



PLUM CREEK  
COMMUNITY CHURCH

Financial Statements  
With Independent Accountants' Review Report

December 31, 2022 and 2021

# PLUM CREEK COMMUNITY CHURCH

## Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

Board of Directors  
Plum Creek Community Church  
Castle Rock, Colorado

We have reviewed the accompanying financial statements of Plum Creek Community Church, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows 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 the Church's 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 taken 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 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 the financial statements that are free from material misstatement 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Plum Creek Community Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### ***Accountants' Conclusion***

Based on our reviews, 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 accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Centennial, Colorado  
April 25, 2023

# PLUM CREEK COMMUNITY CHURCH

## Statements of Financial Position

	December 31,	
	2022	2021
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 3,894,194	\$ 3,606,398
Prepaid expenses and other assets	80,116	86,890
Finance lease right-of-use assets	90,143	-
Cash restricted for long-term purposes	-	53,413
Property and equipment–net	8,897,790	9,131,882
<b>Total Assets</b>	<b>\$ 12,962,243</b>	<b>\$ 12,878,583</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 50,789	\$ 176,460
Deferred revenue and other liabilities	63,970	98,930
Finance lease liabilities	135,915	-
Note payable–net	4,767,052	4,776,498
<b>Total liabilities</b>	<b>5,017,726</b>	<b>5,051,888</b>
<b>Net assets:</b>		
<b>Without donor restrictions:</b>		
Operating	6,084,970	6,059,632
Board designated	1,563,141	1,510,904
	7,648,111	7,570,536
With donor restrictions	296,406	256,159
<b>Total net assets</b>	<b>7,944,517</b>	<b>7,826,695</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,962,243</b>	<b>\$ 12,878,583</b>

See accompanying notes and independent accountants' review report

# PLUM CREEK COMMUNITY CHURCH

## Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 4,421,164	\$ 914,771	\$ 5,335,935	\$ 4,157,480	\$ 783,515	\$ 4,940,995
Program, interest, and other income	119,260	-	119,260	106,204	-	106,204
<b>Total Support and Revenue</b>	<b>4,540,424</b>	<b>914,771</b>	<b>5,455,195</b>	<b>4,263,684</b>	<b>783,515</b>	<b>5,047,199</b>
<b>NET ASSETS RELEASED FROM:</b>						
Purpose restrictions	874,524	(874,524)	-	848,315	(848,315)	-
<b>EXPENSES:</b>						
Program services	4,419,038	-	4,419,038	4,062,175	-	4,062,175
Supporting activities:						
Management and general	879,616	-	879,616	830,324	-	830,324
Fund-raising	38,719	-	38,719	50,732	-	50,732
	918,335	-	918,335	881,056	-	881,056
<b>Total Expenses</b>	<b>5,337,373</b>	<b>-</b>	<b>5,337,373</b>	<b>4,943,231</b>	<b>-</b>	<b>4,943,231</b>
Change in Net Assets	77,575	40,247	117,822	168,768	(64,800)	103,968
Net Assets, Beginning of Year	7,570,536	256,159	7,826,695	7,401,768	320,959	7,722,727
Net Assets, End of Year	<u>\$ 7,648,111</u>	<u>\$ 296,406</u>	<u>\$ 7,944,517</u>	<u>\$ 7,570,536</u>	<u>\$ 256,159</u>	<u>\$ 7,826,695</u>

See accompanying notes and independent accountants' review report

# PLUM CREEK COMMUNITY CHURCH

## Statements of Functional Expenses

Year Ended December 31,								
2022					2021			
Program Services	Supporting Activities:			Total	Program Services	Supporting Activities:		
	Management and General	Fund-raising				Management and General	Fund-raising	Total
Salaries and benefits	\$ 1,659,544	\$ 503,359	\$ 35,169	\$ 2,198,072	\$ 1,654,749	\$ 451,296	\$ 42,981	\$ 2,149,026
Contributions to global and local partners	754,409	-	-	754,409	506,665	-	-	506,665
Events, retreats, and meetings	666,349	-	-	666,349	533,984	-	-	533,984
Office and professional services	307,897	261,719	3,550	573,166	345,137	265,512	7,751	618,400
Depreciation and amortization	497,733	55,304	-	553,037	696,433	77,381	-	773,814
Building and facilities	366,962	40,774	-	407,736	157,064	17,452	-	174,516
Interest	166,144	18,460	-	184,604	168,143	18,683	-	186,826
	<u>\$ 4,419,038</u>	<u>\$ 879,616</u>	<u>\$ 38,719</u>	<u>\$ 5,337,373</u>	<u>\$ 4,062,175</u>	<u>\$ 830,324</u>	<u>\$ 50,732</u>	<u>\$ 4,943,231</u>

See accompanying notes and independent accountants' review report

# PLUM CREEK COMMUNITY CHURCH

## Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 117,822	\$ 103,968
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	553,037	773,814
Non-cash effect of change in accounting principle	50,348	-
Contributions restricted for long-term purposes	(72,507)	(230,471)
Change in operating assets and liabilities:		
Prepaid expenses and other assets	6,774	(43,809)
Accounts payable	(125,671)	40,730
Deferred revenue and other liabilities	(34,960)	43,840
Net Cash Provided by Operating Activities	494,843	688,072
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(287,182)	(169,919)
Net Cash Used by Investing Activities	(287,182)	(169,919)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for long-term purposes	72,507	230,471
Principal payments on finance leases	(34,709)	-
Principal payments on note payable	(11,076)	-
Net Cash Provided by Financing Activities	26,722	230,471
Change in Cash, Cash Equivalents, and Restricted Cash	234,383	748,624
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	3,659,811	2,911,187
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 3,894,194	\$ 3,659,811
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSIST OF:</b>		
Cash and cash equivalents	\$ 3,894,194	\$ 3,606,398
Cash restricted for long-term purposes	-	53,413
	\$ 3,894,194	\$ 3,659,811
<b>NON-CASH ITEMS AND SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest	\$ 138,206	\$ 130,582
Property and equipment purchased with note payable proceeds	\$ -	\$ 48,552
Right-of-use assets obtained in exchange for financing lease obligations	\$ 67,712	\$ -

See accompanying notes and independent accountants' review report

# PLUM CREEK COMMUNITY CHURCH

## Notes to Financial Statements

December 31, 2022 and 2021

### 1. NATURE OF ORGANIZATION:

Plum Creek Community Church (the Church) is 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 primary source of support and revenue is from contributions from its members. The Church's approach to ministry is described as follows:

Changed Lives, Changing Lives

Our Mission: Plum Creek exists to lead you to pursue: Intimacy with God, Intentionality with Family and Influence with Others.

Our Strategy: We accomplish this through our: Weekend experience, Service opportunities and Plum Creek Groups.

Matthew 22:37-39: Jesus replied, “‘You must love the Lord your God with all your heart, all your soul, and all your mind.’ This is the first and greatest commandment. A second is equally important: ‘Love your neighbor as yourself.’”

We call this G.F.O. Whether someone has just begun their search for faith, has recently moved to our area, or is looking for a place to connect, we want to help them on their journey. Our goal is for every individual and family to get plugged into a local church where they can do the following:

- Grow in their walk with Christ
- Connect with others
- Use their God-given gifts

Our greatest desire is to be the kind of church we see described in the Bible: a church with relevant teaching, heart-felt worship, honest friendships, constant prayer, and compassionate care for those in need. Our goal is to have the kind of contagious Christianity that can influence and encourage our entire community one life at a time.

We believe the greatest message in the world deserves the chance to be heard in creative and compelling ways. It is not okay for church to be boring! Our services include an upbeat and contemporary style of music, multi-media, and a challenging message from God’s Word.

Our goal is to present the timeless truths of the Bible in fun and creative ways that will enable us to apply these truths to our lives. Regardless of where someone finds themselves in their spiritual journey, we desire to work hard to provide a comfortable environment for individuals to grow in their faith.



# PLUM CREEK COMMUNITY CHURCH

## Notes to Financial Statements

December 31, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Church maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and money market accounts. As of December 31, 2022 and 2021, the Church has cash and cash equivalents, including cash restricted for long-term purposes, on deposit with financial institutions that exceed the federally insured balance by approximately \$3,128,000 and \$2,957,000, respectively. The Church has not experienced any losses on such accounts.

#### CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash held for long-term purposes consists of contributions restricted for the building fund/seeds campaign. As accounting standards specify, restricted asset amounts should only be released when property and equipment are placed in service.

#### PROPERTY AND EQUIPMENT

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Property donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is recorded using the straight-line method over estimated useful lives ranging between three and thirty years. Property and equipment purchases exceeding \$2,500 are capitalized.

#### 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 January 1, 2022, which resulted in the recognition of financing lease right-of-use assets totaling \$90,143 and lease obligations of \$135,915 as of December 31, 2022. The Church elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022 without restating prior-year amounts. The additional lease disclosures can be found in Note 5.

# PLUM CREEK COMMUNITY CHURCH

## Notes to Financial Statements

December 31, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

The net assets of the Church are reported according to class as follows:

*Net assets without donor restrictions* consist of resources that are available for ministry purposes under the direction of the board and amounts designated by the board for specific purposes or projects.

*Net assets with donor restrictions* are those resources with donor stipulations for specific purposes, programs, and missions.

#### SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered without donor restrictions unless specifically restricted by the donor or grantor. Program, interest, and other income is recorded when earned.

Expenses are recognized when an obligation is incurred.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The statements of functional expenses report certain categories of expenses that are attributable to program services or support activities of the Church. These expenses include depreciation, building and facilities, and interest, which are allocated based on square footage occupancy. Costs of other categories were allocated on estimates of time and effort.

#### ADVERTISING

The Church uses advertising and promotion to communicate its ministries to the Church's members and potential members. Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2022 and 2021, were \$35,669 and \$50,567, respectively.

# PLUM CREEK COMMUNITY CHURCH

## Notes to Financial Statements

December 31, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842 of the ASC). The amendments in this update require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. A lessee is required to recognize assets and liabilities for leases with terms of more than 12 months. The amendments are effective for fiscal years beginning after December 15, 2021. The Church adopted this update for the year ended December 31, 2022. 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): Targeted Improvements* and recorded the impact of adoption as of January 1, 2022, without restating any prior-year amounts. The Church also elected the practical expedient to not separate lease and non-lease components. The additional lease disclosures can be found in Note 5. The effect of the adjustment to the opening balance of net assets totaled \$50,348. As it was deemed immaterial, the net asset difference was adjusted through building and facilities expenses on the statements of activities and functional expenses. This amount is reported as a non-cash effect of change in accounting principle on the statements of cash flows.

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Church's financial assets reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, are restricted for long-term purposes, or because the board of directors has set aside funds. The Church's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	December 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 3,894,194	\$ 3,606,398
Cash restricted for long-term purposes	-	53,413
Financial assets, at year-end	<u>3,894,194</u>	<u>3,659,811</u>
Less those unavailable for general expenditure within one year, due to:		
Board designated reserves not available for general expenditure	(576,843)	(911,000)
Cash restricted for long-term purposes	-	(53,413)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,317,351</u>	<u>\$ 2,695,398</u>

# PLUM CREEK COMMUNITY CHURCH

## Notes to Financial Statements

December 31, 2022 and 2021

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	December 31,	
	2022	2021
Land and land improvements	\$ 1,051,519	\$ 1,051,519
Building and building improvements	9,244,248	9,237,511
Furniture and equipment	1,898,183	1,537,616
	12,193,950	11,826,646
Less accumulated depreciation	(3,296,160)	(2,774,887)
	8,897,790	9,051,759
Construction in progress	-	80,123
	\$ 8,897,790	\$ 9,131,882

5. FINANCING LEASE – RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The Church leases equipment under two noncancelable finance leases expiring at various dates through 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms. The two leases require monthly payments totaling \$4,142 per month. Discount rates on these leases range from 2.38%-2.70%.

	December 31, 2022
Financing lease right-of-use asset	\$ 90,143
Financing lease liability	\$ 135,915
Financing lease costs:	
Amortization of right-of-use assets	\$ 30,133
Interest on lease liabilities	2,543
	\$ 32,676
Weighted-average discount rate	2.63%
Weighted-average remaining lease term (in years)	3.58

# PLUM CREEK COMMUNITY CHURCH

## Notes to Financial Statements

December 31, 2022 and 2021

5. FINANCING LEASE – RIGHT-OF-USE ASSET AND OBLIGATION, continued:

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

<u>Year Ending December 31,</u>	
2023	\$ 49,702
2024	31,101
2025	24,900
2026	24,900
2027	12,450
	<u>143,053</u>
Less imputed interest	<u>(7,138)</u>
	<u>\$ 135,915</u>

6. NOTE PAYABLE–NET:

The note payable consists of a loan to a financial institution secured by real property. The note payable bears interest at a fixed rate of 3.75%. Interest-only payments were due monthly for the first 36 months of the note payable (through November 2022). As of December 2022, monthly payments of principal and interest of approximately \$26,000 are due until maturity in December 2028, at which time all remaining amounts of principal and interest become due in full.

Future minimum principal payments are:

<u>Year Ending December 31,</u>	
2023	\$ 133,148
2024	137,804
2025	143,632
2026	149,189
2027	154,961
Thereafter	<u>4,059,588</u>
	<u>4,778,322</u>
Less capitalized loan fees–net	<u>(11,270)</u>
	<u>\$ 4,767,052</u>

The Church is in compliance with all financial and reporting covenants as of December 31, 2022.

# PLUM CREEK COMMUNITY CHURCH

## Notes to Financial Statements

December 31, 2022 and 2021

7. BOARD DESIGNATED NET ASSETS:

Board designated net assets consist of:

	December 31,	
	2022	2021
Missions	\$ 805,764	\$ 698,333
Depreciation fund	576,843	622,346
Other	180,534	190,225
	<u>\$ 1,563,141</u>	<u>\$ 1,510,904</u>

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2022	2021
Christmas offering	\$ 296,406	\$ 165,495
Building fund	-	53,413
Benevolence	-	37,251
	<u>\$ 296,406</u>	<u>\$ 256,159</u>

9. RETIREMENT PLAN:

The Church offers a 403(b) retirement plan (the Plan) in which employees may participate. The Church contributes 2.35% of full-time ministerial staffs' base salary. In addition, the Church offers a discretionary contribution of 2% to 5%, based on the position held by the employee. Total employer contributions made to the Plan totaled \$53,026 and \$55,244 for the years ended December 31, 2022 and 2021, respectively.

10. SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 25, 2023, which is the date the financial statements were available to be issued.