



BROOKWOOD CHURCH

Financial Statements  
With Independent Auditors' Report

September 30, 2021 and 2020

# BROOKWOOD CHURCH

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities–2021	4
Statement of Activities–2020	5
Statements of Cash Flows	6
Notes to Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

Advisory Committee  
Brookwood Church  
Simpsonville, South Carolina

We have audited the accompanying financial statements of Brookwood Church, which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Advisory Committee  
Brookwood Church  
Simpsonville, South Carolina

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookwood Church as of September 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Columbia, South Carolina  
December 16, 2021

# BROOKWOOD CHURCH

## Statements of Financial Position

	September 30,	
	2021	2020
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,096,317	\$ 1,764,368
Other assets	79,127	61,956
Property and equipment–net	16,074,246	16,476,484
<b>Total Assets</b>	<b>\$ 18,249,690</b>	<b>\$ 18,302,808</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 77,060	\$ 62,214
Accrued expenses	243,797	228,227
Deferred revenue	65,194	27,552
Capital lease obligation	118,903	31,046
Notes payable	-	8,978
<b>Total liabilities</b>	<b>504,954</b>	<b>358,017</b>
<b>Net assets:</b>		
Without donor restrictions	17,738,632	17,942,811
With donor restrictions	6,104	1,980
<b>Total net assets</b>	<b>17,744,736</b>	<b>17,944,791</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 18,249,690</b>	<b>\$ 18,302,808</b>

See notes to financial statements

# BROOKWOOD CHURCH

## Statement of Activities

Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 7,004,868	\$ 6,104	\$ 7,010,972
Program revenue	1,015,758	-	1,015,758
Grant revenue	108,000	-	108,000
Other income	(24,323)	-	(24,323)
Total Support and Revenue	8,104,303	6,104	8,110,407
<b>RECLASSIFICATIONS:</b>			
Net assets released from purpose restrictions	1,980	(1,980)	-
<b>EXPENSES:</b>			
Program services:			
Communicating with God	895,142	-	895,142
Caring for Others at Brookwood	968,990	-	968,990
Caring for Others–Community & World	1,712,995	-	1,712,995
Connecting with Christians–Families	2,808,415	-	2,808,415
Connecting with Christians–Discipleship	818,199	-	818,199
	7,203,741	-	7,203,741
Supporting activities:			
Management and general	1,106,721	-	1,106,721
Total Expenses	8,310,462	-	8,310,462
Change in Net Assets	(204,179)	4,124	(200,055)
Net Assets, Beginning of Year	17,942,811	1,980	17,944,791
Net Assets, End of Year	\$ 17,738,632	\$ 6,104	\$ 17,744,736

See notes to financial statements

# BROOKWOOD CHURCH

## Statement of Activities

Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 6,812,945	\$ 1,980	\$ 6,814,925
Program revenue	852,551	-	852,551
Grant revenue	902,969	-	902,969
Other income	3,247	-	3,247
Total Support and Revenue	<u>8,571,712</u>	<u>1,980</u>	<u>8,573,692</u>
<b>RECLASSIFICATIONS:</b>			
Net assets released from purpose restrictions	<u>8,230</u>	<u>(8,230)</u>	<u>-</u>
<b>EXPENSES:</b>			
Program services:			
Communicating with God	990,257	-	990,257
Caring for Others at Brookwood	1,003,036	-	1,003,036
Caring for Others–Community & World	1,676,257	-	1,676,257
Connecting with Christians–Families	2,658,561	-	2,658,561
Connecting with Christians–Discipleship	819,809	-	819,809
	<u>7,147,920</u>	<u>-</u>	<u>7,147,920</u>
Supporting activities:			
Management and general	1,243,012	-	1,243,012
Total Expenses	<u>8,390,932</u>	<u>-</u>	<u>8,390,932</u>
Change in Net Assets	189,010	(6,250)	182,760
Net Assets, Beginning of Year	<u>17,753,801</u>	<u>8,230</u>	<u>17,762,031</u>
Net Assets, End of Year	<u>\$ 17,942,811</u>	<u>\$ 1,980</u>	<u>\$ 17,944,791</u>

See notes to financial statements

# BROOKWOOD CHURCH

## Statements of Cash Flows

	Year Ended September 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (200,055)	\$ 182,760
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	625,381	632,973
Loss (gain) on disposal of property and equipment	26,626	(450)
Forgiveness of Paycheck Protection Program loan	-	(887,969)
Changes in operating assets and liabilities:		
Other assets	(17,171)	7,674
Accounts payable	14,846	48,610
Accrued expenses	15,570	62,980
Deferred revenue	37,642	3,637
Net Cash Provided by Operating Activities	502,839	50,215
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(131,078)	(129,961)
Proceeds from the sale of property and equipment	-	450
Net Cash Used by Investing Activities	(131,078)	(129,511)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on notes payable	(8,978)	-
Payments on capital lease obligation	(30,834)	(12,549)
Proceeds on Paycheck Protection Program loan	-	896,947
Net Cash (Used) Provided by Financing Activities	(39,812)	884,398
Net Change in Cash and Cash Equivalents	331,949	805,102
Cash and Cash Equivalents, Beginning of Year	1,764,368	959,266
Cash and Cash Equivalents, End of Year	\$ 2,096,317	\$ 1,764,368
<b>NONCASH INVESTING AND FINANCING ACTIVITY:</b>		
Paycheck Protection Program loan forgiveness	\$ -	\$ 887,969
Capital lease additions	\$ 118,691	\$ -

See notes to financial statements

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

Brookwood Church (Church), organized in 1994 in Greenville, South Carolina, is a nonprofit organization operating as a religious organization under the laws of the state of South Carolina. The Church is dedicated to encouraging each other toward a transformative relationship with Jesus, in addition to loving God and loving people by pursuing these tangible priorities: Communicating with God, Connecting with Christians, and Caring for Others.

The Church is supported primarily through contributions from the congregation, as well as tuition from a preschool that is operated by the Church. The Church is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law. Contributions to the Church are deductible from income taxes within the limitations prescribed by the Code. The Church is not a private foundation under Section 509(a)(1) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Church have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### USE OF ESTIMATES

The preparation of the Church's financial statements in conformity with accounting principles generally accepted in the United States 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 AND CASH EQUIVALENTS

The Church maintains cash and cash equivalents in financial institutions which may, at times, exceed federally insured limits. Deposits in excess of federally insured limits were \$1,804,616 and \$1,491,816 at September 30, 2021 and 2020, respectively. The Church has not experienced any losses on such accounts.

### PROPERTY AND EQUIPMENT

Items capitalized as property and equipment are stated at cost or, if donated, at fair value on the date of donation. The Church reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3-39 years. The Church generally capitalizes and reports property and equipment acquisitions in excess of \$5,000.

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets.

*Without donor restrictions* amounts are currently available at the discretion of the advisory committee for use in operations.

*With donor restrictions* amounts are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

#### REVENUES, EXPENSES, AND RECLASSIFICATIONS

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Church. Conditional promises to give with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

The Church reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statements of activities as satisfaction of purpose restrictions. The Church shows contributions and grants with restrictions whose restrictions are met in the same reporting period as contributions without restrictions on the statements of activities.

Donated goods (including securities, property, and equipment) are recorded at fair value at the date of the gift. The Church's policy is to convert donated securities to cash immediately upon receipt of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Church have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited (Note 8).

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARD

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The Church adopted the provisions of this new standard during the year ended September 30, 2021. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard did not have a material effect on the financial statements.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following represents the Church's financial assets as of September 30, 2021, and 2020, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

	September 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 2,096,317	\$ 1,764,368
Less board-designated capital reserve	(678,592)	(712,289)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,417,725</u>	<u>\$ 1,052,079</u>

As of September 30, 2021 and 2020, respectively, the Church has financial assets available to meet general expenditures equal to approximately 67 and 49 days of normal cash expenditures, which is calculated as total expenses less depreciation. In addition, the Church has a goal to maintain cash in the operating account that is 10% of the annual budget. Funds can be made available for general expenditure from the capital reserve account if the advisory team approves the action. As more fully described in Note 5, the Church also has a line of credit in the amount of \$3,000,000, which it could draw on in the event of an unanticipated liquidity need.

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consists of:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Buildings and building improvements	\$ 15,169,159	\$ 15,119,222
Land and land improvements	7,462,573	7,462,573
Equipment	6,019,317	5,893,459
Furniture and fixtures	1,279,414	1,268,443
Vehicles	68,404	71,756
	<u>29,998,867</u>	<u>29,815,453</u>
Less accumulated depreciation	<u>(13,924,621)</u>	<u>(13,338,969)</u>
Property and equipment–net	<u>\$ 16,074,246</u>	<u>\$ 16,476,484</u>

5. LINE OF CREDIT AND NOTE PAYABLE:

The Church has a \$3,000,000 line of credit that matures in June 2023. The balance of the line of credit was \$-0- at September 30, 2021 and 2020, respectively. Interest is due in monthly installments based on the 30-Day LIBOR rate plus 1.50%, which was 1.59% and 1.66% at September 30, 2021 and 2020, respectively. Debt is collateralized by buildings and land. Interest expense under this line of credit totaled \$-0- for the years ended September 30, 2021 and 2020, respectively. The Church is in compliance with all restrictive covenants as of September 30, 2021.

On April 12, 2020, the Church qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from a qualified lender, for an aggregate principal amount of approximately \$896,947. The principal amount of the PPP loan is subject to forgiveness under the Paycheck Protection Program upon the Church's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Church. The Church applied for and received forgiveness of the PPP loan with respect to these covered expenses in the amount of \$887,969, as all barriers had been met as of September 30, 2020. This was recorded as grant revenue in the statements of activities. The remaining \$8,978 was repaid in full in February 2021.

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

6. CAPITAL LEASES:

The Church is obligated under a capital lease that expires December 2025. Interest expense totaled \$7,903 and \$5,926 for the years ended September 30, 2021 and 2020, respectively. The gross amount of equipment and related accumulated amortization recorded under these capital leases was as follows:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Equipment	\$ 118,691	\$ 60,145
Less accumulated amortization	<u>(17,804)</u>	<u>(31,657)</u>
	<u>\$ 100,887</u>	<u>\$ 28,488</u>

Future minimum capital lease payments as of September 30, 2021, were:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2022	\$ 39,461
2023	31,763
2024	27,017
2025	27,017
2026	6,754
Thereafter	<u>-</u>
	132,013
Less amount representing interest	<u>(13,110)</u>
Present value of net minimum capital lease payments	<u>\$ 118,903</u>

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

7. NET ASSETS:

Net assets consist of:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Without donor restrictions:		
Undesignated	\$ 17,060,040	\$ 17,230,522
Board-designated capital reserve	<u>678,592</u>	<u>712,289</u>
	<u>17,738,632</u>	<u>17,942,811</u>
With donor restrictions:		
Missions trip	<u>6,104</u>	<u>1,980</u>
	<u>\$ 17,744,736</u>	<u>\$ 17,944,791</u>

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

### 8. FUNCTIONAL ALLOCATION OF EXPENSES:

In order to report the Church's expenses on a functional basis, the costs of providing various program services and supporting activities are allocated among the program services and supporting activities benefited. Salaries, taxes and benefits are allocated on a time estimate basis. Depreciation, repairs and maintenance, utilities and facilities costs are allocated based on square footage. All other natural classifications are allocated based upon an analysis of the specific activities, which is tracked through individual general ledger accounts.

Functional expenses by natural classification for the year ended September 30, 2021:

	<u>Program Activities</u>					<u>Total Program</u>	<u>Management and General</u>	<u>Total Expenses</u>
	<u>Communicating with God</u>	<u>Caring for Others at Brookwood</u>	<u>Caring for Others– Community &amp; World</u>	<u>Connecting with Christians– Families</u>	<u>Connecting with Christians– Discipleship</u>			
Salaries, taxes, benefits	\$ 686,342	\$ 750,098	\$ 372,085	\$ 1,794,571	\$ 425,433	\$ 4,028,529	\$ 857,724	\$ 4,886,253
Contributions to missions	-	-	1,226,439	-	-	1,226,439	-	1,226,439
Depreciation	53,908	74,233	29,455	326,136	117,447	601,179	24,202	625,381
Repairs and maintenance	5,080	1,648	813	7,351	2,607	17,499	537	18,036
Utilities	14,735	20,290	8,051	89,145	32,102	164,323	6,615	170,938
Facilities	32,454	44,690	17,733	196,344	70,706	361,927	14,570	376,497
Insurance	3,026	4,166	1,653	18,708	6,592	34,145	1,358	35,503
Information technology	6,207	8,547	3,392	37,552	13,523	69,221	2,787	72,008
Activities and supplies	1,467	9,692	18,809	179,076	118,338	327,382	-	327,382
Cost of bookstore and café resources sold	-	-	-	-	-	-	-	-
	(126)	-	-	-	6,160	6,034	-	6,034
Other expenses	92,049	55,626	34,565	159,532	25,291	367,063	198,928	565,991
	<u>\$ 895,142</u>	<u>\$ 968,990</u>	<u>\$ 1,712,995</u>	<u>\$ 2,808,415</u>	<u>\$ 818,199</u>	<u>\$ 7,203,741</u>	<u>\$ 1,106,721</u>	<u>\$ 8,310,462</u>

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

8. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

Functional expenses by natural classification for the year ended September 30, 2020:

	Program Activities					Total Program	Management and General	Total Expenses
	Communicating with God	Caring for Others at Brookwood	Caring for Others– Community & World	Connecting with Christians– Families	Connecting with Christians– Discipleship			
Salaries, taxes, benefits	\$ 748,375	\$ 772,161	\$ 395,450	\$ 1,822,150	\$ 415,762	\$ 4,153,898	\$ 900,082	\$ 5,053,980
Contributions to missions	-	-	1,186,205	-	-	1,186,205	-	1,186,205
Depreciation	54,562	75,134	29,813	330,095	118,872	608,476	24,496	632,972
Repairs and maintenance	23,267	1,689	670	7,421	2,844	35,891	551	36,442
Utilities	14,915	20,539	8,150	90,236	32,495	166,335	6,696	173,031
Facilities	36,097	49,706	19,723	218,381	78,642	402,549	16,206	418,755
Insurance	-	-	-	404	-	404	37,632	38,036
Information technology	-	-	-	-	-	-	70,170	70,170
Activities and supplies	-	15,007	9,085	93,168	140,989	258,249	-	258,249
Cost of bookstore and café resources sold	-	-	-	-	-	-	-	-
	10,636	-	-	-	13,944	24,580	-	24,580
Other expenses	102,405	68,800	27,161	96,706	16,261	311,333	187,180	498,513
	<u>\$ 990,257</u>	<u>\$ 1,003,036</u>	<u>\$ 1,676,257</u>	<u>\$ 2,658,561</u>	<u>\$ 819,809</u>	<u>\$ 7,147,920</u>	<u>\$ 1,243,013</u>	<u>\$ 8,390,933</u>

# BROOKWOOD CHURCH

## Notes to Financial Statements

September 30, 2021 and 2020

9. EMPLOYEE BENEFITS:

The Church has a defined contribution retirement plan for its employees through GuideStone Financial Resources. All pastors and full-time employees are eligible for the program. The Church makes contributions of up to 5% of the employee's salary on behalf of eligible employees. The total retirement expenses for the years ended September 30, 2021 and 2020, were \$123,815 and \$131,517, respectively.

10. RELATED PARTY TRANSACTIONS:

During the year ended September 30, 2020, the Church donated to a nonprofit organization that was managed by a relative of a trustee of the Church. The Church donated \$864,000 to this organization during the year ended September 30, 2020.

The Church received \$148,072 and \$138,347 in contributions from members of the advisory committee and senior management during the years ended September 30, 2021 and 2020, respectively.

11. EMPLOYEE WELFARE PLAN:

The Church has an employee welfare plan that provides health benefits to its employees. The plan is administered by an insurance provider, but partial liability for benefits is retained by the Church. The Church chose a high deductible plan and provides partial payments of the deductible. The Church pays claims falling between \$1,401-\$2,400 for individuals and \$2,701-\$4,600 for families. Claims paid by the Church are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported. The liability is included with accrued expenses and the liability as of September 30, 2021 and 2020, was \$8,808 and \$7,045, respectively.

12. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Church for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

13. SUBSEQUENT EVENTS:

Subsequent events were evaluated through December 16, 2021, which represents the date the financial statements were available to be issued.