



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

United Church of God,
an International Association
Financial Statements

June 30, 2022 and 2021

With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

Council of Elders
United Church of God, an International Association:

Opinion

We have audited the accompanying financial statements of **United Church of God, an International Association** (a not-for-profit organization) which comprise the statements of financial position as of June 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United Church of God, an International Association** as of June 30, 2022 and 2021, and the changes in its net assets and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **United Church of God, an International Association** 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 the 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 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 **United Church of God, an International Association's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 **United Church of God, an International Association'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 **United Church of God, an International Association'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 audits.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
November 14, 2022

UNITED CHURCH OF GOD, an International Association
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets:		
Cash and cash equivalents	\$ 14,592,419	11,365,176
Certificates of deposit	271,252	517,701
Prepaid expenses	189,088	195,493
Property and equipment, net	<u>7,310,102</u>	<u>6,881,211</u>
Total assets	\$ <u>22,362,861</u>	<u>18,959,581</u>
Liabilities and net assets:		
Liabilities:		
Accounts payable	\$ 185,970	160,399
Accrued payroll and vacation pay	584,263	575,434
Accrued insurance obligations	59,840	47,801
Accrued other	119,927	104,401
Mortgages payable	<u>569,356</u>	<u>696,712</u>
Total liabilities	<u>1,519,356</u>	<u>1,584,747</u>
Net assets:		
Without donor restrictions:		
Undesignated	19,041,919	16,419,041
Designated by Council of Elders for healthcare reserve	<u>1,037,814</u>	<u>500,000</u>
	20,079,733	16,919,041
With donor restrictions	<u>763,772</u>	<u>455,793</u>
Total net assets	<u>20,843,505</u>	<u>17,374,834</u>
Total liabilities and net assets	\$ <u>22,362,861</u>	<u>18,959,581</u>

The accompanying notes are an integral part of these financial statements.

UNITED CHURCH OF GOD, an International Association

Statements of Activities

Years Ended June 30, 2022 and 2021

	2022	2021
Net assets without donor restrictions:		
Revenues, gains and other support:		
Contributions - individuals	\$ 14,797,237	14,695,563
Contributions - local congregations	280,639	536,592
Holy day offerings and festival fund contributions	5,968,500	5,706,183
Estate and personal property donations	1,297,978	460,464
Interest income	29,172	19,372
Other income	158,127	131,101
Net assets released from restrictions:		
Satisfaction of restrictions	151,153	70,604
Total revenues, gains and other support	22,682,806	21,619,879
 Expenses:		
Program services:		
Field Ministry / Local Congregations	8,483,913	7,724,286
Festivals	336,621	289,650
International	1,421,020	1,424,577
Public Proclamation	5,439,892	5,186,671
Total program services	15,681,446	14,625,184
Management and general:		
Council of Elders / Home Office /		
Insurance & Benefit Plans	3,720,870	3,454,940
General Conference	62,598	12,105
Executive Reserve	57,200	280,000
Total management and general	3,840,668	3,747,045
Total expenses	19,522,114	18,372,229
 Increase in net assets without donor restrictions	3,160,692	3,247,650
 Net assets with donor restrictions:		
Contributions	459,132	214,254
Net assets released from restrictions:		
Satisfaction of restrictions	(151,153)	(70,604)
Increase in net assets with donor restrictions	307,979	143,650
 Change in net assets	3,468,671	3,391,300
Net assets at the beginning of period	17,374,834	13,983,534
Net assets at the end of period	\$ 20,843,505	17,374,834

The accompanying notes are an integral part of these financial statements.

UNITED CHURCH OF GOD, an International Association
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				Management and General			Totals
	Ministerial Services/Field Ministry/Local Congregations	Festivals	International	Public Proclamation	Council of Elders/Home Office/Insurance & Benefit Plans	Executive Reserve	General Conference	
Salaries and related benefits	4,637,479	-	-	1,500,624	1,256,703	57,200	-	7,452,006
Contracted services and fees	36,929	3,906	-	489,466	341,234	-	8,294	879,829
Broadcast media and advertising	-	-	-	1,162,637	-	-	-	1,162,637
Print media and advertising	9,665	12,319	-	838,937	14,546	-	24,743	900,210
Postage and shipping	17,294	2,672	-	1,033,528	55,179	-	2,613	1,111,286
Lease and rental expense	34,595	172,000	-	950	10,734	-	-	218,279
Telephone and utilities	29,271	1,473	-	2,310	125,657	-	-	158,711
Supplies	52,744	18,784	-	13,951	69,493	-	4,318	159,290
Travel, mileage, meals, and lodging	795,043	15,869	73,094	10,115	64,971	-	22,138	981,230
Depreciation	-	-	-	-	292,300	-	-	292,300
Grants and charitable support:								
International support	-	-	1,347,926	382,693	912	-	-	1,731,531
Domestic support:								
Assistance to the needy	1,051,606	109,388	-	-	14,244	-	-	1,175,238
Allocations to local congregations	1,782,634	-	-	-	-	-	-	1,782,634
Insurance and health care	-	-	-	-	1,418,257	-	-	1,418,257
Other	36,653	210	-	4,681	56,640	-	492	98,676
Total expenses	8,483,913	336,621	1,421,020	5,439,892	3,720,870	57,200	62,598	19,522,114

The accompanying notes are an integral part of these financial statements.

UNITED CHURCH OF GOD, an International Association
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services				Management and General			Totals
	Ministerial Services/Field Ministry/Local Congregations	Festivals	International	Public Proclamation	Council of Elders/Home Office/Insurance & Benefit Plans	Executive Reserve	General Conference	
Salaries and related benefits	\$ 4,479,918	-	-	1,504,125	1,167,768	280,000	-	7,431,811
Contracted services and fees	40,006	105	-	352,500	296,296	-	6,248	695,155
Broadcast media and advertising	-	-	-	1,194,230	-	-	-	1,194,230
Print media and advertising	4,372	7,429	-	763,658	23,569	-	1,632	800,660
Postage and shipping	17,048	3,486	-	1,031,281	15,109	-	2,104	1,069,028
Lease and rental expense	23,859	157,964	-	1,673	912	-	-	184,408
Telephone and utilities	31,720	1,545	-	2,525	109,596	-	-	145,386
Supplies	24,332	19,057	-	15,925	46,163	-	1,971	107,448
Travel, mileage, meals, and lodging	770,553	2,529	43,139	9,806	17,753	-	-	843,780
Depreciation	-	-	-	-	271,782	-	-	271,782
Grants and charitable support:								
International support	-	-	1,381,438	305,279	1,155	-	-	1,687,872
Domestic support:								
Assistance to the needy	940,330	97,276	-	-	14,267	-	-	1,051,873
Allocations to local congregations	1,378,571	-	-	-	-	-	-	1,378,571
Insurance and health care	-	-	-	-	1,467,204	-	-	1,467,204
Other	13,577	259	-	5,669	23,366	-	150	43,021
Total expenses	\$ 7,724,286	289,650	1,424,577	5,186,671	3,454,940	280,000	12,105	18,372,229

The accompanying notes are an integral part of these financial statements.

UNITED CHURCH OF GOD, an International Association

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,468,671	3,391,300
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	292,300	271,782
Contributed property and equipment	(469,000)	-
Gain on sale of property and equipment	(5,000)	-
Effect of change in operating assets and liabilities:		
Prepaid expenses	6,405	139,932
Accounts payable	25,571	27,803
Accrued payroll and vacation pay	8,829	35,049
Accrued insurance obligations	12,039	38,744
Accrued other	<u>15,526</u>	<u>(103,474)</u>
Net cash provided by operating activities	<u>3,355,341</u>	<u>3,801,136</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	-	(517,701)
Redemption of certificates of deposit	246,449	1,524,025
Purchases of property and equipment	(252,191)	(741,077)
Proceeds from sale of property and equipment	<u>5,000</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(742)</u>	<u>265,247</u>
Cash flows from financing activities:		
Principal payments on mortgages payable	<u>(127,356)</u>	<u>(123,485)</u>
Net cash used by financing activities	<u>(127,356)</u>	<u>(123,485)</u>
Net increase in cash and cash equivalents	3,227,243	3,942,898
Cash and cash equivalents, beginning of year	<u>11,365,176</u>	<u>7,422,278</u>
Cash and cash equivalents, end of year	\$ <u>14,592,419</u>	\$ <u>11,365,176</u>
<u>Supplemental Cash Flow Disclosures:</u>		
Interest paid	\$ <u>13,045</u>	<u>16,278</u>
<u>Supplemental disclosure of non-cash transaction:</u>		
Donation of building improvements	\$ <u>469,000</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

1. CHURCH AND ACTIVITIES:

The **United Church of God, an International Association**, (herein referred as the "Church") is a worldwide religious association. In the United States of America, the Church is a California Nonprofit Religious Corporation (incorporated on May 10, 1995). Affairs of the Church are coordinated through the Home Office located in Milford, Ohio, where the state of Ohio has the Church officially registered.

The Church is not affiliated with other religious churches, nor does it publicly appeal for funds or involve itself in politics. The mission of the **United Church of God, an International Association**, is to preach the gospel of Jesus Christ and the Kingdom of God in all the world, make disciples in all nations and care for those disciples.

The Church is overseen by a General Conference of Elders, which, in turn, appoints a 12-member Council of Elders to function as a board of directors that establishes operational policies for the Church. The officers and employees of the Church are responsible for operation of the Church in conformance with Council policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

The accompanying financial statements include only the activity of the Home Office for the Church.

The Church has associated organizations, operating in other countries, which have resources that are principally derived and expended locally. The Church provides grants-in-aid and other services to some of these organizations. The accounts of these organizations are not included in the accompanying financial statements.

The financial statements have been prepared on the accrual basis in accordance with the AICPA Audit and Accounting Guide, "Not-for-Profit Organizations" which requires 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 Council of Elders.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Church or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Church has no net assets with perpetual donor restrictions as of June 30, 2022 and 2021.

Church support

Members of the Church practice tithing (which is the donation of ten percent of one's "net" income for the Church's unrestricted use). The majority of the Church's support and revenue consist of such unrestricted donations, whether from individuals directly to the Home Office or from monies received by local congregations and subsequently given to the Home Office.

Members also save an additional ten percent of their annual "net" income for personal use in attending biblically mandated festivals or holy days. This is commonly referred to as the second tithe. Members also contribute to the Church a portion of the second tithe that they save for use at the annual festivals. These contributions, known as the "Festival Fund," are used to pay for expenses involved in festival operations and to assist needy members and their families so they can attend the Feast of Tabernacles. Funds are also sent internationally to assist members.

Those members who are financially able contribute to the "Assistance Fund." Monies contributed to the fund are used to assist the needy.

Members may designate that their contributions be used to support the Church internationally. This fund is known as the "International Fund."

Use of estimates

The financial statements are prepared in conformity with generally accepted accounting principles which require management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent liabilities as of the financial statement date, and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Church is exempt from Federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Donations to the Church are tax-deductible under IRC Section 170(b)(1)(A). However, income from certain activities not directly related to the Church's tax-exempt purpose would be subject to taxation as unrelated business income. The Church has been granted tax-exempt status in the states in which it operates that provide exemptions from taxes.

Cash and cash equivalents

Cash and cash equivalents consist of cash and investments with initial maturities of three months or less.

Certificates of deposit

As of June 30, 2022 and 2021, the Church owned various certificates of deposit at various financial institutions. The certificates of deposit had an initial maturity of one year. The cost of the certificates of deposit were \$271,252 and \$517,701 at June 30, 2022 and 2021, respectively.

Concentration of credit risk

The Church maintains its cash and certificates of deposit at several commercial and savings banks which, at times, exceed federally insured limits. The Church has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Property and equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to be used for a specific purpose. Major improvements to real property are capitalized and normal repair and maintenance costs are expensed as incurred.

Property and equipment owned by the Church are depreciated using the straight-line method over their estimated useful life as follows:

Computer/Information Systems	3 years
Office Equipment	5 years
Vehicles	5 years
Office Furniture and Fixtures	7 years
Land Improvements	10 years
Buildings	40 years

Components of programs and supporting services

Field Ministry/Local Congregations: This function includes expenses pertaining to the field ministry, local congregations and youth camps.

International: This function includes expenses pertaining to the support of international congregations and offices.

Public Proclamation: This area contains all media related expenses.

Festivals: This function includes costs that are directly involved in the fall Festival of Tabernacles and the other annual festivals.

Home Office: This function includes administrative and other expenses for the Home Office.

Council of Elders: The expenses in this function are those that pertain to the Council of Elders, including phone and face-to-face conferences.

General Conference: Expenses in this function include any expenses relating to the Cincinnati, Ohio, General Conference held in May.

Executive Reserve: This function includes funds set aside for special projects, capital expenditures, employee benefits, or other unforeseen expenditures that may occur during the year.

Advertising

Advertising in annual publications is amortized over each publication’s twelve month estimated useful life. All other advertising costs are charged to operations when incurred. Advertising expense was \$839,127 and \$757,905 for the years ended June 30, 2022 and 2021, respectively.

Allocation of functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and, accordingly, certain costs have been allocated among benefited programs and supporting services. There are no joint costs for fundraising activities. All expenses are charged to the various programs and other activities based on direct expenses incurred with exception of the following functional expense categories which include allocated expenses based on periodic time studies conducted by management: salaries, contracted services, print media and advertising, building and equipment lease/rental, occupancy, travel, supportive services, and other expenses.

Subsequent events

The Church evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 14, 2022, the date on which the financial statements were available to be issued.

Reclassifications

Certain items from 2021 have been reclassified to conform to the current year presentation.

3. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Buildings and construction in progress	\$ 9,047,358	8,345,057
Land	449,952	449,952
Land improvements	421,541	421,541
Furniture and fixtures	97,092	97,092
Office equipment	630,694	668,996
Vehicles	<u>53,959</u>	<u>69,494</u>
Total property and equipment	10,700,596	10,052,132
Less: accumulated depreciation	<u>3,390,494</u>	<u>3,170,921</u>
	<u>\$ 7,310,102</u>	<u>6,881,211</u>

4. OBLIGATIONS UNDER OPERATING LEASES:

The Church leases automobiles pursuant to operating lease agreements. The Church's future minimum lease payments for all non-cancelable operating leases are as follows:

Years Ending June 30:

2023	\$ 91,230
2024	58,913
2025	52,795
2026	<u>21,289</u>
 Total future minimum lease payments	 \$ <u>224,227</u>

Rent and lease expenses for the years ended June 30, 2022 and 2021 were \$218,279 and \$184,408, respectively.

5. DEFINED CONTRIBUTION PENSION PLAN:

Effective April 1, 1999 the Church established a 403(b) thrift plan for all full-time employees. Matching contributions were made for the years ended June 30, 2022 and 2021 in the amount of \$275,767 and \$209,129, respectively.

6. MORTGAGES PAYABLE:

In November 2008, the Church signed a \$350,000 mortgage with Prosperity Bank, secured by a church building. The mortgage was to be repaid in monthly installments over fifteen years, with an interest rate at 6.526%. In June 2014, the note with Prosperity Bank was refinanced and a new mortgage was issued through a member of the Church. The new note has a principal amount of \$260,000 and will be repaid in monthly installments over 8 years, with an interest rate of 3.00%. The balance at June 30, 2021 was \$36,009. The mortgage was paid off during the year ended June 30, 2022.

In June 2014, the Church signed a \$65,000 mortgage with Church of Christ, secured by a church building. The mortgage will be repaid in monthly installments over 8 years, with an interest rate of 0.00%. The balance at June 30, 2021 was \$8,976. The mortgage was paid off during the year ended June 30, 2022.

In December 2014, the Church signed a \$25,000 mortgage with United Church of God, Fort Wayne, secured by a church building. The mortgage will be repaid in monthly installments over 10 years, with an interest rate of 0.50%. The balance at June 30, 2022 and 2021 was \$6,367 and \$8,892 respectively.

In 2010, the Church received a building as part of a contribution that included an assumed mortgage with a balance of \$151,000 at the time of contribution. The mortgage is secured by the church building. The mortgage will be repaid in 215 monthly installments of \$700 and one payment of \$500 maturing in December 2029, with an interest rate of 0.00%. The balance at

UNITED CHURCH OF GOD, an International Association
Notes to the Financial Statements
June 30, 2022 and 2021

June 30, 2022 and 2021 was \$54,400 and \$62,800, respectively. No interest has been imputed on the mortgage, as the amount was deemed immaterial.

In August 2018, the Church received a building as part of a contribution that included a \$345,000 mortgage with three members of the United Church of God, Columbus, secured by the church building. The mortgage will be repaid in monthly installments over 15 years, with an interest rate of 0.00%. The balance at June 30, 2022 and 2021 was \$256,833 and \$279,833, respectively. No interest has been imputed on the mortgage, as the amount was deemed immaterial.

In December 2019, the Church purchased a building utilizing funds donated from the United Church of God, Indianapolis along with funds obtained through a \$370,000 mortgage with First Financial Bank, secured by the church building. The mortgage will be repaid in monthly installments over 15 years, with an interest rate of 4.5%. The balance at June 30, 2022 and 2021 was \$251,756 and \$300,202, respectively.

The future minimum payments on the mortgage payables are as follows:

Years Ending June 30:

2023	\$ 85,413
2024	87,790
2025	88,993
2026	90,301
2027	61,857
Thereafter	<u>155,002</u>
Total	\$ <u>569,356</u>

7. COMMITMENTS AND CONTINGENCIES:

The Church is currently making discretionary payments to certain individuals. The payments totaled approximately \$1,175,000 and \$1,052,000 for the years ended June 30, 2022 and 2021, respectively. These discretionary payments are provided, in part, based upon the individual's needs and, accordingly, could be discontinued in the future. No amounts have been accrued in the accompanying financial statements for future payments relating to these arrangements. The Church is self-insured for medical insurance and maintains a stop-loss coverage policy covering individual claims in excess of predetermined amounts. Aggregate annual claims are also capped at a fixed rate. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported.

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Studio Fund	\$ 7,170	7,602
Camp Fund	129,236	5,971
Festival Fund	109,029	-
Good Works Program	455,588	392,027
Building Fund	<u>62,749</u>	<u>50,193</u>
	<u>\$ 763,772</u>	<u>455,793</u>

Net assets of \$151,153 and \$70,604 were released during 2022 and 2021, respectively, from donor restrictions by incurring capital expenditures satisfying the restricted purposes of funds held within the Studio Fund and by incurring expenses satisfying the restricted purposes specified by the donors within the Good Works Program.

9. LIQUIDITY DISCLOSURE:

The Church is substantially supported by contributions from its members. A majority of these contributions are recorded without donor restrictions; however, the Church does receive contributions that are recorded with donor restrictions. 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 its donors. Thus, financial assets may not be available for general expenditure within one year.

The following table reflects the Church's financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of donor restrictions:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 14,592,419	11,365,176
Certificates of deposit	<u>271,252</u>	<u>517,701</u>
Financial assets available at year-end	<u>14,863,671</u>	<u>11,882,877</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donor for specific purpose	<u>763,722</u>	<u>455,793</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,099,949</u>	<u>11,427,084</u>

10. NEW ACCOUNTING PRONOUNCEMENT:

In February 2016, the FASB issued ASU No. 2016-02, “Leases”. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the year ending June 30, 2023.

The Church is currently in the process of evaluating the impact of this new standard on the financial statements.

