

**KANSAS DISTRICT COUNCIL OF THE  
ASSEMBLIES OF GOD, INC.**

**FINANCIAL STATEMENTS**

Years Ended December 31, 2022 and 2021



Helping you get from where you *a*re to where you want to *B*

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors

### **KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

Management is responsible for the accompanying financial statements of Kansas District Council of the Assemblies of God, Inc. (a non-profit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2022 and 2021, the related statements of revenues, expenses, and changes in net assets – modified cash basis, and statements of functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

*Swindoll, Janzen, Hawk & Loyd, LLC*

Wichita, Kansas  
April 28, 2023

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**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS**

December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 567,664	\$ 399,910
Notes receivable (less unamortized discount based on imputed interest rate of 3.5% of \$10,786 and \$10,786, respectively)	72,819	85,439
<b>TOTAL CURRENT ASSETS</b>	<b>640,483</b>	<b>485,349</b>
<b>PROPERTY AND EQUIPMENT, at cost, less accumulated depreciation</b>	<b>1,540,386</b>	<b>1,696,348</b>
<b>RESTRICTED DEPOSITS</b>		
Deposits restricted for loans to member churches	987	13,988
Deposits restricted for funding Lee Ministries	47,139	37,273
	<b>48,126</b>	<b>51,261</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,228,995</b>	<b>\$ 2,232,958</b>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Current portion of notes payable	\$ 49,579	\$ 47,757
<b>NOTES PAYABLE, less current portion above</b>	<b>555,030</b>	<b>599,033</b>
<b>TOTAL LIABILITIES</b>	<b>604,609</b>	<b>646,790</b>
<b><u>NET ASSETS</u></b>		
<b>NET ASSETS</b>		
Without donor restrictions	1,505,415	1,477,443
With donor restrictions	118,971	108,725
<b>TOTAL NET ASSETS</b>	<b>1,624,386</b>	<b>1,586,168</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,228,995</b>	<b>\$ 2,232,958</b>

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –  
MODIFIED CASH BASIS**

Year Ended December 31, 2022

	<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>REVENUE, GAINS AND OTHER SUPPORT EXPENSES</b>	<b>TRANSFER (TO)/FROM OTHER FUNDS</b>	<b>CHANGE IN NET ASSETS</b>	<b>NET ASSETS RELEASED FROM RE- STRICTION</b>	<b>NET ASSETS (DEFICIT) AT END OF YEAR</b>	
Undesignated							
General Administration	\$ 1,161,553	\$ 1,232,904	\$ 1,090,019	\$ (55,195)	\$ 87,690	\$ -	\$ 1,249,243
Network Development	29,815	13,157	21,524	19,996	11,629	-	41,444
U.S. Missions	81,652	124,892	257,008	14,432	(117,684)	71,732	35,700
World Missions	12,851	15,167	21,469	-	(6,302)	-	6,549
Wheat State Camp	(3,979)	814,705	738,579	96,443	172,569	-	168,590
Woodston Camp	105,614	42,422	61,860	(86,176)	(105,614)	-	-
Kansas Youth Ministries	(5,627)	712,936	784,031	9,400	(61,695)	-	(67,322)
Women's Ministries	74,627	38,111	60,427	-	(22,316)	-	52,311
Girls' Ministries	4,799	6,532	8,819	500	(1,787)	-	3,012
Men's Ministries	12,959	22,880	23,943	600	(463)	-	12,496
Royal Rangers	3,179	793	580	-	213	-	3,392
	<u>1,477,443</u>	<u>3,024,499</u>	<u>3,068,259</u>	<u>-</u>	<u>(43,760)</u>	<u>71,732</u>	<u>1,505,415</u>
<b>TOTAL WITHOUT DONOR RESTRICTION</b>	<b>1,477,443</b>	<b>3,024,499</b>	<b>3,068,259</b>	<b>-</b>	<b>(43,760)</b>	<b>71,732</b>	<b>1,505,415</b>
WITH DONOR RESTRICTION							
Lee Ministries	37,273	81,598	-	-	81,598	(71,732)	47,139
Revolving Loan Fund	71,452	380	-	-	380	-	71,832
<b>TOTAL WITH DONOR RESTRICTION</b>	<b>108,725</b>	<b>81,978</b>	<b>-</b>	<b>-</b>	<b>81,978</b>	<b>(71,732)</b>	<b>118,971</b>
	<u>\$ 1,586,168</u>	<u>\$ 3,106,477</u>	<u>\$ 3,068,259</u>	<u>\$ -</u>	<u>\$ 38,218</u>	<u>\$ -</u>	<u>\$ 1,624,386</u>

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –  
MODIFIED CASH BASIS**

Year Ended December 31, 2021

	NET ASSETS AT BEGINNING OF YEAR	REVENUE, GAINS AND OTHER SUPPORT	PPP GRANT FUNDS	EXPENSES	TRANSFER (TO)/FROM OTHER FUNDS	CHANGE IN NET ASSETS	NET ASSETS RELEASED FROM RE- STRICTION	NET ASSETS (DEFICIT) AT END OF YEAR
Undesignated								
General Administration	\$ 974,829	\$ 1,070,128	\$ 113,206	\$ 923,610	\$ (73,000)	\$ 186,724	\$ -	\$ 1,161,553
Network Development	11,256	21,250	-	69,191	66,500	18,559	-	29,815
U.S. Missions	60,132	154,522	-	199,518	-	(44,996)	66,516	81,652
World Missions	(1,230)	45,174	-	31,093	-	14,081	-	12,851
Wheat State Camp	(51,305)	640,392	53,615	646,681	-	47,326	-	(3,979)
Woodston Camp	98,167	73,999	-	66,552	-	7,447	-	105,614
Kansas Youth Ministries	(35,405)	629,095	24,065	629,882	6,500	29,778	-	(5,627)
Women's Ministries	64,017	47,738	-	37,128	-	10,610	-	74,627
Girls' Ministries	4,102	9,805	-	9,108	-	697	-	4,799
Men's Ministries	14,071	25,558	-	26,670	-	(1,112)	-	12,959
Royal Rangers	2,843	383	-	47	-	336	-	3,179
	<u>1,141,477</u>	<u>2,718,044</u>	<u>190,886</u>	<u>2,639,480</u>	<u>-</u>	<u>269,450</u>	<u>66,516</u>	<u>1,477,443</u>
TOTAL WITHOUT DONOR RESTRICTION	1,141,477	2,718,044	190,886	2,639,480	-	269,450	66,516	1,477,443
WITH DONOR RESTRICTION								
Lee Ministries	32,989	70,800	-	-	-	70,800	(66,516)	37,273
Revolving Loan Fund	70,928	524	-	-	-	524	-	71,452
TOTAL WITH DONOR RESTRICTION	<u>103,917</u>	<u>71,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,324</u>	<u>(66,516)</u>	<u>108,725</u>
	<u>\$ 1,245,394</u>	<u>\$ 2,789,368</u>	<u>\$ 190,886</u>	<u>\$ 2,639,480</u>	<u>\$ -</u>	<u>\$ 340,774</u>	<u>\$ -</u>	<u>\$ 1,586,168</u>

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS**

Year Ended December 31, 2022

	<b>PROGRAM</b>	<b>MANAGEMENT AND GENERAL</b>	<b>FUND RAISING</b>	<b>TOTAL</b>
General Administration				
Personnel Expense	\$ 57,431	\$ 706,611	\$ -	\$ 764,042
Facilities Expense	-	122,510	-	122,510
All Other	66,800	136,667	-	203,467
Wheat State Camp				
Personnel Expense	316,301	-	46,275	362,576
Facilities Expense	247,389	-	-	247,389
All Other	120,484	2,914	5,216	128,614
Kansas Youth Ministries				
Personnel Expense	149,336	-	-	149,336
Camp Expense	249,278	-	-	249,278
All Other	346,469	947	38,001	385,417
Network Development	21,011	513	-	21,524
U.S. Missions	255,935	1,073	-	257,008
World Missions	18,097	3,372	-	21,469
Woodston Camp	35,454	26,406	-	61,860
Women's Ministries	59,990	2	435	60,427
Girl's Ministries	8,819	-	-	8,819
Men's Ministries	23,943	-	-	23,943
Royal Rangers	580	-	-	580
	<u>\$ 1,977,317</u>	<u>\$ 1,001,015</u>	<u>\$ 89,927</u>	<u>\$ 3,068,259</u>

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS**

Year Ended December 31, 2021

	<b>PROGRAM</b>	<b>MANAGEMENT AND GENERAL</b>	<b>FUND RAISING</b>	<b>TOTAL</b>
General Administration				
Personnel Expense	\$ 59,820	\$ 541,986	\$ -	\$ 601,806
Facilities Expense	-	127,567	-	127,567
All Other	36,880	157,357	-	194,237
Wheat State Camp				
Personnel Expense	323,032	-	43,444	366,476
Facilities Expense	182,632	-	-	182,632
All Other	83,758	4,138	9,677	97,573
Kansas Youth Ministries				
Personnel Expense	134,108	-	-	134,108
Camp Expense	231,974	-	-	231,974
All Other	250,678	2,007	11,115	263,800
Network Development	68,718	473	-	69,191
U.S. Missions	199,062	456	-	199,518
World Missions	30,899	194	-	31,093
Woodston Camp	60,894	5,658	-	66,552
Women's Ministries	37,061	53	14	37,128
Girl's Ministries	9,108	-	-	9,108
Men's Ministries	26,670	-	-	26,670
Royal Rangers	47	-	-	47
	<u>\$ 1,735,341</u>	<u>\$ 839,889</u>	<u>\$ 64,250</u>	<u>\$ 2,639,480</u>

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies**

**Nature of operations** – Kansas District Council of the Assemblies of God, Inc. (the Organization) is a non-profit organization established to provide ministries to women, men, youth, boys and girls, senior adults and those in prison, in addition to U.S. and world missions. The Board of Directors led by the District Superintendent provides vision and leadership for all the ministries of the District.

The Organization considers ministering to the spiritual needs of the people in the Kansas District and abroad to be its basic program.

The summary of significant accounting policies of the Organization is presented to assist in understanding its financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity.

**Financial statement presentation** – The Organization is required to report information regarding its financial position and activities utilizing two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Fund accounting** – The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Fund balances are classified on the Statements of assets, liabilities, and net assets – modified cash basis as net assets without donor restrictions and net assets with donor restrictions based on the absence or existence and type of donor-imposed restrictions.

**Cash and cash equivalents** – Cash and cash equivalents consist of cash in banks and certificates of deposits held at banks with original maturity dates of less than 90 days from the date of purchase.

**Property and equipment** – The Organization's policy is to capitalize asset purchases or improvements exceeding \$1,000. Property and equipment is carried at cost, if purchased, or estimated fair value at the date of donation, if donated.



**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (continued)**

**Asset impairment assessment** – The organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. An impairment of assets is evaluated based on the sum of undiscounted future cash flows expected to result from the use of the asset compared to its carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value, based on discounted estimated future cash flows. No impairment has been recognized through December 31, 2022.

**Fair value of financial instruments approximates carrying amount** – The Organization's financial instruments are cash and cash equivalents, notes receivable, and notes payable. The recorded values of cash and cash equivalents and notes receivable approximate their fair values based on their short-term nature. The recorded value of notes payable approximates fair value, as interest approximates market rates.

**Recognition of donor restrictions** – Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses and changes in net assets – modified cash basis as net assets released from restrictions.

**Donated property and equipment** – Donations of property and equipment are recorded as contributions at their fair value at the date of the donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**Donated facilities and services** – Donated facilities are valued at their fair value. Donated services are recognized as contributions in accordance with ASC 958, *Accounting for Contributions Received and Contributions Made*, at their estimated value on the date of receipt. Contributed services are recognized if the services (a) create or enhance non-financial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization did not receive any donated services during the years ended December 31, 2022 and 2021, which are required to be recorded.

**Revenue recognition** – Program service revenues, including camp activities are recognized by the Organization in the period in which the revenue is received. Contributions are recognized as income in the period in which the contributions are received. Performance obligations are based on the nature of the services provided by the Organization.

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (continued)**

**Revenue sources** – The primary sources of revenue for the Organization are from faith offerings from district churches, offerings for district church ministries, camp income and other miscellaneous sources of income. The organization also receives interest from interest-bearing depository accounts and outstanding balances of notes receivable.

**Functional allocation of expenses** - The costs of providing various programs and other activities have been summarized by fund in the statement of revenues, expenses, and changes in net assets – modified cash basis. The statement of functional expenses – modified cash basis presents the classification of expense by fund and function. The financial statements report certain categories of expenses that are attributable to one or more program or supporting function of the Organization.

Accordingly, certain expenses have been allocated among the programs and supporting services benefited. Those expenses include personnel expense, facilities expense, camp expenses and other. The expenses were allocated based on estimates of time, effort, and costs of specific technology utilized.

**Depreciation and amortization** – Depreciation and amortization are computed by the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives</u>
Buildings	7 - 40 years
Furniture and fixtures	5 - 15 years
Automobiles and trucks	7 years
Land improvements	15 years

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

**Basis of accounting** – The financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues have been recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. The modifications to the pure cash basis are as follows: net amounts arising from the disbursement of cash for loans to churches and the subsequent repayments are recorded as current assets; property and equipment purchases are recorded as fixed assets; depreciation expense and accumulated depreciation are recorded; net amounts arising from the receipt of borrowed cash and the subsequent repayments are recorded as liabilities; and employee payroll taxes not deposited with the IRS are recorded as liabilities and overpayments as assets.

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (continued)**

**Defined contribution plan** – The Organization provides retirement benefits to its employees and ministers through a defined contribution 403(b) plan covering all full-time employees and credentialed ministers. The Organization made discretionary matching contributions of up to 4.5% of employees' salaries. Amounts of \$33,495 and \$23,812 were remitted to the plan and allocated to employees during the years ended December 31, 2022 and 2021, respectively. The Organization also contributes 5% of the tithe and dues collected from each of the participating credentialed ministers to their respective accounts within the defined contribution 403(b) plan. Contributions totaling \$34,520 and \$33,528 for the years ended December 31, 2022 and 2021, respectively were made by the Organization to the ministers' accounts.

**(2) Notes receivable**

Loans receivable are summarized as follows:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Principal and interest outstanding on notes to:		
City Church at face amount	\$ 54,476	\$ 54,476
Unamortized discount based on imputed interest rate of 3.5%	(10,786)	(10,786)
Mulvane	25,276	25,276
Lakin	3,853	16,473
Total notes receivable	<u>\$ 72,819</u>	<u>\$ 85,439</u>

The notes represent loans from the Organization to churches to fund various activities and operations and are stated at unpaid principal balances, less an allowance for loan losses and unamortized discounts. The Organization's practice is to charge off any loan or portion of a loan when the loan is determined to be uncollectible. The loans represent unsecured demand notes at interest rates set at 1% over prime rate at the time of the loan. As described in Note 3 the interest rate was reduced to 0% for the note receivable from City Church during the year ended December 31, 2012. In managements' opinion, the remaining balance of notes receivable is collectible and there have been no charge-offs for the years ended December 31, 2022 and 2021.

**(3) Loan modification**

Due to the nature of the relationships with the churches, the Organization has been willing, under appropriate circumstances, to make concessions to borrowers whose payments were not current or to refinance outstanding obligations. During the year ended December 31, 2012, the Organization refinanced the outstanding obligation from City Church to an interest rate of 0%.

At the time of the loan modification, the Organization evaluated the loan for impairment and determined the remaining balance is collectible. Management of the Organization continues to monitor the performance and activity of City Church and, as of December 31, 2022, is confident that the principal will be collected.

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(4) Property and equipment**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Cost		
Land	\$ 214,913	\$ 215,513
Building	2,844,007	3,009,019
Furniture and fixtures	328,635	549,660
Autos and trucks	18,457	14,457
Land Improvements	3,455	14,431
Total cost	3,409,467	3,803,080
Less: Accumulated depreciation	1,869,081	2,106,732
Net property and equipment	\$ 1,540,386	\$ 1,696,348

The Organization periodically evaluates the remaining useful life and recoverability of the buildings and equipment in light of current circumstances, and believes it will recover the carrying amount in future operations. The aggregate depreciation expense on the above property and equipment was \$69,448 and \$68,730 for the years ended December 31, 2022 and 2021 respectively.

**(5) Restricted deposits**

Under terms of donor restrictions, certain funds are required to be set aside for future loans to member churches. These funds are donor restricted funds. Other funds are to be held for starting new churches and to fund Lee Ministries. These funds are also donor restricted funds. Use of all of these funds is contingent upon meeting the donor restrictions for disbursements. At times, there are also board-designated funds that are maintained in the reserve and deferred compensation funds.

**(6) Notes payable**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Note payable to Valley State Bank in monthly installments of \$5,911, including interest, through December 2032, as a result of refinancing a construction loan. Interest is charged at New York prime plus 1/2 percent (5.50% and 4.50% as of December 31, 2022 and 2021, respectively).	\$ 604,609	\$ 646,790
Total notes payable	604,609	646,790
Less current portion	49,579	47,757
Noncurrent portion	\$ 555,030	\$ 599,033

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(6) Notes payable (continued)**

Maturities of long-term debt obligations are as follows:

<u>Years Ending December 31,</u>	
2023	\$ 49,579
2024	51,470
2025	53,434
2026	55,473
2027	57,589
Thereafter	<u>337,064</u>
Total notes payable	<u>\$ 604,609</u>

Interest costs incurred and charged to expense on notes payable obligations were \$29,819 and \$35,304 for the years ended December 31, 2022 and 2021, respectively.

**(7) Liquidity and availability**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and restricted deposits.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of ministering to the spiritual needs of the people in the Kansas District and abroad.

There are several items that impact the amounts available to meet general expenditures within one year of the date of the statements of assets, liabilities and net assets – modified cash basis. Donations restricted for specific purposes by the donor are not available for general expenditures, but for expenditures specified by the donor. Due to the nature of these restrictions these funds are not available for general expenditures.

As described in note 5, at times the Organization maintains board designated funds as restricted deposits for reserve and deferred compensation purposes.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2022 and 2021, the following tables present financial assets held by the Organization that could readily be made available within one year as of December 31, 2022 and 2021 to meet general expenditures:

**KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(7) Liquidity and availability (continued)**

	<b>2022</b>	<b>2021</b>
Financial assets at end of year:		
Cash and cash equivalents	\$ 567,664	\$ 399,910
Restricted deposits	48,126	51,261
Total financial assets at end of year	615,790	451,171
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Subject to expenditures specified by donor (Lee Ministries and revolving loan funds)	(118,971)	(108,725)
Financial assets available to meet cash needs for general expenditures within one year	\$ 496,819	\$ 342,446

**(8) Income taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization currently engages in no activities that would be taxed as unrelated business income. Accordingly, no provision has been made for Federal income tax.

The Organization has adopted the standards requiring disclosure of uncertain tax positions under the ASC Topic "Income Taxes". There have not been any interest or penalties recognized in neither the statement of revenues, expenses and changes in net assets - modified cash basis nor in the statement of assets, liabilities, and net assets - modified cash basis related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months.

The Organization has been classified as an organization other than a private foundation under Section 509(a)(2) and is also a public charity under IRC Sections 509(a)(1) and 170(b)(1)(A). This allows for donations to the Organization to be deductible as charitable contributions.

The Organization also qualifies as a religious order in accordance with IRC Sections 501-514, 4940-4947, and 6033, and therefore is exempt from filing federal Form 990, Return of Organizations Exempt from Income Tax.

# KANSAS DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.

## NOTES TO FINANCIAL STATEMENTS

### (9) **Concentrations of credit risk from cash deposits in excess of insured limits**

The Organization maintains cash balances at several financial institutions located in Kansas and Pennsylvania. Amounts held on deposit at these institutions periodically exceed federally insured limits. Non-interest bearing transaction accounts are not subject to the FDIC limits and are fully insured as of December 31, 2022. The Organization has not experienced any losses in such accounts. Management continues to regularly monitor the strength of the financial institution and feels that the risk of loss is remote.

### (10) **COVID-19 pandemic**

During the year ended December 31, 2020, local, U.S., and world governments encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are continuing to experience disruption to business operations, difficulties in hiring employees, rising prices, and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, the development of variants to the viruses, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Project as of the date these financial statements were available to be issued, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

### (11) **PPP Grant Funds**

During the year ended December 31, 2021 the Organization applied for and received loan proceeds from the Paycheck Protection Program administered by the U.S. Small Business Administration as authorized by the Coronavirus Aid, Relief, & Economic Security Act (CARES Act). The Organization utilized the funds as directed by the CARES Act and received full forgiveness of the Paycheck Protection Program loans. The forgiveness is reported as PPP grant funds on the statement of revenues, expenses and changes in net assets – modified cash basis for the year ended December 31, 2021.

### (12) **Earned Income Tax Credit**

During 2022, the Organization filed for and received an employee retention tax credit refund for payroll taxes paid during 2020 and 2021. Funds received of \$172,110 are included in revenues, gains, and other support on the statements of revenues, expenses and changes in net assets – modified cash basis.

### (13) **Sale of Woodston Camp**

During 2022 the Organization sold all land, property, and equipment associated with its Woodston Camp for \$112,500, resulting in a loss of \$20,465. The Woodston Camp program has been discontinued and remaining fund balance was transferred to the general administration fund on the statement of revenues, expenses, and changes in net assets – modified cash basis as of December 31, 2022.

### (14) **Subsequent events**

An evaluation of subsequent events was completed by management through April 28, 2023, which represents the date the financial statements were available to be issued. There were no significant events noted during this evaluation that require recognition or disclosure in the financial statements or the accompanying notes.