

**DARE TO IMAGINE CHURCH, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**



**Dare to Imagine Church, Inc.**  
**December 31, 2021 and 2020**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Dare to Imagine Church, Inc.  
Philadelphia, Pennsylvania

We have reviewed the accompanying financial statements of Dare to Imagine Church, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 entity 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, we do not express such an opinion.

### Management's Responsibility 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; 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

Our 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are 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.

*J. Miller & Associates, LLC*

J. MILLER & ASSOCIATES, LLC  
Philadelphia, Pennsylvania  
June 8, 2022

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**DARE TO IMAGINE CHURCH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 274,462	\$ 118,207
Due from Affiliate	40,795	-
Property and Equipment, Net	<u>2,106,785</u>	<u>2,038,131</u>
Total Assets	<u><u>\$ 2,422,042</u></u>	<u><u>\$ 2,156,338</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 50,462	\$ 35,069
Capital Lease Payable	100,972	25,902
Paycheck Protection Program Loan	-	26,600
Note Payable	<u>1,568,405</u>	<u>1,613,289</u>
Total Liabilities	<u>1,719,839</u>	<u>1,700,860</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	<u>702,203</u>	455,478
Total Net Assets	<u>702,203</u>	<u>455,478</u>
Total Liabilities and Net Assets	<u><u>\$ 2,422,042</u></u>	<u><u>\$ 2,156,338</u></u>

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

*See independent accountant's review report.*

**DARE TO IMAGINE CHURCH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

	2021 Without Donor Restrictions	2020 Without Donor Restrictions
<b>REVENUE</b>		
Contributions	\$ 1,557,939	\$ 1,080,470
Special Days and Events Revenue	53,739	29,450
Rental Income	37,025	-
Total Revenue	<u>1,648,703</u>	<u>1,109,920</u>
<b>EXPENSES</b>		
Program Services		
Church Ministries	719,853	552,790
Facilities	281,784	281,268
Total Program Services	<u>1,001,637</u>	<u>834,058</u>
Administration Expenses	<u>400,341</u>	<u>240,646</u>
Total Expenses	<u>1,401,978</u>	<u>1,074,704</u>
<b>CHANGE IN NET ASSETS</b>	246,725	35,216
Net Assets - Beginning of Year	<u>455,478</u>	<u>420,262</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 702,203</u></u>	<u><u>\$ 455,478</u></u>

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**DARE TO IMAGINE CHURCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services				
	Church Ministries	Facilities	Total Program Services	Administration Expenses	Total
Salaries and Wages	\$ 325,304	16,731	\$ 342,035	\$ 151,920	\$ 493,955
Payroll Taxes	12,704	831	13,535	13,469	27,004
Employee Benefits	-	-	-	42,602	42,602
Equipment	-	-	-	1,780	1,780
Office Expense	-	-	-	6,111	6,111
Professional Services	-	-	-	41,705	41,705
Banking and Merchant Fees	-	-	-	41,535	41,535
Interest Expense	-	-	-	87,931	87,931
Payroll Processing	-	-	-	13,288	13,288
Utilities	-	77,786	77,786	-	77,786
Insurance	-	13,604	13,604	-	13,604
Repairs and Maintenance	-	47,169	47,169	-	47,169
Program Expenses					
General Ministries	93,033	-	93,033	-	93,033
Evangelism and Outreach	130,857	-	130,857	-	130,857
Christian Education	19,281	-	19,281	-	19,281
Congregational Support & Fellowship	3,951	-	3,951	-	3,951
Youth Ministry	6,615	-	6,615	-	6,615
Music and Worship	72,005	-	72,005	-	72,005
Special Days and Events	56,103	-	56,103	-	56,103
Depreciation Expense	-	125,663	125,663	-	125,663
Total Expenses	<u>\$ 719,853</u>	<u>\$ 281,784</u>	<u>\$ 1,001,637</u>	<u>\$ 400,341</u>	<u>\$ 1,401,978</u>

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*See independent accountant's review report.*

**DARE TO IMAGINE CHURCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services				
	Church Ministries	Facilities	Total Program Services	Administration Expenses	Total
Salaries and Wages	\$ 241,399	3,175	\$ 244,574	\$ 38,837	\$ 283,411
Payroll Taxes	33,736	145	33,881	10,749	44,630
Employee Benefits	-	-	-	30,533	30,533
Equipment	-	-	-	1,367	1,367
Office Expense	-	-	-	5,079	5,079
Professional Services	-	-	-	33,066	33,066
Banking and Merchant Fees	-	-	-	28,880	28,880
Interest Expense	-	-	-	82,033	82,033
Payroll Processing	-	-	-	10,102	10,102
Utilities	-	88,645	88,645	-	88,645
Insurance	-	11,037	11,037	-	11,037
Repairs and Maintenance	-	67,690	67,690	-	67,690
Program Expenses					
General Ministries	47,767	-	47,767	-	47,767
Evangelism and Outreach	90,714	-	90,714	-	90,714
Christian Education	15,621	-	15,621	-	15,621
Congregational Support & Fellowship	604	-	604	-	604
Youth Ministry	1,003	-	1,003	-	1,003
Music and Worship	70,130	-	70,130	-	70,130
Special Days and Events	51,816	-	51,816	-	51,816
Depreciation Expense	-	110,576	110,576	-	110,576
Total Expenses	<u>\$ 552,790</u>	<u>\$ 281,268</u>	<u>\$ 834,058</u>	<u>\$ 240,646</u>	<u>\$ 1,074,704</u>

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

*See independent accountant's review report.*

**DARE TO IMAGINE CHURCH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 246,725	\$ 35,216
Adjustments to Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	125,663	110,576
Loan Forgiveness	(26,600)	-
(Increase) Decrease in:		
Accounts Receivable	-	1,242
Due from Affiliates	(40,795)	-
Accounts Payable and Accrued Expenses	15,393	(24,254)
Net Cash Provided by Operating Activities	<u>320,386</u>	<u>122,780</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(89,777)	(31,508)
Leased Equipment Additions	(104,540)	-
Net Cash Used by Investing Activities	<u>(194,317)</u>	<u>(31,508)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note	(44,884)	(39,934)
Repayment of capital lease - equipment	(29,470)	(12,987)
Proceeds from Paycheck Protection Program loan	-	26,600
Proceeds for Leased Equipment	104,540	-
Net Cash Used by Financing Activities	<u>30,186</u>	<u>(26,321)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	156,255	64,951
Cash - Beginning of Period	<u>118,207</u>	<u>53,256</u>
<b>CASH - END OF PERIOD</b>	<u><u>\$ 274,462</u></u>	<u><u>\$ 118,207</u></u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest expense paid	\$ 87,931	\$ 82,033

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

*See independent accountant's review report.*



**DARE TO IMAGINE CHURCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1                    ORGANIZATION AND OPERATIONS**

**Nature of Operations**

Dare to Imagine Church, Inc. (the “Church”) was incorporated in the Commonwealth of Pennsylvania on December 11, 2014. The Church’s vision is to be a contemporary, Christ-centered, Bible-based community. The Church is a diverse fellowship committed to representing the love of Jesus Christ as it dares to imagine and create a better society for its families, communities and the world. The Church’s revenue consists primarily of contributions from members and attendees.

**Affiliate Organization**

The Dare to Imagine Community Development Corporation (the “CDC”) is an affiliated, separate 501 (c)(3) organization incorporated in the Commonwealth of Pennsylvania, created in 2016 to serve the greater Philadelphia community through acquisition, preservation, rehabilitation, planning, facilitating and/or implementing the development of a range of community development projects, revitalization initiatives; education and leadership training; and youth employment, training and empowerment programs with an eye toward achieving economic stability and preserving the cultural vibrancy of the community. There is one common board member between the Church and the CDC.

The CDC works to increase equity and economic empowerment by attracting new businesses, encourage the retention and growth of existing businesses, provide access to homeownership opportunities, create networking and employment opportunities and improve the quality of life and the environment in partnership with community partners, residents, businesses, property owners and other agencies. The mission of the CDC is to strengthen and empower the community by (1) improving educational and development opportunities for children and youth; (2) fostering economic revitalization; (3) increasing the availability of quality housing; and (4) advocating for the rights and privileges of Philadelphia residents.

In support of its initiatives, the Church may from time to time make contributions on its behalf, to the CDC.

**NOTE 2                    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Church have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

**Financial Statement Presentation**

Currently, there are two classes of net assets for nonprofit organizations: net assets with donor restrictions and net assets without donor restrictions.

**DARE TO IMAGINE CHURCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2**                      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (continued)**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during the period. Actual results could differ from those estimates.

**Recent Accounting Pronouncements Adopted**

*Revenue Recognition*

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606),” which outlined a single comprehensive model to use for accounting for revenue arising from customers and superseded nearly all existing GAAP revenue recognition guidance, including industry-specific guidance. The core principle of the standard is that revenue is recognized when the transfer of goods or services to customers occurs in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those good or services. This standard was adopted as of January 1, 2021

**Cash and Cash Equivalents**

The Church considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**DARE TO IMAGINE CHURCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2**                      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

The Church capitalizes all expenditures for property and equipment in excess of \$500. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

Building	30 years
Building improvements	10 years
Equipment	3 years
Leased equipment	5 years
Vehicles	5 years
Furniture and fixtures	7 years

**Contributions**

Contributions received are recorded as an increase to net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is when a purpose restriction is accomplished or stipulated time restriction ends) net assets with restrictions are classified to net assets without restrictions and reported as net assets released from restrictions on the statement of activities.

**Functional Allocation of Expenses**

The costs of providing the various programs and other supporting activities have been summarized on a program basis in the statement of activities.

**Income Taxes**

The Church is recognized as an organization exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, there is no provision for income taxes. The Church is not aware of any activities that would jeopardize its tax-exempt status.

**NOTE 3**                      **LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise cash totaling \$274,462 and \$118,207 at December 31, 2021 and 2020, respectively.

The Church manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near term operating needs.

**NOTE 4**                      **DUE FROM AFFILIATE**

The CDC (see Note 1) received contributions on behalf of the Church. Amounts due to the Church were \$40,795 and \$0 as of December 31, 2021 and 2020, respectively.

**DARE TO IMAGINE CHURCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 5      PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Buildings and Improvements	\$ 2,353,575	\$ 2,318,991
Equipment	110,979	72,510
Equipment - Leased	165,641	61,101
Vehicles	15,407	-
Furnitures & Fixtures	7,243	5,925
Total	<u>2,652,845</u>	<u>2,458,527</u>
Accumulated Depreciation	<u>(546,060)</u>	<u>(420,396)</u>
Total Property and Equipment, Net	<u><u>\$ 2,106,785</u></u>	<u><u>\$ 2,038,131</u></u>

**NOTE 6      COMMITMENTS**

**Note Payable**

The Church has a \$1,760,000 five year note that was executed on May 25, 2017. The loan bears an annual interest rate of 4.5% and requires monthly payments of principal and interest totaling \$9,849. A balloon payment of \$1,557,800 is due May 25, 2022. The balance on the notes was \$1,568,405 and \$1,613,289 at December 31, 2021 and 2020, respectively.

Principal payments due on the loan are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,568,405
Total	<u><u>\$ 1,568,405</u></u>

See Note 9 for the Subsequent Event of refinancing this note.

**Capital Lease Payable**

The Church is leasing equipment under a five year capital lease beginning June 2017. The lease requires monthly payments of \$1,677. The lease matures in July 2022. The balance on the capital lease was \$8,705 and \$25,902 at December 31, 2021 and 2020, respectively.

In March 2021, the Church leased equipment under a five year capital lease. The lease requires monthly payments of \$2,397. The lease matures in February 2025. The balance on the capital lease was \$92,266.

**DARE TO IMAGINE CHURCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 6**            **COMMITMENTS (CONTINUED)**

The net book value of the leased equipment was \$93,227 and \$18,330 at December 31, 2021 and 2020, respectively.

The principal payments due on the lease payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 25,871
2023	19,674
2024	22,547
2025	25,840
2026	7,040
Total	<u>\$ 100,972</u>

**NOTE 7**            **PAYCHECK PROTECTION PROGRAM LOAN**

In May 2020, the Church received a Paycheck Protection Program loan from the United States Small Business Administration for \$26,600 with an interest rate of 1%. The loan was forgiven in September 2021 and the extinguishment of the debt is recognized on the statement of activities.

**NOTE 8**            **PENSION PLAN**

The Church maintains a defined benefit retirement plan that provides employer contributions for the Pastor. Employer contributions totaled \$34,008 and \$21,862 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 9**            **SUBSEQUENT EVENTS**

In preparing these financial statements, the Church has evaluated events and transactions for potential recognition or disclosure through June 8, 2022 as the date the financial statements were available to be issued.

In May 2022, the mortgage note was refinanced for the principal amount of \$1,574,582 and at an interest rate of 3.95%. A balloon payment will be due May 25, 2027.