OF USE ASSETS AND OBLIGATIONS

The Church adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting standard below) and its related amendments as of September 1, 2022, which resulted in the recognition of financing lease right-of-use assets totaling \$91,500 as of August 31, 2023, as well as financing lease obligations totaling \$94,565. The Church elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of September 1, 2022 without restating prior-year amounts. The additional lease disclosures can be found in Note 4.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment are capitalized at cost for expenditures over \$2,500. Donated items are recorded at the fair value on the date of the gift. Depreciation is computed using the straight line method over the following estimated useful lives of the related assets:

Land and improvements	15-40 years
Buildings and improvements	15-40 years
Furniture and equipment	3-7 years
Vehicles	5 years

NET ASSETS

The financial statements report amounts by class of net assets as follows:

Net assets without donor restrictions are those currently available at the discretion of the board of directors for use in the Church's operations and those resources invested in property and equipment, net.

Net assets with donor restrictions are those that are stipulated by donors for buildings and specific operating purposes.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to the Church. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. The Church records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use through purpose and/or time restrictions. Net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions when donor restrictions expire. Donor restrictions expire when the purpose restriction is fulfilled or the time restrictions are met. For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed into service. All contributions are considered available for unrestricted use, unless specifically restricted by the donor.

Registration fees are recorded when earned and consist of fees for camps, retreats, and other ministry related activities. Other income is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in Note 11. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities. These costs are allocated based on an estimate of time spent, benefits derived, and square footage. Currently, there are no joint costs that have been allocated among program, general and administrative, and fundraising functions.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-02, *Leases* (Topic 842 of the Accounting Standards Codification). The amendments in this update require organizations that lease assets to recognize on the statements of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The Church adopted this update for the year ended August 31, 2023. Some of the Church's contracts contain the right to control the use of property or assets and are therefore considered leases. The Church elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842) and recorded the impact of adoption as of September 1, 2022, without restating any prior-year amounts. The Church also elected the practical expedient to not separate lease and non-lease components and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosure can be found in Note 4. Adoption of this standard had no impact on net assets as of August 31, 2022.

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Church's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of that date.

	<u>August 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 2,970,270	\$ 3,989,015
Restricted cash	-	22,188
Government grant receivable	-	256,210
	<u>2,970,270</u>	<u>4,267,413</u>
Less:		
Donor-imposed restrictions unavailable for general expenditure	<u>-</u>	<u>(22,188)</u>
Financial assets less those unavailable for expenditure within one year	<u>\$ 2,970,270</u>	<u>\$ 4,245,225</u>

The Church is substantially supported by contributions, some of which are restricted. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Church must maintain sufficient resources to meet those responsibilities to donors. Thus, financial assets may not be available for general expenditure within one year. As part of liquidity management, the Church has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

4. FINANCING LEASE—RIGHT OF USE ASSETS AND OBLIGATIONS:

The Church leases equipment under noncancelable operating leases expiring at various times through September 2025. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases require monthly payments ranging from \$798 to \$2,400.

	<u>August 31, 2023</u>
Financing lease—right-of-use assets	\$ 91,500
Financing lease—right-of-use obligations	\$ 94,565
Financing lease costs:	
Amortization of right-of-use assets	\$ 78,105
Interest on lease liabilities	\$ 3,615
Weighted-average discount rate	2.81%
Weighted-average remaining lease term	0.84 years

Future minimum lease payments required under the financing leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending August 31,</u>	
2024	\$ 68,416
2025	26,919
2026	1,443
	<u>96,778</u>
Less imputed interest	<u>(2,213)</u>
	<u><u>\$ 94,565</u></u>

5. OPERATING LEASES:

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, the Church was applying Topic 840 in relation to operating leases. During the year ended August 31, 2022, the Church had operating lease expenses of \$109,000.

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

6. LAND HELD FOR SALE:

During the year ended August 31, 2022 the Church classified approximately \$2,502,000 of land as land held for sale. The Church is actively marketing the land and it is expected to sell during the year ending August 31, 2024. The Church plans to sell the land at fair value which is in excess of its carrying value. Accordingly, no gain or loss has been recorded during the years ended August 31, 2023 or 2022.

7. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net consists of:

	August 31,	
	2023	2022
Land and improvements	\$ 12,394,182	\$ 12,372,736
Buildings and improvements	27,782,951	27,759,265
Furniture and equipment	5,638,976	6,862,971
Vehicles	158,848	223,796
	<u>45,974,957</u>	<u>47,218,768</u>
Less accumulated depreciation and amortization	(22,553,134)	(23,060,324)
	<u>23,421,823</u>	<u>24,158,444</u>
Construction in process	6,619	6,619
	<u>\$ 23,428,442</u>	<u>\$ 24,165,063</u>

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

8. LONG-TERM DEBT:

Long-term debt consists of:

	August 31,	
	2023	2022
Note payable to a financial institution, collateralized by all of the Church's assets, including real property, approximate monthly principal payments starting at \$28,000 and increasing to \$40,000 over the 10-year life of the loan. Interest rate is one-month Secured Overnight Financing Rate (SOFR) plus 1.78%, fixed at 4.06% with an interest rate swap agreement. A balloon payment is due on September 1, 2025, in the amount of approximately \$10,341,000.	\$ 11,417,322	\$ 11,862,241
Note payable to a financial institution, collateralized by all of the Church's assets, including real property, approximate monthly payments of \$6,000. Interest rate is one-month SOFR plus 1.78%, fixed at 3.45% with an interest rate swap agreement. The note is due February 1, 2028.	2,574,063	2,663,112
Note payable to a financial institution, collateralized by all of the Church's assets, including real property, approximate monthly payments of \$10,000. Interest rate is 2.53%. The note is due August 1, 2026.	3,823,438	3,974,616
Capital lease obligations, collateralized by equipment, bearing interest from 1.67% to 4.51%, total monthly payments of approximately \$7,000, maturing in various years through 2025. During the year ended August 31, 2023, the Church adopted ASU 2016-02 and capital lease obligations are now held as financing lease–right of use obligations on the statement of financial position.	-	118,209
Less prepaid loan costs	(35,312)	(48,140)
Less current portion	(698,106)	(733,591)
	\$ 17,081,405	\$ 17,836,447

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

8. LONG-TERM DEBT, continued:

Annual maturities are as follows:

<u>Year Ending August 31,</u>	
2024	\$ 698,106
2025	727,046
2026	10,567,089
2027	3,518,438
2028	52,209
Thereafter	<u>2,251,935</u>
	<u>\$ 17,814,823</u>

The Church paid loan costs of approximately \$139,000, between June 2015 and June 2017, related to long-term debt. The prepaid loan costs are amortized on a straight-line basis over the terms of the notes. Amortization expense was approximately \$14,000 for each of the years ended August 31, 2023 and 2022.

In conjunction with its bank loans, the Church is required to comply with certain reporting covenants. The Church was in compliance with all of the covenants as of August 31, 2023 and 2022.

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

9. INTEREST RATE SWAP:

The Church has entered into fixed-rate interest swap agreements related to two of its notes payable. The swap agreements manage the economic effect of the variable interest obligation associated with the notes payable described in Note 8, so that the interest payable effectively becomes a fixed rate, thereby reducing the impact of future interest rate changes on future interest expense. The agreements are accounted for as fair value hedges. Contractual terms are as follows:

	August 31,	
	2023	2022
2015 Swap:		
Fixed rate	4.06%	4.06%
Variable rate - SOFR plus 1.75%	7.10%	2.37%
Remaining term of contract in years	2	3
Original note payable balance covered by agreement (notional amount)	\$ 14,350,000	\$ 14,350,000
Notional amount outstanding at August 31	\$ 11,417,322	\$ 11,862,241
2017 Swap:		
Fixed rate	3.45%	3.45%
Variable rate - SOFR plus 1.75%	7.10%	2.37%
Remaining term of contract in years	5	6
Original note payable balance covered by agreement (notional amount)	\$ 3,000,000	\$ 3,000,000
Notional amount outstanding at August 31	\$ 2,574,063	\$ 2,663,112

The effect of the derivative instruments on the financial statements were as follows:

Fair Value of Derivative Instruments as Reported in the Statements of Financial Position

	<u>Statement Location</u>	August 31,	
		2023	2022
Interest rate swap agreement	Asset	\$ 733,298	\$ 546,346

Effects of Derivative Instruments on Income as Reported in the Statements of Activities

	<u>Statement Location</u>	Year Ended August 31,	
		2023	2022
Unrealized gain on interest rate swap	Nonoperating activities	\$ 186,952	\$ 1,448,063

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

10. NET ASSETS:

Net assets consist of the following:

	August 31,	
	2023	2022
Net assets without donor restrictions:		
Undesignated	\$ 11,190,582	\$ 12,287,548
Net assets with donor restrictions:		
Missions and outreach	126,356	134,667
Walnut Creek building	-	22,188
	126,356	156,855
	\$ 11,316,938	\$ 12,444,403

11. FUNCTIONAL EXPENSE ALLOCATION:

The following table presents expenses by both their nature and function for the year ended August 31, 2023:

	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 2,139,175	\$ 1,042,638	\$ -	\$ 3,181,813
Facilities	608,391	312,301	-	920,692
Depreciation and amortization	752,366	78,105	-	830,471
Office and supplies	271,899	364,521	601	637,021
Interest	679,912	28,330	-	708,242
Financial assistance	396,448	-	-	396,448
Food and travel	286,107	2,293	32	288,432
Miscellaneous	15,546	54,061	-	69,607
	\$ 5,149,844	\$ 1,882,249	\$ 633	\$ 7,032,726

CORNERSTONE FELLOWSHIP OF LIVERMORE CALIFORNIA

Notes to Financial Statements

August 31, 2023 and 2022

11. FUNCTIONAL EXPENSE ALLOCATION, continued:

The following table presents expenses by both their nature and function for the year ended August 31, 2022:

	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 2,674,375	\$ 1,403,003	\$ -	\$ 4,077,378
Facilities	673,443	248,023	-	921,466
Depreciation and amortization	799,405	65,657	-	865,062
Office and supplies	245,803	537,656	-	783,459
Interest	701,896	28,780	-	730,676
Financial assistance	346,523	133	-	346,656
Food and travel	146,802	4,293	-	151,095
Miscellaneous	10,691	56,641	-	67,332
	<u>\$ 5,598,938</u>	<u>\$ 2,344,186</u>	<u>\$ -</u>	<u>\$ 7,943,124</u>

12. PENSION EXPENSE:

The Church provides retirement benefits to its eligible full-time employees through a salary deferral plan under IRS Code section 403(b), with matching employer contributions. The expenses for the years ended August 31, 2023 and 2022, totaled approximately \$84,000 and \$376,000, respectively. Pension expense in the year ended August 31, 2022, included a significant retirement payment to the former senior pastor.

13. SUBSEQUENT EVENTS:

Subsequent to the year ended August 31, 2023, the Church signed a non-binding letter of intent to sell the land held for sale.

Subsequent events were evaluated through December 1, 2023, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.