



SPENCERVILLE, MARYLAND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018



Independent Accountant's Review Report

Board of Directors
Cedar Ridge Community Church, Inc.
Spencerville, Maryland

I have reviewed the accompanying financial statements of Cedar Ridge Community Church, Inc. (a nonprofit), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

**Bethesda, Maryland
October 18, 2018**

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Cedar Ridge Community Church, Inc.

**Statement of Financial Position
August 31, 2018**

Assets

Current Assets

Cash and Cash Equivalents	\$ 313,370
Prepaid Expenses	11,548
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Total Current Assets	324,918

Property and Equipment - Net

3,430,548

Loan Costs - Net of Amortization

7,155

Total Assets

\$ 3,762,621

Liabilities and Net Assets

Current Liabilities

Current Portion of Long-Term Debt	\$ 128,038
Accounts Payable	3,402
Accrued Expenses	42,255
Deferred Revenue	23,233
Security Deposit Payable	2,500
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Total Current Liabilities	199,428

Long Term Debt

1,055,152

Total Liabilities

1,254,580

Net Assets

Unrestricted	2,508,041
Temporarily Restricted	-
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Total Net Assets	2,508,041

Total Liabilities and Net Assets

\$ 3,762,621

See accompanying Notes to Financial Statements.

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Cedar Ridge Community Church, Inc.

**Statement of Activities
For The Year Ending August 31, 2018**

	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Tithes and Donations	\$ 720,578	\$ 24,293	\$ 744,871
Rental Income	79,976	-	79,976
Other Income	14,671	-	14,671
Net Assets Released From Restrictions	24,293	(24,293)	-
Total Revenues	<u>839,518</u>	<u>-</u>	<u>839,518</u>
Expenses			
Program Services	552,490	-	552,490
General and Administration	285,743	-	285,743
Total Expenses	<u>838,233</u>	<u>-</u>	<u>838,233</u>
Change in Net Assets	<u>1,285</u>	<u>-</u>	<u>1,285</u>
Net Assets, Beginning of Year	<u>2,506,756</u>	<u>-</u>	<u>2,506,756</u>
Net Assets, End of Year	<u>\$ 2,508,041</u>	<u>\$ -</u>	<u>\$ 2,508,041</u>

See accompanying Notes to Financial Statements.

See Independent Accountant's Review Report

Cedar Ridge Community Church, Inc.

**Statement of Activities
For The Year Ending August 31, 2018**

	<u>Program Services</u>	<u>General and Administration</u>	<u>Total</u>
Personnel	\$ 287,269	\$ 176,123	\$ 463,392
Ministry	43,133	2,128	45,261
Occupancy	34,616	21,223	55,839
Professional Services	11,615	7,121	18,736
Project Support	-	-	-
Office Expense	33,106	10,271	43,377
Insurance	9,159	5,616	14,775
Travel	28,625	243	28,868
Bank and Credit Card Fees	2,179	-	2,179
Depreciation and Amortization	66,801	40,955	107,756
Interest Expense	35,987	22,063	58,050
Total	<u>\$ 552,490</u>	<u>\$ 285,743</u>	<u>\$ 838,233</u>

See accompanying Notes to Financial Statements.

See Independent Accountant's Review Report

Cedar Ridge Community Church, Inc.

**Statement of Activities
For The Year Ending August 31, 2018**

Cash Flows from Operating Activities

Increase (Decrease) in Net Assets	\$ 1,285
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities	
Depreciation and Amortization	107,756
<u>(Increase) Decrease in Assets</u>	
Prepaid Expenses	355
Security Deposit Payable	1,550
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable	(2,770)
Accrued Expenses	12,998
Deferred Revenue	23,233
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Net Cash Provided by (Used in) Operating Activities	144,407

Cash Flows from Investing Activities

Purchases of Property and Equipment	(47,926)
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Net Cash Provided by (Used in) Investing Activities	(47,926)

Cash Flows from Financing Activities

Principal Payments on Debt	(123,108)
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Net Cash Provided by (Used in) Financing Activities	(123,108)

Increase (Decrease) in Cash and Cash Equivalents (26,627)

Cash and Cash Equivalents, Beginning of Year

 339,997

Cash and Cash Equivalents, End of Year

 \$ 313,370

Supplemental Disclosure of Cash Flow Information

Cash Paid for Interest \$ 58,050

See accompanying Notes to Financial Statements.

See Independent Accountant's Review Report

Cedar Ridge Community Church, Inc.

**Notes To Financial Statements
August 31, 2017**

1. ORGANIZATION

Cedar Ridge Community Church, Inc. (the Organization) was organized on July 8, 1985. Its purpose is to operate as a non-denominational church in the state of Maryland. The Church's ministry include adult and student activities, programming, and missions/outreach programs.

As part of its vision, the Organization devotes a portion of its property to grow produce, which is planted, nurtured, and harvested by volunteers. During the year ended August 31, 2018, 4,298 pounds of vegetables were donated to three local non-profit organizations serving individuals and families in need.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Basis of Presentation

The financial statement presentation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205. The Organization 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. The Organization had no permanently restricted net assets as of August 31, 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers cash equivalents to include highly liquid investments, with an initial maturity of three months or less.

Accounts Receivable

Accounts receivable are reported at their outstanding balances. Accounts receivable are considered past due based on management's determination. Accounts receivable are charged off based on management's case-by-case determination that they are uncollectible.

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Cedar Ridge Community Church, Inc.

**Notes to Financial Statements
August 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are capitalized at cost if unit costs exceed \$1,000. Otherwise the items are expensed when paid, including repairs and maintenance. Depreciation is computed on the straight-line method over the estimated useful lives ranging from three to seven years.

Additions and improvements that add materially to productive capacity or extend the life of an asset are capitalized. Normal repairs and maintenance are charged against income. When facilities are retired or sold, their cost and accumulated depreciation are removed from the accounts and related gains or losses are included in income. In case of trade items, any remaining book value increases the basis of the new acquisitions. The estimated lives used in determining depreciation are:

Building and Improvements: 10 to 40 years

Office Furniture and Equipment: 5 to 10 years

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributed Services and Assets

In-kind contributions are reported as unrestricted support unless explicit donor stipulations specify how donated assets or services must be used. Contributed services and assets are recorded at fair value when received.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

See Independent Accountant's Review Report

Cedar Ridge Community Church, Inc.

**Notes to Financial Statements
August 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position.

Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities at August 31, 2018.

The Organization's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2018.

The Organization is exempt from the IRS Form 990 filing requirements.

New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. The new standard clarifies net asset reporting, requires presentation of expenses in both natural and functional classifications, and provides for additional disclosure requirements related to an entity's liquidity, financial performance and availability of resources. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning January 1, 2018.

In May 2014, the FASB issued a new standard, ASU 2014-09, Revenue from Contracts with Customers, which outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. The core principle of the standard is that an entity should recognize revenue when it satisfies a performance obligation at an amount that reflects the consideration the entity expects to receive in exchange for transferring goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard will be effective for the fiscal year beginning January 1, 2019.

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Cedar Ridge Community Church, Inc.

**Notes to Financial Statements
August 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, Lease Amendments to the FASB Accounting Standards Codification (Topic 842), which amends the recognition of lease assets by organizations. The new standards require a lessee to recognize assets and liabilities for leases with lease terms of 12 or more months, in addition to modifications improvements on lessor accounting, in conjunction with the new guidance on revenue recognition noted above in ASU-2014-09. Additional disclosures will be required for the amount, timing, and uncertainty of cash flows arising from leases, and the standard will be effective for fiscal years beginning January 1, 2020.

Subsequent Events

Management has evaluated subsequent events through October 18, 2018 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in banks insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of August 31, 2018, the Organization's balances exceeded the FDIC limit by approximately \$83,000.

4. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2018 consisted of the following:

Land	\$ 1,425,891
Building and Improvements	3,648,142
Furniture and Equipment	190,318
Construction In-Process	20,212
	<u>5,284,563</u>
Less Accumulated Depreciation and Amortization	(1,854,015)
Property and Equipment - Net	<u>\$ 3,430,548</u>

Included with building and improvements is lease rights to a vacation property originally valued at \$15,000.

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Cedar Ridge Community Church, Inc.

**Notes to Financial Statements
August 31, 2018**

Depreciation expense for the year ended August 31, 2018 was \$106,747. Included with depreciation expense on the statements of functional expenses and cash flows is \$1,009 of amortization expense on loan costs.

5. LONG-TERM DEBT

The Organization has a term loan, originally dated April 20, 2010, payable to Sandy Spring Bank, secured by the church buildings and land. During the year ended August 31, 2016, the Organization renegotiated the note to receive an additional \$200,000, extend the maturity date to June 2026 and reduce the interest rate to 4.65%. The monthly principal and interest payment is \$15,097.

The future maturities of long-term debt are as follows for the years ending August 31:

2019	\$	128,038
2020		134,209
2021		140,677
2022		147,457
2023		154,564
Thereafter		478,245
		<u>\$ 1,183,190</u>

6. CONTRIBUTED SERVICES

During the years ended August 31, 2018 several unpaid volunteers have made significant contributions of their time to the management of the Organization and to the delivery of its program services. The value of the donated time does not create or enhance the value of nonfinancial assets.

7. BOARD-DESIGNATED NET ASSETS

Board-designated net assets represent unrestricted net assets that the Board of Directors have allocated for capital improvements. This fund is increased by designations approved by the Board of Directors and decreased by Board approved appropriations. The assets underlying this fund are commingled with the Organization's operating cash but reported separately on the statement of financial position.

Board-designated activity for the year ended August 31, 2018 was as follows:

	Beginning of Year	Contributions	Appropriation	End of Year
Capital Improvements	\$ 149,317	\$ -	\$ (16,790)	\$ 132,527

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Cedar Ridge Community Church, Inc.

**Notes to Financial Statements
August 31, 2018**

8. RESTRICTED NET ASSETS

Temporarily restricted net assets at the end of each year represent contributions and amounts that have been received with donor-imposed stipulations. As these funds are expended, the temporary restrictions expire, and the temporarily restricted net assets are reclassified to unrestricted net assets on the statement of activities.

Temporarily restricted net assets activity for the year ended August 31, 2018 was as follows:

	Beginning of Year	Contributions	Released	End of Year
Guatemala Special Project	\$ -	24,293	(24,293)	\$ -

9. OPERATING LEASE

The Organization is obligated under a five-year operating lease for a copier. The lease calls for monthly payments of \$298.

The future minimum rental commitments under the operating lease August 31 are as follows:

2019	\$ 3,576
2020	<u>2,384</u>
	<u>\$ 5,960</u>

The Organization has sub-lease agreements with three unrelated third parties that expire in July 2019 or before. The Organization expects to receive approximately \$84,696 during the fiscal year ending August 31, 2019.

10. RETIREMENT PLAN

The Organization has a defined contribution plan covering all full-time employees. Employees are allowed to contribute to the Plan. The Organization matches employee contributions up to 3% of eligible compensation. Total expense for the year ended August 31, 2018, was \$10,961.

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