

HARVESTER CHRISTIAN CHURCH, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

HARVESTER CHRISTIAN CHURCH, INC.

CONTENTS

-----

	<u>Pages</u>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	1
Statement of Activities	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9
Supplemental Statement of Activities - By Campus	10



# *Fick, Eggemeyer & Williamson*

Certified Public Accountants, PC



MEMBERS OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Harvester Christian Church, Inc.

We have audited the accompanying financial statements of Harvester Christian Church, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harvester Christian Church, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities-by campus on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Fick, Eggemeyer & Williamson*

Fick, Eggemeyer, and Williamson CPAs

St. Louis, Missouri

March 16, 2020

HARVESTER CHRISTIAN CHURCH, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,323,026
Certificates of deposit		43,761
Prepaid expenses		7,018
Right of use assets		76,911
		1,450,716
Total current assets		1,450,716

NONCURRENT ASSETS

Right of use assets, less current portion		93,849
Property and equipment, net of accumulated depreciation		18,005,698
		18,099,547
Total noncurrent assets		18,099,547

Total assets	\$	19,550,263
--------------	----	------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	42,289
Credit card payable		9,563
Salaries and taxes payable		83,731
Other current liabilities		1,200
Future minimum lease obligations		76,911
Note payable		355,632
		569,326
Total current liabilities		569,326

NONCURRENT LIABILITIES

Future minimum lease obligations, less current portion		93,849
Note payable, less current portion		10,068,168
		10,162,017
Total noncurrent liabilities		10,162,017

Total liabilities		10,731,343
-------------------	--	------------

NET ASSETS

Without donor restriction		8,778,789
With donor restriction		40,131
		8,818,920
Total net assets		8,818,920

Total liabilities and net assets	\$	19,550,263
----------------------------------	----	------------

See accompanying notes and independent auditors' report

HARVESTER CHRISTIAN CHURCH, INC.  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED DECEMBER 31, 2019

	Without Donor restriction	With Donor restriction	Total
<b>SUPPORT AND REVENUE</b>			
General fund donations	\$ 5,946,890	\$ -	\$ 5,946,890
Designated contributions	-	371,194	371,194
Other	39,896	-	39,896
Non-cash contributions	572,660	-	572,660
Total support and revenue	<u>6,559,446</u>	<u>371,194</u>	<u>6,930,640</u>
<b>Net assets released from restrictions</b>			
Satisfaction of restrictions	385,763	(385,763)	-
Total	<u>6,945,209</u>	<u>(14,569)</u>	<u>6,930,640</u>
<b>EXPENSES</b>			
Program expenses			
Saint Charles	4,478,860	-	4,478,860
Troy	248,455	-	248,455
Total program expenses	<u>4,727,315</u>	<u>-</u>	<u>4,727,315</u>
Support expenses			
General and administration			
Saint Charles	1,969,897	-	1,969,897
Troy	68,198	-	68,198
Fundraising	-	-	-
Total support expenses	<u>2,038,095</u>	<u>-</u>	<u>2,038,095</u>
Total expenses	<u>6,765,410</u>	<u>-</u>	<u>6,765,410</u>
Changes in net assets from operations	<u>179,799</u>	<u>(14,569)</u>	<u>165,230</u>
<b>INVESTMENT ACTIVITIES</b>			
Interest income	<u>10,421</u>	<u>-</u>	<u>10,421</u>
Total investment activities	<u>10,421</u>	<u>-</u>	<u>10,421</u>
Changes in net assets	190,220	(14,569)	175,651
Net assets - beginning of year	<u>8,588,569</u>	<u>54,700</u>	<u>8,643,269</u>
Net assets - end of year	<u>\$ 8,778,789</u>	<u>\$ 40,131</u>	<u>\$ 8,818,920</u>

See accompanying notes and independent auditors' report

HARVESTER CHRISTIAN CHURCH, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Programs		General and administration			Total
	Saint Charles	Troy	Saint Charles	Troy	Fundraising	
Administration	\$ 227,497	\$ 6,525	\$ 75,832	\$ 2,175	\$ -	\$ 312,029
Facilities	229,489	75,059	76,496	25,019	-	406,063
Payroll	1,808,447	106,042	602,815	35,347	-	2,552,651
Staff	353,925	16,973	117,975	5,657	-	494,530
Interest	-	-	392,757	-	-	392,757
Ministry	674,579	43,856	-	-	-	718,435
Missions	612,263	-	-	-	-	612,263
Depreciation	-	-	704,022	-	-	704,022
Non-cash	572,660	-	-	-	-	572,660
<b>TOTAL</b>	<b>\$ 4,478,860</b>	<b>\$ 248,455</b>	<b>\$ 1,969,897</b>	<b>\$ 68,198</b>	<b>\$ -</b>	<b>\$ 6,765,410</b>

See accompanying notes and independent auditors' report

HARVESTER CHRISTIAN CHURCH, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	175,651
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	704,022
Changes in assets and liabilities:	
(Increase) decrease in prepaid expenses	53,741
(Increase) decrease in other assets	9,270
(Increase) decrease in right of use assets	(122,182)
Increase (decrease) in accounts payable	(66,274)
Increase (decrease) in credit card payable	(35,443)
Increase (decrease) in salaries and taxes payable	21,195
Increase (decrease) in future minimum lease obligations	122,182
	862,162
Net cash provided by (used in) operating activities	862,162

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from redemptions of certificates of deposit	106,248
Purchases of certificates of deposits	(1,025)
Purchases of property and equipment	(250,111)
	(144,888)
Net cash provided by (used in) investing activities	(144,888)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from refinance of note payable	10,423,800
Principal payments on note payable	(10,939,512)
	(515,712)
Net cash provided by (used in) financing activities	(515,712)

Net increase (decrease) in cash and cash equivalents	201,562
Cash and cash equivalents - beginning of year	1,121,464
Cash and cash equivalents - end of year	1,323,026

Supplementary information:

Cash paid during the year for interest	392,757
--	---------

See accompanying notes and independent auditors' report



HARVESTER CHRISTIAN CHURCH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Harvester Christian Church, Inc. (The Church), a Missouri non-profit corporation, is organized as a church. The Church conducts regular worship services, supports missionaries abroad, and oversees various educational and benevolent programs.

Basis of Accounting

The financial statements of the Church have been prepared on the accrual basis in accordance with auditing standards generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Church have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Church to report information regarding its financial position and activities according to the following net asset classifications:

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 Church. These net assets may be used at the discretion of the Church's management and the board of directors.

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 Church or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that 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 statement of activities.

Contribution Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Inventories

While the Church has books and audio products held for resale at certain times throughout the year, the value is immaterial to the financial statements. The Church has elected not to track the inventory.

HARVESTER CHRISTIAN CHURCH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Church's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

Property and equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. Depreciation of fixed assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives of 5 to 40 years have been used, depending on the type of asset. Expenditures for repairs and maintenance are charged to operating expense as incurred. Depreciation expense for the year ended December 31, 2019 was \$704,022.

Income Taxes

The Church is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Church adopted the provisions of Accounting for Uncertainty in Income Taxes on April 1, 2010. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of December 31, 2019, no amounts have been recognized for uncertain tax positions. Any returns that the church would have prepared for tax years 2016 or prior are now closed.

Cash and Cash Equivalents

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

Certificates of deposit

Certificates of deposit held at financial institutions with an original maturity in excess of 90 days are reported at cost and are not considered cash equivalents.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Full-time employees of the Church are entitled to paid vacations and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statement of financial position. The Church's policy is to recognize the costs of compensated absences when actually paid.

HARVESTER CHRISTIAN CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

**Note 2 - NOTE PAYABLE**

On November 27, 2019, the Church refinanced its long-term note payable. The note is secured by the Church's real and personal property and accrues interest at a fixed rate of 3.5%. The note matures in December 2026, and the balance at December 31, 2019 was \$10,423,800. The monthly loan payment is \$60,454.

Future maturities of note payable are as follows:

For the years ending December 31,		2020	\$	355,632
		2021		373,717
		2022		387,217
		2023		401,204
		2024		414,810
		2025 and beyond		8,491,220
		Total	\$	<u><u>10,423,800</u></u>

**Note 3 - CONCENTRATION OF CREDIT RISK**

The Church held cash balances with Cass Bank of \$732,871 as of December 31, 2019. Of the balance, \$482,871 was in excess of the federally insured limit of \$250,000 per depositor.

The Church also held deposits totaling \$43,761 with the Church Development Fund, Inc. and \$549,383 with Christian Financial Resources, Inc. as of December 31, 2019. Both Church Development Fund, Inc. and Christian Financial Resources, Inc. are not insured by any federal government agency.

**Note 4 - STATEMENT OF ACTIVITIES - BY CAMPUS**

The revenue and expenses of providing the various programs and other activities have been summarized by campus in the statement of activities. Costs are allocated between St. Charles and Troy campuses to provide greater detail and to supplement the financial statements.

**Note 5 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, administration or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

HARVESTER CHRISTIAN CHURCH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 6 - PROPERTY AND EQUIPMENT**

A summary of property and equipment as of December 31, 2019 follows:

Land improvements	\$	845,260
Building and improvements		22,560,783
Leasehold improvement		191,779
Furniture and equipment		1,277,575
Vehicles		52,155
Total depreciable property		24,927,552
Accumulate depreciation		(8,032,774)
Depreciable property, net		16,894,778
Land		1,110,920
Property and equipment, net	\$	18,005,698

**Note 7 – NON-CASH CONTRIBUTIONS**

The Church received \$572,660 in non-cash contributions for the food pantry for the year ended December 31, 2019. The food pantry receives food contributions directly and redistributes the food to families in need. The food pantry averages 128 families per week for 51 weeks at approximately \$85 in food distributed per visit.

**Note 8 - OPERATING LEASES**

The Church has entered into the following operating leases:

- A. On February 20, 2019, the Church extended the lease with RLP Development Company, Inc. for the Troy Campus location for an additional 36 months. Monthly lease payments are \$4,760.
- B. On March 5, 2017, the Church entered into a month-to-month lease with Great American Leasing Corporation for the use of a postage machine. Monthly lease payments are \$138.
- C. On February 25, 2016, the Church entered into a 60-month lease with Ricoh for the use of a printer. The minimum monthly lease payments are \$1,528.

Future minimum lease payments as of December 31, 2019 follow:

2020	\$	76,911
2021		76,911
2022		14,030
2023		1,454
2024		1,454
Total	\$	170,760

Operating lease payments for the year ended December 31, 2019 totaled \$98,538.

HARVESTER CHRISTIAN CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

**Note 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2019 are available for the following purposes or periods:

Restricted for:	Purpose	Periods
Benevolence	\$ 131	\$ -
Scholarship fund principal	-	40,000
Total	\$ 131	\$ 40,000

**Note 10 - AVAILABILITY AND LIQUIDITY**

The following represents the Church's financial assets at December 31, 2019:

Financial assets at year-end:

Cash and cash equivalents	\$ 1,323,026
Certificates of deposit	43,761
Total financial assets at year-end	1,366,787

Less amounts not available for general expenditure within one year:

Net assets with period restrictions in excess of one year	40,000
Net assets with purpose restrictions	131
Total amounts not available to for general expenditures within one year	40,131

Financial assets available to meet general expenditures within one year	\$ 1,326,656
---	--------------

**Note 11 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 16, 2020, the date which the financial statements were available for issue, and noted no reportable events.

HARVESTER CHRISTIAN CHURCH, INC.  
SUPPLEMENTAL STATEMENT OF ACTIVITIES - BY CAMPUS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Saint Charles</u>	<u>Troy</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
General fund donations	\$ 5,593,710	\$ 353,180	\$ 5,946,890
Designated contributions	357,569	13,625	371,194
Other	39,796	100	39,896
Non-cash contributions	572,660	-	572,660
	<u>6,563,735</u>	<u>366,905</u>	<u>6,930,640</u>
<b>EXPENSES</b>			
Administration	303,329	8,700	312,029
Facilities	305,985	100,078	406,063
Payroll	2,411,262	141,389	2,552,651
Staff expense	471,900	22,630	494,530
Interest	392,757	-	392,757
Ministry	674,579	43,856	718,435
Missions	612,263	-	612,263
Depreciation	704,022	-	704,022
Non-cash	572,660	-	572,660
	<u>6,448,757</u>	<u>316,653</u>	<u>6,765,410</u>
Change in net assets from operations	114,978	50,252	165,230
<b>INVESTMENT ACTIVITIES</b>			
Interest	10,421	-	10,421
	<u>10,421</u>	<u>-</u>	<u>10,421</u>
Changes in net assets	<u>\$ 125,399</u>	<u>\$ 50,252</u>	<u>\$ 175,651</u>

See accompanying notes and independent auditors' report