

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

AUDITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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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, 2021, and the related statements of activities and changes in net assets 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**

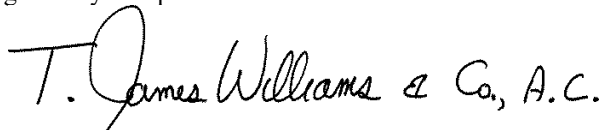
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Mountain View Community Church of Murrieta/Temecula Valley, dba The View Church, as of December 31, 2020 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.



July 19, 2022

THE VIEW CHURCH  
STATEMENT OF FINANCIAL POSITION  
December 31, 2020

**ASSETS**

CURRENT ASSETS

Cash	\$	350,345
Other current assets		2,393
<b>TOTAL CURRENT ASSETS</b>		<u>352,738</u>

PROPERTY AND EQUIPMENT

Land		1,390,979
Buildings and improvements		3,182,911
Equipment		404,767
		<u>4,978,657</u>
Less: accumulated depreciation		(590,882)
		<u>4,387,775</u>

OTHER ASSETS

Deposits		14,250
Operating lease payable		-
Unamortized loan costs		231,214
<b>Total other assets</b>		<u>245,464</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<u><u>4,985,977</u></u>

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$	13,974
Accrued liabilities		61,840
Unsecured loan		30,000
Current portion of long-term debt		109,385
<b>TOTAL CURRENT LIABILITIES</b>		<u>215,199</u>

LONG-TERM LIABILITIES, less current portion

Bonds payable		3,950,057
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NET ASSETS

With donor restrictions		-
Without donor restrictions		820,721
<b>TOTAL NET ASSETS</b>		<u>820,721</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<u><u>4,985,977</u></u>

See auditor's report and notes to financial statements.

THE VIEW CHURCH  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Total
<b>OPERATING ACTIVITIES</b>			
<b>SUPPORT AND REVENUES</b>			
Tithes and offerings	\$ 1,238,915	\$ 20,554	\$ 1,259,469
Rent	40,150		40,150
Interest income	2,142		2,142
Other income	92,014		92,014
Net assets released from restrictions	<u>20,554</u>	<u>(20,554)</u>	<u>-</u>
	1,393,775	-	1,393,775
Expenses			
Program Expenses			
Missionary and benevolence	44,407		44,407
Ministry	204,019		204,019
Designated funds	-		-
Supporting Activities			
General and Administrative	<u>1,131,783</u>		<u>1,131,783</u>
Total expenses	<u>1,380,209</u>	<u>-</u>	<u>1,380,209</u>
CHANGE IN NET ASSETS	13,566	-	13,566
NET ASSETS, BEGINNING OF YEAR	<u>807,155</u>	<u>-</u>	<u>807,155</u>
NET ASSETS, END OF YEAR	<u>\$ 820,721</u>	<u>\$ -</u>	<u>\$ 820,721</u>

See auditor's report and notes to financial statements.

THE VIEW CHURCH  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2020

	PROGRAM EXPENSES			SUPPORT ACTIVITIES	TOTAL FUNCTIONAL EXPENSES
	Missions	Ministry	Designated funds	General and Adminstrative	
Expenses					
Missions	\$ 44,407				\$ 44,407
Personnel costs				531,953	531,953
Ministries		204,019		-	204,019
Facilities				80,539	80,539
Administration				178,681	178,681
Amortization				9,945	9,945
Depreciation and amortization				81,177	81,177
Interest				249,488	249,488
	\$ <u>44,407</u>	\$ <u>204,019</u>	\$ <u>-</u>	\$ <u>1,131,783</u>	\$ <u>1,380,209</u>

See auditor's report and notes to financial statements.

THE VIEW CHURCH  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	13,566
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		81,177
Amortization of prepaid loan costs		9,945
Changes in operating assets		
Prepaid expenses		800
Accounts payable and accrued liabilities		(18,830)
Net cash provided by operating activities		86,658

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of assets		(154,495)
Net cash used by investing activities		(154,495)

CASH FLOWS FROM FINANCING ACTIVITIES

Funds from short term borrowings		68,019
Funds from long term borrowings		152,423
Principal payments on long-term borrowing		(76,000)
Net cash used by financing activities		144,442

NET INCREASE (DECREASE) IN CASH 76,605

CASH, BEGINNING OF YEAR 273,740

CASH, END OF YEAR \$ 350,345

SUPPLEMENTARY DISCLOSURES

CASH PAID FOR YEAR ENDED DECEMBER 31, 2020

Interest expense	\$	249,488
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See auditor's report and 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 worshipping 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 Presentation

The financial statements of the Church have been prepared in accordance with U.S. generally accepted accounting principles, 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 maybe expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the church's management and the executive board.

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 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.

#### Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

#### Property and Equipment

Property and equipment includes 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. Estimated useful lives are thirty-nine years for buildings and five to seven years for furniture and equipment. Repair and maintenance items are charged to expense as incurred. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Depreciation of \$81,177 in year 2020 was calculated on the straight-line method over the estimated useful lives of the assets.

#### Intangible Assets

Intangible assets subject to amortization include bond issuance costs. Amortization is computed using the straight-line method over the life of the related loan. Amortization was \$9,945 for the year ended December 31, 2020.



# THE VIEW CHURCH

## NOTES TO FINANCIAL STATEMENTS

### **2. Summary of Significant Accounting Policies (continued)**

#### Contributions

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 with donor restrictions, depending on the nature of 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

#### Contributed Services

The Church receives a substantial amount of services donated by its members in carrying out the Church's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under U.S. generally accepted accounting principles.

#### Compensated Absences

The Church has not accrued vacation or sick pay. The Church's policy is to recognize these costs when actually paid.

#### 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).

#### Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and general and administration. Such allocations are determined by management on an equitable basis.

#### 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.

# THE VIEW CHURCH

## NOTES TO FINANCIAL STATEMENTS

### **2. Summary of Significant Accounting Policies (continued)**

#### 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.

#### Fair Value of Financial Instruments

The carrying value of the Church's cash and credit cards payable approximates fair value because of the short-term maturity of those instruments. The Church's estimate of the fair value of the long-term debt is based on the current rates available for loans of the same remaining maturities and their estimated fair values approximate their recorded values at December 31, 2020.

### **3. Availability and Liquidity of Financial Assets**

On December 31, 2020, the Church has \$350,345 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of \$96,308 in cash and \$254,037 in bond sinking fund. To help manage unanticipated liquidity needs, the Church's financial assets are available for general expenditures, liabilities, and other obligations.

### **4. Bonds and Notes Payable**

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. \$ 3,839,000

SBA Payroll Protection Program Loan is an unsecured promissory note. Loan maturity is April 2026. Interest is accrued at 1.000% and principal and interest are due monthly beginning May 1, 2021. 68,019

SBA Economic Injury Disaster Loan of \$150,000, dated May 22, 2020, is a 30-year loan with an interest rate of 2.75%. Though no payments are required during the first year of the loan, interest still accrues during this deferment period. Monthly payments of \$641 due monthly began on May 23, 2021. The note is secured by all tangible and intangible personal properties of the Church. 152,423

Total Bonds and Notes Payable: \$ 4,059,442

# THE VIEW CHURCH

## NOTES TO FINANCIAL STATEMENTS

### **4. Bonds and Notes Payable (continued)**

Future scheduled payments and annual maturities are as follows:

	<u>Year Ending December 31:</u>	
2021	\$	109,385
2022		125,129
2023		90,670
2024		94,772
2025		98,877
Thereafter		<u>3,540,608</u>
	\$	<u>4,059,442</u>

The Church paid \$249,488 for interest during the year ended December 31, 2020.

### **5. Net assets with donor restrictions**

During the year ended December 31, 2020, the Church received \$20,554 in donations restricted for the purpose of building improvements, and mission and ministry purposes. Those funds were all expended for their related purposes and at December 31, 2020, there are no temporarily restricted funds on hand.

### **6. Lease Commitments**

The Church currently leases a printer/copier. The current equipment lease is classified as an operating lease and the terms call for \$8,059 future minimum lease payments during the year ended December 31, 2020. This lease commitment concludes during 2021 and there are no additional lease commitments.

### **7. Subsequent Events**

Management has evaluated subsequent events through July 19, 2022, the date on which the financial statements were available to be issued and has no material subsequent event items identified requiring recognition or disclosure.