

MOUNTAIN VIEW COMMUNITY CHURCH  
OF MURRIETA/TEMECULA VALLEY  
dba THE VIEW CHURCH

AUDITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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**INDEPENDENT AUDITOR'S REPORT**

To the Executive Board of  
Mountain View Community Church of Murrieta/Temecula Valley  
dba The View Church  
Menifee, California

We have audited the accompanying financial statements of Mountain View Community Church of Murrieta/Temecula Valley, dba The View Church, (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities 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.

**Auditor's Responsibility**

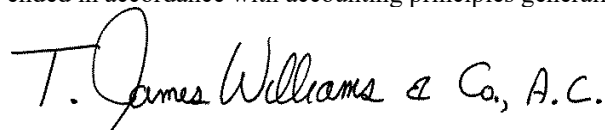
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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



October 30, 2020

**THE VIEW CHURCH**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

ASSETS

CURRENT ASSETS

Cash	\$	273,740
Other current assets		3,193
TOTAL CURRENT ASSETS		<u>276,933</u>

PROPERTY AND EQUIPMENT

Land		1,390,979
Buildings and improvements		3,061,278
Equipment		371,905
		<u>4,824,162</u>
Less accumulated depreciation		(509,705)
		<u>4,314,457</u>

OTHER ASSET

Deposits		14,250
Operating lease payable		23,981
Unamortized loan costs		241,159
		<u>279,390</u>
TOTAL ASSETS	\$	<u>4,870,780</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	23,002
Other accrued expenses		71,642
Unsecured loans		30,000
Contract payable		15,922
Current portion of long-term debt		76,000
TOTAL CURRENT LIABILITIES		<u>216,566</u>

LONG-TERM DEBT, less current portion

Bonds payable (See note 4)		3,839,000
Lease payable		8,059
TOTAL LONG-TERM LIABILITIES, less current portion		<u>3,847,059</u>

NET ASSETS

Temporarily restricted		-
Unrestricted		807,155
TOTAL NET ASSETS		<u>807,155</u>

Total liabilities and net assets	\$	<u>4,870,780</u>
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See auditor's report and accompanying notes to financial statements

**THE VIEW CHURCH**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2019**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Total
OPERATING ACTIVITIES			
SUPPORT AND REVENUES			
Tithes and offerings	\$ 1,145,699	\$ 75,353	\$ 1,221,052
Rent	49,517	-	49,517
Interest income	2,940	-	2,940
Other income	39,218	-	39,218
Net assets released from restrictions	178,929	(178,929)	-
	1,416,303	(103,576)	1,312,727
EXPENSES			
Missions	29,800		29,800
Personnel	536,260		536,260
Ministries	204,233		204,233
Facilities	168,057		168,057
Interest	238,169		238,169
Administration	215,269		215,269
Amortization and Depreciation	82,479		82,479
	1,474,267	-	1,474,267
CHANGE IN NET ASSETS FROM OPERATIONS	(57,964)	(103,576)	(161,540)
Other changes in net assets:			
Gain (Loss) on sale of assets	88,680	-	88,680
CHANGE IN NET ASSETS	30,716	(103,576)	(72,860)
NET ASSETS, BEGINNING OF YEAR	776,439	103,576	880,015
NET ASSETS, END OF YEAR	807,155	-	807,155

See auditor's report and accompanying notes to financial statements

**THE VIEW CHURCH**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**

Cash Flows from Operating Activities		
Change in net assets	\$	(72,860)
Adjustments to reconcile net assets to net cash provided in operating activities		
Amortization		7,459
Depreciation		75,020
Changes in operating assets		
Other current assets		39,665
Deposits		(250)
Accounts payable		(1,181)
Accrued expenses		52,413
Net cash provided by operating activities		<u>100,266</u>
Cash Flows from Investing Activities		
Purchases of assets		(177,257)
Security deposit		
Net cash used by investing activities		<u>(177,257)</u>
Cash Flows from Financing Activities		
Proceeds from long-term borrowings		3,945,000
Debt issuance costs		(248,618)
Payments on long-term borrowings		<u>(3,483,606)</u>
Net cash used by financing activities		212,776
NET INCREASE IN CASH		135,785
CASH, BEGINNING OF YEAR		<u>137,955</u>
CASH, END OF YEAR	\$	<u><u>273,740</u></u>
SUPPLEMENTARY DISCLOSURE		
Cash used to pay interest	\$	238,169

See auditor's report and accompanying notes to financial statements

# THE VIEW CHURCH

## NOTES TO FINANCIAL STATEMENTS

### **1. The Church**

The View Church, hereafter the Church, is a California not-for-profit religious corporation and exist to spread the gospel of Jesus Christ by preaching and teaching the word and to disciple those who accept the gospel message. The Church conducts numerous activities in accomplishing its purpose, including the public worshiping of God, the preaching of the Gospel, consistent Christian living by its members, personal evangelism, missionary endeavors and Christian education. Legal control of the Church is vested in its pastor and trustees. The Church's primary source of revenue is tithes and offerings received from members and guests.

### **2. Summary of Significant Accounting Policies**

#### Basis of Accounting

The financial statements have been prepared on the accrual basis in conformity with generally accepted accounting principles.

#### Use of Estimates

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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

#### Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date. Not included as cash equivalents are funds restricted as to their use, regardless of liquidity or the maturity dates of investments.

#### Property and Equipment

Property and equipment include land, building, and equipment. Property and equipment additions over \$5,000 are recorded at cost. Property acquired by gift is sold immediately and the sale proceeds are recorded as income. Repairs and maintenance are recorded as expenditures are incurred. Depreciation is provided using the straight-line method over the following estimated useful lives:

Buildings and improvements	39 years
Equipment	5 to 7 years

Depreciation of \$75,020 during the current fiscal year ended December 31, 2019 was calculated on the straight-line method over the estimated useful lives of the assets.

## THE VIEW CHURCH

### NOTES TO FINANCIAL STATEMENTS

#### Compensated Absences

The Church has made a provision for unpaid vacations based upon employee compensation and length of employment. The unpaid vacation at December 31, 2019 is \$9,152.

#### Income Taxes

The Church is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code. The Church is not required to file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Church has no tax positions which must be considered for disclosure. In addition, the Church qualifies for the charitable contributions deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

#### Donor Restricted Support

In order to observe restrictions placed on certain resources it receives, the Church records such contributions as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Unrestricted resources are essentially contributions received that are not subject to any donor restrictions. Restricted contributions are contributions for specific purposes for which the donor has specified certain restrictions as to its use. Temporarily restricted support is reclassified to unrestricted net assets upon satisfaction of the restriction by payment. The Church does not have any permanently restricted funds.

#### Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

#### Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, fundraising, and development activities. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the year ended December 31, 2019.

#### Financial Statement Presentation

The Church has adopted the Accounting Standards Codification of the Financial Accounting Standards Board. Under the Codification, ASC 958, the Church is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Church is required to present a statement of cash flows.



**THE VIEW CHURCH**

**NOTES TO FINANCIAL STATEMENTS**

**3. Unsecured loans**

These loans represent funds borrowed from several church members of the Church. The loans are unsecured, do not bear interest and have no specified due date. The balance of funds due at December 31, 2019 is \$30,000.

**4. Long-Term Debt**

	<u>December 31, 2019</u>
First Mortgage Bonds, 2019 Series, secured by Deed of Trust with varying rates (3.15% to 6.75%) maturing in various amounts through March 22, 2044	\$ 3,915,000
Less current portion	<u>76,000</u>
Total Long-Term Debt	\$ <u><u>3,839,000</u></u>

Future scheduled maturities of long-term debt are as follows:

	<u>Years Ending December 31:</u>
2020	\$ 76,000
2021	79,000
2022	83,000
2023	87,000
2024	91,000
Thereafter	<u>3,499,000</u>
	\$ <u><u>3,915,000</u></u>

**5. Temporarily Restricted Net Assets**

During the year ended December 31, 2019, the Church received \$75,353 in donations restricted for the purpose of building acquisitions and debt reduction related to those acquisitions. Of those funds and funds available at the beginning of the year, \$178,929 were expended for their restricted purpose. At December 31, 2019, there are no temporarily restricted funds on hand.

**THE VIEW CHURCH**

**NOTES TO FINANCIAL STATEMENTS**

**6. Lease Commitments**

The Church leases office equipment under non-cancelable operating leases with various terms. Under new accounting requirements, Accounting Standards Codification (ASC) Topic 842 requires lessees to recognize lease property asset and lease liability for operating leases over the lease term. On December 31, 2019, the present value of net minimum lease payments totaled \$23,981.

Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>TOTAL</u>
December 31, 2020	\$ 15,922
December 31, 2021	8,059
December 31, 2022	-0-
December 31, 2023	-0-
December 31, 2024	-0-
Thereafter	-0-
	<u>\$ 23,981</u>

Lease expense for the year ended December 31, 2019 was \$21,117.

**7. Subsequent Events**

The Church has evaluated their financial position and activities from the December 31, 2019 year end of this report through October 30, 2020 which is the date that the financial statements are dated and has no material subsequent event items identified requiring recognition or disclosure.