

IRVING BIBLE CHURCH

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

**Irving Bible Church
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December 31, 2022 and 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Elders
of Irving Bible Church

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Irving Bible Church, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Irving Bible Church as of December 31, 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 Qualified Opinion

As explained in Note 2 to the financial statements, Irving Bible Church has decided not to adopt the functional allocation of expenses required by Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* as an update to the Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC) Topic 958. Consequently, the accompanying financial statements do not include a statement of functional allocation of expenses. Accounting principles generally accepted in the United States of America require not-for-profit organizations to present expenses by natural and functional categories. There is no effect on total expenses on the accompanying financial statements of Irving Bible Church. Irving Bible Church has also decided not to adopt the provisions of ASU 2016-02, *Leases*, FASB ASC Topic 842. Consequently, the accompanying financial statements do not present the right-of-use asset and lease liability associated with Irving Bible Church's operating leases in accordance with this new standard. There is no effect on the remaining future minimum payments required as disclosed in Note 6, Operating Leases.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Irving Bible Church 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 qualified 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 Irving Bible Church's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 Irving Bible Church'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 Irving Bible Church'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 audit.

A handwritten signature in cursive script that reads "Salmon Sims Thomas".

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

June 8, 2023

Irving Bible Church
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,416,436	\$ 3,932,260
Investments	135,959	180
Receivables	5,763	2,303
Prepaid expenses	136,219	114,655
Total Current Assets	<u>3,694,377</u>	<u>4,049,398</u>
Noncurrent Assets		
Property and equipment, net	16,212,371	17,493,949
Cash surrender value of life insurance	-	468,170
Annuity benefit	435,378	-
Total Noncurrent Assets	<u>16,647,749</u>	<u>17,962,119</u>
TOTAL ASSETS	<u><u>\$ 20,342,126</u></u>	<u><u>\$ 22,011,517</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 140,058	\$ 122,459
Accounts payable - construction retainage	-	588,808
Payroll and related liabilities	50,183	40,312
Amounts held for others	235,354	177,900
Total Current Liabilities	<u>425,595</u>	<u>929,479</u>
Noncurrent Liabilities		
Life insurance benefit obligation	-	468,170
Annuity benefit obligation	475,480	-
Total Noncurrent Liabilities	<u>475,480</u>	<u>468,170</u>
TOTAL LIABILITIES	<u>901,075</u>	<u>1,397,649</u>
Net Assets		
<i>Without donor restrictions</i>		
Board designated	486,502	368,226
Undesignated	18,824,886	20,113,115
Total Net Assets Without Donor Restrictions	<u>19,311,388</u>	<u>20,481,341</u>
<i>With donor restrictions</i>	<u>129,663</u>	<u>132,527</u>
TOTAL NET ASSETS	<u>19,441,051</u>	<u>20,613,868</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 20,342,126</u></u>	<u><u>\$ 22,011,517</u></u>

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

Irving Bible Church
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 6,239,466	\$ 102,956	\$ 6,342,422
Program revenues	185,476	-	185,476
Other revenues	67,505	-	67,505
	<u>6,492,447</u>	<u>102,956</u>	<u>6,595,403</u>
Net assets released from restriction	105,820	(105,820)	-
Total Revenues and Support	<u>6,598,267</u>	<u>(2,864)</u>	<u>6,595,403</u>
Expenses			
<i>Program services</i>			
Salaries and related expenses	2,260,701	-	2,260,701
Missions	390,380	-	390,380
Adult ministries	126,883	-	126,883
Children's ministries	64,316	-	64,316
Youth ministries	138,583	-	138,583
Worship and music	171,277	-	171,277
Other ministries	694,892	-	694,892
<i>Total Program Services</i>	<u>3,847,032</u>	<u>-</u>	<u>3,847,032</u>
<i>Supporting services</i>			
Salaries and related expenses	940,055	-	940,055
Facility	1,104,598	-	1,104,598
Other administrative expenses	381,244	-	381,244
Depreciation and amortization	1,492,874	-	1,492,874
Loss on disposal of property and equipment	2,417	-	2,417
<i>Total Supporting Services</i>	<u>3,921,188</u>	<u>-</u>	<u>3,921,188</u>
Total Expenses	<u>7,768,220</u>	<u>-</u>	<u>7,768,220</u>
Change in Net Assets	(1,169,953)	(2,864)	(1,172,817)
Net Assets, beginning of year	<u>20,481,341</u>	<u>132,527</u>	<u>20,613,868</u>
Net Assets, end of year	<u><u>\$ 19,311,388</u></u>	<u><u>\$ 129,663</u></u>	<u><u>\$ 19,441,051</u></u>

The accompanying notes are an integral part of this financial statement.

Irving Bible Church
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 7,535,984	\$ 96,700	\$ 7,632,684
Program revenues	131,795	-	131,795
Other revenues	45,230	-	45,230
	<u>7,713,009</u>	<u>96,700</u>	<u>7,809,709</u>
Net assets released from restriction	1,527,780	(1,527,780)	-
Total Revenues and Support	<u>9,240,789</u>	<u>(1,431,080)</u>	<u>7,809,709</u>
Expenses			
<i>Program services</i>			
Salaries and related expenses	2,325,692	-	2,325,692
Missions	384,632	-	384,632
Adult ministries	104,971	-	104,971
Children's ministries	33,714	-	33,714
Youth ministries	92,550	-	92,550
Worship and music	118,008	-	118,008
Church plants	178,757	-	178,757
Other ministries	572,108	-	572,108
Total Program Services	<u>3,810,432</u>	<u>-</u>	<u>3,810,432</u>
<i>Supporting services</i>			
Salaries and related expenses	954,298	-	954,298
Facility	789,777	-	789,777
Other administrative expenses	328,425	-	328,425
Depreciation	812,325	-	812,325
Loss on disposal of property and equipment	862,669	-	862,669
Total Supporting Services	<u>3,747,494</u>	<u>-</u>	<u>3,747,494</u>
Total Expenses	<u>7,557,926</u>	<u>-</u>	<u>7,557,926</u>
Change in Net Assets	1,682,863	(1,431,080)	251,783
Net Assets, beginning of year	<u>18,798,478</u>	<u>1,563,607</u>	<u>20,362,085</u>
Net Assets, end of year	<u>\$ 20,481,341</u>	<u>\$ 132,527</u>	<u>\$ 20,613,868</u>

The accompanying notes are an integral part of this financial statement.

Irving Bible Church
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (1,172,817)	\$ 251,783
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,452,772	812,325
Amortization of annuity	40,102	-
Loss on disposal of property and equipment	2,417	862,669
Donated investments	(266,569)	(100,754)
Gain on investments	(2,062)	(837)
Change in assets and liabilities:		
Receivables	(3,460)	(2,303)
Prepaid expenses	(21,564)	(43,961)
Accounts payable	17,599	(14,066)
Accounts payable - construction	-	(690,401)
Accounts payable - construction retainage	(588,808)	471,962
Accrued expenses	9,871	12,069
Amounts held for others	57,454	26,654
Net Cash Provided (Used) by Operating Activities	<u>(475,065)</u>	<u>1,585,140</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(173,611)	(5,285,549)
Proceeds from sale of investments	133,003	120,002
Purchase of investments	(151)	(18,438)
Net Cash Used by Investing Activities	<u>(40,759)</u>	<u>(5,183,985)</u>
Net Change in Cash	(515,824)	(3,598,845)
Cash and cash equivalents, beginning of year	<u>3,932,260</u>	<u>7,531,105</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,416,436</u></u>	<u><u>\$ 3,932,260</u></u>

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

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Nature of Operations

Irving Bible Church (Church) is a Texas nonprofit corporation located in Irving, Texas. The Church was formed to glorify Jesus Christ by leading people to know and make Him known. Our Vision: God is calling us, the people of Irving Bible Church, to become a multi-ethnic movement of missionary disciples, formed in the way of Jesus, for the sake of the world. Our Beliefs: In presenting our beliefs, we keep in mind three principles. In essential beliefs, we have unity. In nonessential beliefs, we have liberty. In all our beliefs, we show love.

The Church's support is derived primarily from members who are concentrated in the geographic area where the Church is located.

Note 2: Summary of Significant Accounting Policies

The summary of significant accounting policies of the Church is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Church's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP), other than the departures noted below in Note 2 Departures from U.S. GAAP, and have been consistently applied in the preparation of the financial statements.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording depreciation. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Financial Statement Presentation

Net assets and 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 With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Church and/or the passage of time.

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations. Net assets that are without donor restrictions but have been designated for a particular purpose by the Board, if any, are reflected as Board Designated Net Assets.

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, which supersedes the current lease requirements in ASC 840. The new standard requires lessees to recognize a right-of-use (ROU) asset and a related lease liability for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position.

The new standard is effective for private entities, including nonprofit organizations, for annual periods beginning after December 15, 2021. The Church elected not to implement the lease standard as noted below in Note 2 Departures from U.S. GAAP.

Departures from U.S. GAAP

The Church has not implemented the functional allocation of expenses requirement of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2016-02, *Leases*, due to time and budget limitations. There is no effect on the total expenses presented in these financial statements due to the departure from U.S. GAAP related to ASU 2016-14. The Church's long term lease agreements are operating leases for office equipment. There is no effect on the future minimum payment requirements discussed in Note 6 Operating Leases due to this departure from U.S. GAAP related to ASU 2016-02.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Church considers all investments with original maturity dates of ninety days or less to be cash equivalents. The Church places its cash, which, at times, may exceed federally insured limits, with high-credit quality financial institutions. The Church has not experienced any losses on such assets.

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Church is a Texas nonprofit corporation that is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Church has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Church qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Church's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB Accounting Standards Codification (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities and changes in net assets or accrued in the statements of financial position. Federal and state tax returns, if any, of the Church are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Property and Equipment

Property and equipment are stated at cost, if purchased, or if donated, at fair market value as of the date of donation, less accumulated depreciation. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset for 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 support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Church reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance and repairs, which do not improve or extend the lives of the respective assets, are included in the statements of activities and changes in net assets when incurred. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and any resulting gain or loss is included in the statements of activities and changes in net assets.

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Depreciation is calculated using the straight-line method at rates sufficient to amortize the related costs over the estimated useful lives of the respective assets as follows:

Furniture and fixtures	5-7 years
Equipment	3 years
Building	40 years
Building improvements	5-20 years
Parking lot	5 years

Investments

Investments consist of marketable equity securities held for sale. The marketable equity securities are recorded at their fair values. Securities that have been donated are recorded at the fair market value as of the date of the gift. Church policy is to convert equities to cash equivalents within thirty days of receipt. Increases or decreases in fair market value are recorded as unrealized gains and losses and reflected on the statements of activities and changes in net assets as net assets without donor restrictions.

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the fund has the ability to access.

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2022 and 2021.

Marketable Securities: Valued at the closing price reported in an active market in which the security is traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Church believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The provisions of FASB Topic ASC 820 did not have an impact on the Church's nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis.

Date of Management's Review

The Church has evaluated subsequent events through June 8, 2023, which is the date the financial statements were available to be issued.

Note 3: Investments

As of December 31, 2022 and 2021, investments consisted of the following:

	<u>2022</u>	<u>2021</u>
Marketable securities	\$ <u>135,959</u>	\$ <u>180</u>

The Church had unrealized gains of \$2,062 and \$837 for the years ended December 31, 2022 and 2021, respectively. The Church converted these investments to cash within 30 days after year end, in accordance with Church policy.

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 4: Fair Value of Financial Instruments

The following tables set forth by level, within the fair value hierarchy, the Church's assets at fair value as of December 31, 2022 and 2021:

<i>Assets at Fair Value as of December 31, 2022</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Marketable securities	\$ 135,959	\$ -	\$ -	\$ 135,959

<i>Assets at Fair Value as of December 31, 2021</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Marketable securities	\$ 180	\$ -	\$ -	\$ 180

Note 5: Property And Equipment

At December 31, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 294,357	\$ 276,194
Equipment	2,784,128	2,676,727
Building and improvements	24,025,040	24,012,764
Parking lot	129,402	129,402
Land	<u>1,011,900</u>	<u>1,011,900</u>
Total Property and Equipment	28,244,827	28,106,987
Less accumulated depreciation	<u>(12,032,456)</u>	<u>(10,613,038)</u>
Net Property and Equipment	<u>\$ 16,212,371</u>	<u>\$ 17,493,949</u>

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 6: Lease Commitments

Operating Leases

The Church leases office equipment under noncancellable operating leases that began during 2019 to 2022 and expire in 2023 to 2027. Lease expense under these operating leases was approximately \$28,500 and \$29,100 for 2022 and 2021, respectively.

Future minimum rental payments required under operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows for the years ending December 31,

2023	\$ 20,812
2024	13,950
2025	12,420
2026	12,420
2027	11,385
2028 and thereafter	-
	<u>\$ 70,987</u>

Note 7: Retirement Plans

The Church has a voluntary 403(b)(7) retirement plan for all full-time employees which is managed by a third-party entity. Employees can make contributions, subject to certain limitations, on a pretax basis. The Church matches employee contributions up to 5% of each participating employee's salary for the first 5 years, and then increases 1% per subsequent year. The participating employees become vested in the Church contributions based on years of service in 20% increments beginning in the first year, with 20% vested at 1 year and 100% at 5 years. In 2022 and 2021, the Church's contributions were \$86,936 and \$81,038, respectively.

The Church provided a nonqualified retirement plan through the purchase of a five-year annuity to a key employee using the proceeds of a previously owned life insurance policy. The Church is the owner of the annuity and maintains control of naming the annuitant and beneficiary of the annuity. The cash surrender value of the life insurance policy as of December 31, 2021 was \$468,170. The net present value of the future annuity payments discounted by the 3% earnings rate is \$435,378 and the corresponding liability to the annuitant is \$475,480, as of December 31, 2022.

The Church paid approximately \$50,000 for nonqualified retirement plan contributions on behalf of the employee for the year ended December 31, 2021. The proceeds of the life insurance policy were used to purchase the annuity.

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 8: Related Ministries

The Church has a process whereby it starts, nurtures and ultimately “spins off” Christian ministries that become separate, independent 501(c)(3) nonprofit organizations. These ministries, once separated, do not share Board members or management. However, before they are spun off, the Church receives restricted contributions, from donors, for these specific ministries. In addition, the Church also covers certain costs during this time period.

In 2010, Kinwest Medical Clinic (Clinic) was created and filed for 501(c)(3) status. The Clinic is unable to receive donations or track its own revenues and expenses, so the Church receives donations and tracks the activity for the Clinic. These funds are treated as amounts held for others on the statements of financial position and are not in the statements of activities and changes in net assets. The Church held \$158,578 and \$146,537 for the Clinic at December 31, 2022 and 2021, respectively.

In 2011, Water is Basic separated from the Church and obtained 501(c)(3) status in 2012. The Church does not receive a significant amount of donations for Water is Basic; these funds are treated as amounts held for others on the statements of financial position and are not reflected in the statements of activities and changes in net assets. The Church held \$696 and \$2,069 at December 31, 2022 and 2021, respectively.

In 2018, The Grove Church (TGC) was started. While TGC has not filed for 501(c)(3) status, it does have a separate tax ID number and a separate leadership group, so the Church treats TGC's activity as pass-through items. These funds are treated as amounts held for others on the statements of financial position and are not reflected in the statements of activities and changes in net assets. The Church held \$76,079 and \$29,294 for TGC at December 31, 2022 and 2021, respectively.

Note 9: Net Assets

Net Assets Without Donor Restrictions

Included as a component of net assets without donor restrictions are amounts set aside, or designated, by the Church's leadership. The net assets without donor restrictions consisted of the following as of December 31:

	<u>2022</u>	<u>2021</u>
<i>Board Designated</i>		
Tapestry	\$ 38,501	\$ 81,501
Maintenance Fund	282,000	82,000
Next Up	<u>166,001</u>	<u>204,725</u>
Total Board Designated	486,502	368,226
<i>Undesignated</i>	<u>18,824,886</u>	<u>20,113,115</u>
Total Net Assets Without Donor Restrictions	\$ <u>19,311,388</u>	\$ <u>20,481,341</u>

Irving Bible Church
Notes to Financial Statements
December 31, 2022 and 2021

Note 9: Net Assets (Continued)

Net Assets With Donor Restrictions

At December 31, 2022 and 2021, the purposes and corresponding balances remaining in net assets with donor restrictions were as follows:

	<u>2022</u>	<u>2021</u>
<i>Missions</i>		
Activities and projects	\$ 27,573	\$ 24,181
<i>Ministry</i>		
Benevolence	51,459	78,876
Alarm Congo	617	617
Worship center	15,100	-
Tapestry	4,828	4,828
Other	<u>30,086</u>	<u>24,025</u>
	<u>\$ 129,663</u>	<u>\$ 132,527</u>

Net assets with donor restrictions released from restrictions during 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
<i>Missions</i>		
Activities and projects	\$ 14,908	\$ 42,527
<i>Ministry</i>		
Next Up	-	1,426,184
Benevolence	78,144	45,866
Alarm Congo	-	3,103
Other ministries	<u>12,768</u>	<u>10,100</u>
	<u>\$ 105,820</u>	<u>\$ 1,527,780</u>

Note 10: Liquidity

As part of the Church's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the operating accounts.

In addition, the Church is supported by restricted contributions. 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.

Irving Bible Church
Notes to Financial Statements
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Note 10: Liquidity (Continued)

The following reflects the Church's financial assets, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date.

	<u>2022</u>	<u>2021</u>
Financial assets available at year end	\$ 3,558,158	\$ 3,934,743
Less those unavailable for general expenditures within one year, due to:	-	
Donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions	(129,663)	(132,527)
Board designated:		
Amounts set aside for Tapestry	(38,501)	(81,501)
Amounts set aside for the building fund	(448,001)	(286,725)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,941,993</u>	<u>\$ 3,433,990</u>