

REVOLUTION.TV, INC.  
d/b/a REVOLUTION CHURCH



INDEPENDENT AUDITOR'S FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 – AUDITED



**DENNISON CPA**  
Church & Ministry Advisor

**REVOLUTION.TV, INC.**  
**d/b/a REVOLUTION CHURCH**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Revolution.TV, Inc. d/b/a Revolution Church  
Canton, Georgia

### **Opinion**

We have audited the accompanying financial statements of Revolution.TV, Inc. d/b/a Revolution Church (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Revolution.TV, Inc. d/b/a Revolution Church as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Revolution.TV, Inc. d/b/a Revolution Church and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Revolution.TV, Inc. d/b/a Revolution Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Revolution.TV, Inc. d/b/a Revolution 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 Revolution.TV, Inc. d/b/a Revolution 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.

#### **Report on Comparative Information**

We have previously audited Revolution.TV, Inc. d/b/a Revolution Church's December 31, 2020 financial statements, and our report dated July 9, 2021 expressed an unmodified opinion on those financial statements. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Dennison CPA, PC*

Saint Cloud, Minnesota  
May 5, 2022

# REVOLUTION.TV, INC. d/b/a REVOLUTION CHURCH

(a not-for-profit corporation)  
Statement of Financial Position  
As of December 31,

	<b><u>ASSETS</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	6,414,208	3,503,386
Investments	102,228	-
Total Current Assets	6,516,436	3,503,386
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Furniture & equipment	1,694,608	1,681,409
Building & improvements	12,777,245	8,710,801
Operating lease right-of-use asset	15,856	-
Construction in progress	-	4,061,061
Land & improvements	1,923,243	1,923,243
Less: Accumulated depreciation	(3,369,953)	(2,880,912)
Total Property & Equipment	13,040,999	13,495,602
<b><u>TOTAL ASSETS</u></b>	<b><u>19,557,436</u></b>	<b><u>16,998,988</u></b>
	<b><u>LIABILITIES AND NET ASSETS</u></b>	
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable & accrued expenses	40,871	14,692
Payroll liabilities	80,452	41,697
Credit cards payable	28,732	38,144
Current portion of Operating lease right-of-use liability	5,064	-
Current portion of capital lease obligation	40,205	38,195
Current portion of mortgage/note payable	226,651	217,348
Total Current Liabilities	421,975	350,076
<b><u>LONG-TERM LIABILITIES</u></b>		
Operating lease right-of-use liability - net	10,792	-
Capital lease obligation - net	45,346	85,551
Mortgage/notes payable - net	6,984,100	7,596,189
Total Long-term Liabilities	7,040,238	7,681,740
<b><u>TOTAL LIABILITIES</u></b>	<b><u>7,462,213</u></b>	<b><u>8,031,816</u></b>
<b><u>NET ASSETS</u></b>		
Without donor restrictions		
Undesignated	6,366,382	3,408,853
Net investment in land, buildings and equipment net of related debt	5,728,841	5,558,319
Total net assets without donor restrictions	12,095,223	8,967,172
With donor restrictions	-	-
Total Net Assets	12,095,223	8,967,172
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>19,557,436</u></b>	<b><u>16,998,988</u></b>

# REVOLUTION.TV, INC. d/b/a REVOLUTION CHURCH

(a not-for-profit corporation)

## Statement of Activities

For the Years Ended December 31,

	2021	2020
<b><u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>		
<b><u>SUPPORT AND REVENUE</u></b>		
Tithes & Offerings	7,139,183	4,810,252
Program Fees	111,435	9,508
Misc. Income	401,832	28,524
Investment & Interest Income	20,238	1,156
Total Support and Revenue	7,672,688	4,849,440
Net assets released from donor restrictions		
Restrictions satisfied by payments/time	-	163,603
Total Support and Reclassifications	7,672,688	5,013,043
<b><u>FUNCTIONAL EXPENSES</u></b>		
Ministry & Worship	3,384,164	2,874,467
Missions & Outreach	330,200	149,283
Management and General	830,273	947,143
Fundraising and Development	-	-
Total Expenses	4,544,637	3,970,892
Increase (decrease) in net assets	3,128,050	1,042,151
<b><u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u></b>		
Restricted contributions	-	93,270
Net assets released from donor restriction	-	(163,603)
Increase (decrease) in net assets with donor restriction	-	(70,333)
Increase (decrease) in net assets	3,128,050	971,817
<b><u>Net Assets, Beginning Period</u></b>	8,967,172	7,995,355
<b><u>Net Assets, Ending Period</u></b>	12,095,223	8,967,172

# REVOLUTION.TV, INC. d/b/a REVOLUTION CHURCH

(a not-for-profit corporation)

## Statement of Cash Flows

For the Years Ended December 31,

<b><u>OPERATING ACTIVITIES</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Change in net assets	3,128,050	971,817
Adjustments to reconcile net assets to net cash provided by operating activities		
Amortization - deferred loan costs	10,144	10,144
Depreciation	489,041	411,969
(Increase) decrease in operating assets:		
Investments	(102,228)	-
Increase (decrease) in operating liabilities:		
Accounts payable & accrued expenses	26,179	(72,784)
Credit cards payable	38,755	19,007
Payroll liabilities	(9,412)	4,629
Net cash provided by operating activities	<u>3,580,528</u>	<u>1,344,783</u>
<b><u>INVESTING ACTIVITIES</u></b>		
Building improvements	(5,382)	(1,451)
Construction in progress	-	(1,233,411)
Acquisition of furniture, fixtures & equipment	(13,199)	(76,457)
Net cash flows from investing activities	<u>(18,581)</u>	<u>(1,311,320)</u>
<b><u>FINANCING ACTIVITIES</u></b>		
Capital lease obligation	(38,195)	(36,285)
Cash paid towards mortgage payable	(218,330)	(49,946)
Change in notes payable	(394,600)	394,600
Net cash flows from financing activities	<u>(651,125)</u>	<u>308,369</u>
<b><u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<u>2,910,822</u>	<u>341,832</u>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING</u></b>	<u>3,503,386</u>	<u>3,161,553</u>
<b><u>CASH AND CASH EQUIVALENTS - ENDING</u></b>	<u>6,414,208</u>	<u>3,503,386</u>
<b><u>Supplemental Information - Cash paid for:</u></b>		
Interest expense	<u>292,907</u>	<u>335,844</u>

# REVOLUTION.TV, INC. d/b/a REVOLUTION CHURCH

(a not-for-profit corporation)

Statement of Functional Expenses

For the Year Ended December 31, 2021

	Program			Supporting Services			Total
	Ministry & Worship	Missions & Outreach	Total Program Services	Management and General	Fundraising and Development	Total Supporting Activities	
Advertising	48,006	-	<b>48,006</b>	-	-	-	<b>48,006</b>
Bank fees	-	-	-	59,351	-	<b>59,351</b>	<b>59,351</b>
Depreciation	465,424	-	<b>465,424</b>	23,617	-	<b>23,617</b>	<b>489,041</b>
Donations	4,200	194,905	<b>199,105</b>	-	-	-	<b>199,105</b>
Events	61,039	24,556	<b>85,595</b>	-	-	-	<b>85,595</b>
Interest	288,415	-	<b>288,415</b>	14,635	-	<b>14,635</b>	<b>303,050</b>
Maintenance & repairs	-	-	-	61,215	-	<b>61,215</b>	<b>61,215</b>
Operations	105,999	7,903	<b>113,902</b>	30,091	-	<b>30,091</b>	<b>143,994</b>
Professional fees	-	515	<b>515</b>	10,083	-	<b>10,083</b>	<b>10,598</b>
Salaries & related benefits	1,797,281	-	<b>1,797,281</b>	432,572	-	<b>432,572</b>	<b>2,229,853</b>
Staff development	89,960	1,140	<b>91,099</b>	40,977	-	<b>40,977</b>	<b>132,076</b>
Supplies	203,570	4,091	<b>207,661</b>	136,705	-	<b>136,705</b>	<b>344,366</b>
Travel & conferences	40,554	97,091	<b>137,644</b>	6,835	-	<b>6,835</b>	<b>144,479</b>
Utilities	279,716	-	<b>279,716</b>	14,193	-	<b>14,193</b>	<b>293,909</b>
<b>Total Expenses</b>	<b>3,384,164</b>	<b>330,200</b>	<b>3,714,365</b>	<b>830,273</b>	<b>-</b>	<b>830,273</b>	<b>4,544,637</b>



# REVOLUTION.TV, INC. d/b/a REVOLUTION CHURCH

(a not-for-profit corporation)

## Statement of Functional Expenses

For the Year Ended December 31, 2020

	Program			Supporting Services			
	Ministry & Worship	Missions & Outreach	Total Program Services	Management and General	Fundraising and Development	Total Supporting Activities	Total
Advertising	-	-	-	46,668	-	46,668	46,668
Bank fees	-	-	-	48,302	-	48,302	48,302
Depreciation	392,075	-	392,075	19,895	-	19,895	411,969
Donations	-	148,665	148,665	-	-	-	148,665
Events	25,051	-	25,051	-	-	-	25,051
Interest	329,279	-	329,279	16,708	-	16,708	345,988
Maintenance & repairs	-	-	-	122,032	-	122,032	122,032
Operations	77,241	-	77,241	34,347	-	34,347	111,588
Professional fees	-	-	-	18,956	-	18,956	18,956
Salaries & related benefits	1,648,892	-	1,648,892	412,223	-	412,223	2,061,116
Staff development	22,448	-	22,448	7,949	-	7,949	30,397
Supplies	174,455	-	174,455	202,924	-	202,924	377,379
Travel & conferences	40,753	618	41,371	8,803	-	8,803	50,174
Utilities	164,272	-	164,272	8,336	-	8,336	172,607
<b>Total Expenses</b>	<b>2,874,467</b>	<b>149,283</b>	<b>3,023,749</b>	<b>947,143</b>	<b>-</b>	<b>947,143</b>	<b>3,970,892</b>

**NOTE 1 - NATURE OF ORGANIZATION:**

Revolution.TV, Inc., d/b/a Revolution (Organization) was organized and incorporated in the State of Georgia on May 18, 2004. The purpose of the Organization is to call people to commitment to Christ and His family, to lead believers in Christ-like character, to equip believers to care for others, and to engage believers in the cause of Christ in order to celebrate God. Ministries of the Organization include weekend worship services and classes, children's activities, youth groups, single adult fellowships, small group fellowships, and ministries to men, women, and families.

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code (code). The Organization is classified as a publicly supported organization rather than a private foundation under Section 509(a) of the code. Contributions to the Organization are deductible for federal income tax purposes.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of Reporting – Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) and include all activities carried on in the name of the Organization. Revenues and expenses are recognized in the period earned or incurred.

Net Assets

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 governing board has designated, 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.

The Organization has a policy to not accept restricted donations, therefore there were no net assets with donor restrictions as of December 31, 2021.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Cash & Cash Equivalents and Credit Risks

Organization cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions and has not experienced, nor does it anticipate, any losses with respect to such accounts.

Support, Revenue and Reclassifications

Contributions received are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net asset with donor restrictions is reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions that are met in the same reporting period are reported as unrestricted support.

Revenues are reported as income when earned. 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 are not recognized until the conditions on which they depend have been substantially met. Grants received in advance but not earned are reported as deferred grant revenue on the statement of financial position.

Although the Organization does receive indications of intent to support dedicated funds including capital campaigns, however those commitments are faith promises and subject to unilateral change by the donor. The commitments are not considered unconditional promises to give and are not reported prior to receipt of the contribution. Upon receipt, these funds are reported as donor-restricted capital campaign gifts.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The Organization incurred no joint costs for the years ended December 31, 2021 and 2020, respectively.

Reclassifications represent net assets released when expenses have been incurred in satisfaction of the donor restrictions.

Donated Services

Volunteers contribute significant amounts of time to our 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. No significant contributions of such goods or services were received during the years ended December 31, 2021 and 2020, respectively.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Advertising Costs

The Organization expenses advertising costs as they are incurred which totaled \$48,006 and \$46,668 for the years ended December 31, 2021 and 2020, respectively.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, equipment, and leasehold improvements in excess of \$500. In accordance with GAAP, land is not depreciated, and Construction-in-Progress is depreciated when it is completed and placed into service. Maintenance, repairs, and minor renewal are expensed when incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which generally are as follows:

Building & improvements	10 – 39 years
Furniture and equipment	3 – 10 years
Vehicles	5 years
Leasehold improvements	life of lease or useful life (whichever is shorter)

Depreciation expense totaled \$489,041 and \$411,969 for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based upon technical merits, that the position will be sustained upon examinations. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2021 and 2020, respectively, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Concentration of Support Risk

The Organization is primarily dependent upon contributions from its membership to meet expenses of operation and for the payment of principal and interest on debt, if any. Although management of the Organization expects contributions to be adequate, there can be no assurance that such contributions will be sufficient to meet the obligations. Also; there is no assurance that Organization membership will increase or remain stable, or that per capita contribution by members will increase or remain stable. Support of the Organization comes primarily from tithes and offering concentrated in the Canton, Georgia and surrounding geographical area.

Fair Value of Financial Instruments

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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 or liability, 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 or liability 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 or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

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

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

Fair Value of Financial Instruments

The following table presents assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>				
Investments	102,228	-	-	102,228
Total Financial Assets Fair Values	102,228	-	-	102,228

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Subsequent Events

Organization management has evaluated subsequent events through the report date, the date on which the financial statements were available to be issued, and found no events or transactions, which require modification to the financial statements. Subsequent events after that date have not been evaluated.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12-months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Recently adopted accounting standards

In 2021, The Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2020). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, The Organization recognized right-of-use assets of \$15,856 and lease liabilities totaling \$15,856 in its statement of financial position as of December 31, 2021. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2021.

**NOTE 3 – LIQUIDITY AND AVAILABILITY:**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of the Organization's cash and shows cash generated by operations for fiscal years ending December 31, 2021 and 2020.

**REVOLUTION.TV, INC. d/b/a REVOLUTION CHURCH**  
**Notes to the Financial Statements**  
**December 31, 2021 and 2020**

**NOTE 3 – LIQUIDITY AND AVAILABILITY: (continued)**

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 the following:

	12/31/2021	12/31/2020
Cash and cash equivalents	\$ 6,414,208	\$ 3,503,386
Operating investments	102,228	-
Total financial assets	<u>6,516,436</u>	<u>3,503,386</u>
Contractual or donor-imposed restrictions:	-	-
Board designations:	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,516,436</u>	<u>\$ 3,503,386</u>

**NOTE 4 – SHORT-TERM DEBT:**

The Organization has several unsecured credit cards with varying rates of interest. The Organization had \$28,732 and \$38,144 in outstanding credit card debt for the years ended December 31, 2021 and 2020, respectively.

**NOTE 5 – LONG-TERM DEBT:**

Long-Term Debt consisted of the following amounts as of December 31:

	2021	2020
The Organization executed a \$7,500,000 first mortgage promissory note on December 12, 2016 with Thrivent Financial for Lutherans with an annual interest rate of 3.875%. The proceeds were used to refinance existing mortgage bond debt and to fund future construction of a new worship facility in Jasper, GA. The terms of the promissory note require monthly payments of \$41,765 with potential rate adjustments on December 15, 2023, 2030 & 2037 with a maturity date of December 15, 2042. Church real estate is held as collateral for this mortgage note.	\$ 7,210,751	\$ 7,429,080
The Organization executed a \$394,600 unsecured promissory note on April 13, 2020 in conjunction with the Paycheck Protection Program. The promissory note was forgiven during 2021.	-	394,600
	<u>7,210,751</u>	<u>7,823,680</u>
Less unamortized debt issuance costs	-	(10,144)
Less current portion of debt	<u>(226,651)</u>	<u>(217,348)</u>
Debt-net of current portion	<u>\$ 6,984,100</u>	<u>\$ 7,596,189</u>

**NOTE 5 – LONG-TERM DEBT:**

For years subsequent to 2021, long-term liabilities mature based upon the following schedule:

<u>Years Ending December 31,</u>	
2022	\$ 226,651
2023	235,592
2024	244,885
2025	254,544
2026	264,585
Thereafter	5,984,494
	<u>\$ 7,210,751</u>

Interest expense totaled \$284,026 and \$310,861 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 6 – INVESTMENTS**

The following is a summary of investments as of December 31, 2021:

	<u>2021</u>
Cash and equivalents	\$ 302
Equities	101,926
Total	<u>\$ 102,228</u>

**NOTE 7 – RETIREMENT PLAN:**

The Organization offers a defined contribution plan under IRS Section 403(b) for the benefit of its eligible employees. The program covers eligible Organization employees who have met the minimum age and service requirements, as defined in the plan document. The Organization contributed approximately \$24,913 and \$52,165 to the plan during the years ended December 31, 2021 and 2020, respectively.

**NOTE 8 – OPERATING LEASES RIGHT-OF-USE:**

The Organization leases equipment under several noncancelable operating lease that expires on at various dates through 2026. The discount rate represents the risk-free discount rate using a period of comparable with that of the individual lease terms. The two lease agreements requires monthly combined payment(s) of \$444.54 per month until expiration. Discount rate on this lease was 2.00%.



**NOTE 8 – OPERATING LEASES RIGHT-OF-USE: (continued)**

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 5,064
2023	5,166
2024	2,378
2025	1,842
2026	1,406
Total	<u>\$ 15,856</u>

**NOTE 9 – CAPITAL LEASES:**

The Church entered into a \$183,884 capital lease on April 10, 2019 for audio/visual equipment. Monthly payments of \$3,539.39 are required until the end of the lease term on April 9, 2024. For years subsequent to 2021, minimum annual future rental interest payments under the lease agreements are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 40,205
2023	42,321
2024	3,024
Total	<u>\$ 85,550</u>

**NOTE 10 – FUNCTIONAL EXPENSES:**

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 occupancy expenses such as rent, utilities, mortgage interest, depreciation, and amortization, which are allocated on a square footage basis. Other expenses such as salaries & wages, benefits, payroll taxes, and other are allocated on the basis of estimates of time and effort.

**NOTE 11 – UNAMORTIZED DEBT ISSUANCE COSTS:**

The Organization incurred \$50,718 of debt issuance costs (closing costs, appraisal, title insurance, etc.) associated with the promissory note described in Note 5. These costs were fully amortized using the straight-line method over the term of the promissory note. Under FASB ASC 835-30-45-1A and -3, amortized debt issuance costs are reported as interest expense and totaled \$10,144 and \$10,144 for the years ended December 31, 2021 and 2020, respectively.