

HARVEST COMMUNITY CHURCH, INC.  
COMPILED FINANCIAL STATEMENTS  
JUNE 30, 2017

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August 29, 2017

To the Board of Directors  
Harvest Community Church, Inc.  
Kittanning, PA

I have compiled the accompanying statement of financial position of Harvest Community Church, Inc. (a Pennsylvania nonprofit corporation) as of June 30, 2017, and the related statements of activity, functional expenses and cash flows for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

*Andrew R. Evans*

# HARVEST COMMUNITY CHURCH, INC.

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

### ASSETS

#### CURRENT ASSETS

##### Cash on Hand and in Banks:

Petty Cash	\$ 78
Missions	16,704
Online	17,266
Operating	52,237
Emergency Fund	<u>129,520</u>

Total Cash on Hand and in Banks 215,805

Accounts Receivable	554
Prepaid Expenses	7,560
Certificates of Deposit	<u>35,430</u>

Total Current Assets 259,349

#### DEPRECIABLE ASSETS

Land, Buildings and Improvements	1,277,417
Furniture and Equipment	337,828
Loan Financing Costs	<u>5,523</u>
	1,620,768
Less: Accumulated Depreciation	<u>(593,052)</u>

Net Depreciable Assets 1,027,716

TOTAL ASSETS \$ 1,287,065

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES

Payroll Taxes Payable	\$ 4,301
Accounts Payable	12,274
Credit Cards	20,955
Current Portion of Long-Term Debt	<u>28,218</u>

Total Current Liabilities 65,748

#### LONG-TERM DEBT

Mortgages	158,410
Less Current Portion	<u>(28,218)</u>

Total Long-Term Debt 130,192

TOTAL LIABILITIES 195,940

UNRESTRICTED NET ASSETS 1,091,125

TOTAL LIABILITIES AND NET ASSETS \$ 1,287,065

See accompanying notes and accountant's report.

# HARVEST COMMUNITY CHURCH, INC.

## STATEMENT OF ACTIVITY YEAR ENDED JUNE 30, 2017

REVENUES	
Offerings	\$ 1,258,774
Daycare	318,973
Miscellaneous	52,948
Special Missions	56,656
Interest	<u>91</u>
Total Revenue	1,687,442
EXPENSES	
Program Services	1,628,410
Management and General	83,754
Fundraising	<u>0</u>
Total Expenses	<u>1,712,164</u>
Excess (Deficiency) of Revenues over Expenses	(24,722)
OTHER INCOME AND EXPENSE	
Loss on Sale of Vacant Lots	<u>(2,573)</u>
CHANGE IN NET ASSETS	(27,295)
NET ASSETS – BEGINNING OF YEAR	<u>1,118,420</u>
NET ASSETS – END OF YEAR	\$ <u>1,091,125</u>

See accompanying notes and accountant's report.

# HARVEST COMMUNITY CHURCH, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Comp and Benefits				
Pastors' Compensation	\$ 568,562	\$ 12,648		\$ 581,210
Staff Compensation	<u>157,085</u>	<u>22,974</u>		<u>180,059</u>
Total Comp and Benefits	725,647	35,622		761,269
Missions	224,932			224,932
Church Ministries	161,501			161,501
Daycare Ministry	319,992	6,547		326,539
Occupancy	81,444	3,747		85,191
Depreciation and Amortization	54,600	2,224		56,824
Administration	32,610	34,613		67,223
Repairs and Maintenance	20,142	673		20,815
Interest	<u>7,542</u>	<u>328</u>		<u>7,870</u>
Total Expenses	\$ <u>1,628,410</u>	\$ <u>83,754</u>		\$ <u>1,712,164</u>

See accompanying notes and accountant's report.

# HARVEST COMMUNITY CHURCH, INC.

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (27,295)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	56,824
Decrease in accounts receivable	317
Increase in prepaid expenses	(3,543)
Increase in accounts payable	2,811
Increase in payroll liabilities	974
Increase in credit cards	<u>11,342</u>
Net Cash Provided By Operating Activities	41,430
INVESTING ACTIVITIES	
Certificates of deposit	(53)
Depreciable assets	(15,079)
Sale of vacant lots	<u>35,000</u>
Net Cash Provided By Investing Activities	19,868
FINANCING ACTIVITIES	
Repayment of debt	<u>(33,724)</u>
Net Cash Used By Financing Activities	<u>(33,724)</u>
Net Increase in Cash and Cash Equivalents	27,574
BEGINNING CASH AND CASH EQUIVALENTS	<u>188,231</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 215,805</u>
SUPPLEMENTAL DISCLOSURES	
Interest paid	\$ 7,870
Loss on sale of vacant lots	(2,573)

See accompanying notes and accountant's report.

**HARVEST COMMUNITY CHURCH, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Harvest Community Church (“HCC”), located in Kittanning, PA, is a Pennsylvania nonprofit corporation formed on October 15, 1998 to “proclaim the gospel of Jesus Christ throughout the world.” As a church, HCC is automatically exempt from taxation under the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned; expenses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets

Fixed assets are comprised of land, buildings and improvements, furniture and equipment, vehicles and computers. It is the policy of HCC to capitalize expenditures for these items in excess of \$2,000. Lesser amounts are expensed. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets: buildings and improvements over thirty-nine years; land improvements, such as paving, over fifteen years; furniture and equipment over ten years; vehicles over seven years; computers over five years. One half of a year’s depreciation is recognized in the years of acquisition and disposal. Loan refinancing costs totaling \$5,523 are being amortized over the respective loan terms.

Financial Statement Presentation

HCC reports information regarding its financial position and activity according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2017, there were no restrictions on net assets.

NOTE B – CERTIFICATES OF DEPOSIT

HCC has invested in three certificates of deposit with Nextier Bank. Two of the certificates were automatically renewed on October 12, 2016 at an annual percentage yield of .15% and will mature on October 12, 2017. One certificate was automatically renewed on March 27, 2017 at an annual percentage yield of .15% and will mature on March 27, 2018. As of June 30, 2017, the balances of the three certificates total \$35,430.

NOTES TO FINANCIAL STATEMENTS  
PAGE 2

NOTE C – MORTGAGES

HCC has a commercial loan agreement with Indiana First Savings Bank dated March 19, 2008 in the amount of \$488,243. The note bore interest at a fixed rate of 5.75% over the first sixty months. On March 19, 2013 the fixed rate of interest was reset to 5.0% for the next sixty months. It will reset each sixty months thereafter, based on the most recent current index, defined as the Pittsburgh Federal Home Loan Bank five year non-amortizing borrowing index taken on the first business day of each month, plus 2.50%. The note is collateralized by the church property located at 143 Reed Road, Kittanning, PA. The outstanding balance of this note as of June 30, 2017 is \$33,903.

HCC executed a new loan with Indiana First Savings Bank on January 20, 2016 consolidating several outstanding obligations. The initial amount of the note was \$146,500, and bears interest at a fixed rate of 4.50% over the first sixty months. The interest rate will reset each sixty months thereafter, based on the most recent current index, defined as the Pittsburgh Federal Home Loan Bank five year non-amortizing borrowing index taken on the first business day of each month, plus 2.50%. The note is collateralized by the church property located at 143 Reed Road, Kittanning, PA. The outstanding balance of this note as of June 30, 2017 is \$124,507.

Principal maturities on these mortgages are:

Year Ending June 30

2018	\$ 28,218
2019	29,594
2020	16,518
2021	14,749
2022 and thereafter	<u>69,331</u>
	\$ 158,410