Financial Statements
December 31, 2023 and 2022

The Rock Church

EideBailly®

Independent Accountant's Review Report

To the Board of Directors
The Rock Church
Salt Lake City, Utah

We have reviewed the accompanying financial statements of The Rock Church (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 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, we 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
Our responsibility is to conduct the review engagements 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.

We are required to be independent of The Rock Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion
Based on our reviews, 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.

Eide Bailly LLP

Salt Lake City, Utah
June 11, 2024

	2023	2022
Assets		
Cash	$ 372,192	$ 292,063
Investments	1,253,173	1,257,068
Employee Retention Credit (ERC) Receivable, net of allowance for credit losses of $212,364	-	212,364
Property and equipment, net	3,261,405	3,336,194
Total assets	$ 4,886,770	$ 5,097,689
Liabilities and Net Assets		
Accounts payable	$ 30,884	$ 26,815
Accrued expenses	42,958	51,078
Note payable	1,136,897	1,263,570
Total liabilities	1,210,739	1,341,463
Net Assets		
Without donor restrictions	3,618,588	3,695,172
With donor restrictions	57,443	61,054
Total net assets	3,676,031	3,756,226
Total liabilities and net assets	$ 4,886,770	$ 5,097,689

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains			
Contributions	$ 1,802,179	$ 64,034	$ 1,866,213
Net investment return	143,266	-	143,266
Gift shop sales	17,335	-	17,335
Less cost of goods sold	(15,753)	-	(15,753)
Net gift shop sales	1,582	-	1,582
Other	9,465	-	9,465
Net assets released from restrictions	67,645	(67,645)	-
Total revenue, support, and gains	2,024,137	(3,611)	2,020,526
Expenses			
Program services			
Ministry	1,844,961	-	1,844,961
Supporting services			
Management and general	140,669	-	140,669
Fundraising	115,091	-	115,091
Total expenses	2,100,721	-	2,100,721
Change in Net Assets	(76,584)	(3,611)	(80,195)
Net Assets, Beginning of Year	3,695,172	61,054	3,756,226
Net Assets, End of Year	$ 3,618,588	$ 57,443	$ 3,676,031

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains			
Contributions	$ 1,901,457	$ 96,810	$ 1,998,267
Net investment return	(205,922)	-	(205,922)
Gift shop sales	12,172	-	12,172
Less cost of goods sold	(8,286)	-	(8,286)
Net gift shop sales	3,886	-	3,886
Other	18,115	-	18,115
Net assets released from restrictions	53,666	(53,666)	-
Total revenue, support, and gains	1,771,202	43,144	1,814,346
Expenses			
Program services			
Ministry	1,576,735	-	1,576,735
Supporting services			
Management and general	135,592	-	135,592
Fundraising	110,939	-	110,939
Total expenses	1,823,266	-	1,823,266
Change in Net Assets	(52,064)	43,144	(8,920)
Net Assets, Beginning of Year	3,747,236	17,910	3,765,146
Net Assets, End of Year	$ 3,695,172	$ 61,054	$ 3,756,226

	Program Services			
	Ministry	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 865,777	$ 119,044	$ 97,400	$ 1,082,221
Direct program expenses	353,898	-	-	353,898
Credit losses	212,364	-	-	212,364
M28 Alliance	174,340	-	-	174,340
Depreciation	72,750	10,003	8,184	90,937
Travel	38,356	-	-	38,356
Gift shop cost of goods sold	15,753	-	-	15,753
Utilities	32,385	4,453	3,643	40,481
Mission travel	31,791	-	-	31,791
Interest	29,833	4,102	3,356	37,291
Technology	16,341	2,247	1,838	20,426
Advertising	11,167	-	-	11,167
Insurance	5,959	820	670	7,449
	1,860,714	140,669	115,091	2,116,474
Less expenses included with revenues on the statement of activities				
Gift shop cost of goods sold	(15,753)	-	-	(15,753)
Total expenses included in the expense section on the statement of activities	$ 1,844,961	$ 140,669	$ 115,091	$ 2,100,721

	Program Services			
	Ministry	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 814,719	$ 112,024	$ 91,656	$ 1,018,399
Direct program expenses	339,139	-	-	339,139
M28 Alliance	167,907	-	-	167,907
Gift shop cost of goods sold	8,286	-	-	8,286
Mission travel	38,535	-	-	38,535
Depreciation	72,390	9,954	8,144	90,488
Advertising	11,491	-	-	11,491
Insurance	5,735	789	645	7,169
Travel	33,544	-	-	33,544
Technology	24,352	3,348	2,740	30,440
Utilities	30,507	4,195	3,432	38,134
Interest	38,416	5,282	4,322	48,020
	1,585,021	135,592	110,939	1,831,552
Less expenses included with revenues on the statement of activities Gift shop cost of goods sold	(8,286)	-	-	(8,286)
Total expenses included in the expense section on the statement of activities	$ 1,576,735	$ 135,592	$ 110,939	$ 1,823,266

	2023	2022
Operating Activities		
Change in net assets	$ (80,195)	$ (8,920)
Adjustments to reconcile change in net assets to cash from operating activities		
Depreciation	90,937	90,488
Realized and unrealized (gain) loss on investments	(143,266)	224,971
Credit losses	212,364	-
Changes in operating assets and liabilities		
Employee retention credit (ERC) receivable	-	(212,364)
Accounts payable	4,069	22,815
Accrued expenses	(8,120)	42,082
Net Cash from Operating Activities	75,789	159,072
Investing Activities		
Purchases of investments	(532,209)	(372,488)
Proceeds from sale of investments	679,370	353,440
Purchases of property and equipment	(16,148)	(16,148)
Net Cash from (used for) Investing Activities	131,013	(35,196)
Financing Activities		
Principal payments on note payable	(126,673)	(117,815)
Net Cash used for Financing Activities	(126,673)	(117,815)
Net Change in Cash	80,129	6,061
Cash, Beginning of Year	292,063	286,002
Cash, End of Year	$ 372,192	$ 292,063
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	$ 41,540	$ 48,324

Note 1 - Principal Activity and Significant Accounting Policies

The Rock Church (the Church) is a Utah nonprofit corporation. The Church is a nondenominational Christian church located in the Draper area of Utah. The Church is a community where Jesus Christ is worshipped, teachings from the Bible are shared, and the Gospel is incorporated into everyday life. All types of people from all kinds of religious and nonreligious backgrounds comprise the congregation. The Church is a member of a larger association of churches known as the M28 Alliance.

Cash

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Property and Equipment

Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at $10,000 of qualified wages through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at $7,000 per quarter. As a result of the changes to the credit, the maximum credit per employee increased from $10,000 in 2020 to $21,000 in 2021.

During the year ended December 31, 2022, the Church elected to account for the credits by applying FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this method, the Church recorded contribution revenue when the contribution was deemed to be unconditional, that is when there was no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. During 2022, the Church determined that the contribution was unconditional.

During the year ended December 31, 2023, the Church recorded an allowance for credit losses of $212,364 related to the credit because of uncertainty regarding whether the funds will be received.

Changes in the allowance for credit losses for the credit are as follows for the year ended December 31, 2023:

Allowance for Credit Losses, Beginning of Year	$ -
Provision for credit losses	212,364
Allowance for Credit Losses, End of Year	$ 212,364

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Church reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions. The Church reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Revenue and Revenue Recognition

Gift shop sales are recognized at the time of purchase.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At December 31, 2023, there are no conditional contributions.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to The Church's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation (Note 7). The Church records donated professional services at the respective fair values of the services received.

Advertising Costs

Advertising costs are expensed as incurred and totaled $11,167 and $11,491 during the years ended December 31, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square footage basis, as well as salaries and benefits, insurance, technology, utilities, and interest, which are allocated on the basis of time and effort.

Income Taxes

The Church is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes as a religious organization and qualifies for the charitable contribution deduction. The Church is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. As an exempt religious organization, the Church is not required to file a form 990. The Church has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Church believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Church would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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 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 and those differences could be material.

Financial Instruments and Credit Risk

The Church manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2023 and 2022, the Church had approximately $85,000 and $50,000, respectively, in excess of FDIC-insured limits. To date, the Church has not experienced losses in any of these accounts.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Adoption of Accounting Standards Codification Topic 326

As of January 1, 2023, the Church adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts.

The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Church adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. As a result of the adoption of the new credit loss guidance, there was no cumulative effect adjustment to net assets. The adoption of the new standard did not materially impact the Church's statements of activities, statements of functional expenses or statements of cash flows.

Subsequent Events

Management has evaluated subsequent events through June 11, 2024, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2,022
Cash	$ 314,749	$ 231,009
Investments	1,253,173	1,257,068
	$ 1,567,922	$ 1,488,077

As part of a liquidity management plan, cash in excess of daily requirements is invested in accordance with the Church's investment policies established by the board of directors.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that The Church can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, The Church develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to The Church's assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of the Church's investments are classified within Level 1 because they are comprised of open-ended mutual fund investments with determinable fair values based on daily redemption values. The Church invests in U.S. Government obligations in the financial markets. These obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2.

The following summarizes financial assets measured at fair value on a recurring basis at December 31, 2023:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Cash and money market funds (at cost)	$ 17,262	$ -	$ -	$ -
Equities and options	247,997	247,997	-	-
U.S. Government obligations	282,339	-	282,339	-
Mutual funds	705,575	705,575	-	-
Total assets at fair value	$ 1,253,173	$ 953,572	$ 282,339	$ -

The following summarizes financial assets measured at fair value on a recurring basis at December 31, 2022:

	Fair Value Measurements at December 31, 2022			
	Total	Level 1	Level 2	Level 3
Operating investments				
Cash and money market funds (at cost)	$ 32,627	$ -	$ -	$ -
Equities and options	252,255	252,255	-	
U.S. Government obligations	181,095	-	181,095	
Annuities	114,523	114,523	-	
Mutual funds	676,568	676,568	-	
Total assets at fair value	$ 1,257,068	$ 1,043,346	$ 181,095	$ 2,481,509

Note 4 - Property and Equipment

Property and equipment consist of the following at December 31, 2023 and 2022:

	2023	2022
Land	$ 1,400,000	$ 1,400,000
Buildings	2,646,691	2,630,543
Equipment	20,919	20,919
	4,067,610	4,051,462
Less accumulated depreciation	(806,205)	(715,268)
	$ 3,261,405	$ 3,336,194

Note 5 - Note Payable

The Church has a note payable to a financial institution with required monthly installment payments of $12,406 through December 1, 2024, and all remaining unpaid principal and interest is due in January 2025. The note payable bears interest at 3.60%. The note is secured by the land and buildings. At December 31, 2023 and 2022 the note payable was $1,136,897 and $1,263,570, respectively.

Future maturities of the note payable are as follows:

Years Ending December 31,	
2024	$ 107,204
2025	1,029,693
	$ 1,136,897

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose:

	2023	2022
The Rock Music (TRM) Projects	$ 47,056	$ 38,733
Missions	10,387	22,321
	$ 57,443	$ 61,054

Note 7 - In-kind Contributions

During the year ended December 31, 2023, the Church received a contribution of a vehicle valued at $4,500, which is included in Ministry program expenses on the statement of functional expenses. No contributions of nonfinancial assets were received during the year ended December 31, 2022.

Note 8 - Related Party Transactions

Contributions from related parties, including employees and pastors, totaled $119,494 and $165,438, respectively, for the years ended December 31, 2023 and 2022.

Note 9 - Defined Contribution Retirement Plan

The Church sponsors a defined contribution retirement plan (the Plan). All full-time employees, after two years of service, are eligible to participate in the Plan. The Church provides base contributions of 4% of eligible wages, with an additional matching contribution of up to 3% of eligible wages. The Church contributed $64,954 and $46,877, respectively, to the Plan for the years ended December 31, 2023 and 2022.