

WORD TABERNACLE CHURCH

FINANCIAL STATEMENTS

**For The Year Ended
December 31, 2022**

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Word Tabernacle Church

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December 31, 2022

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Flowers & Stanley, L.L.P.

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INDEPENDENT AUDITOR'S REPORT

Senior Pastor and Board of Directors
Word Tabernacle Church
821 Word Plaza
Rocky Mount, NC 27804

Opinion

We have audited the accompanying financial statements of Word Tabernacle Church (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expense, 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 Word Tabernacle Church as of December 31, 2022, 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 Word Tabernacle 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 Word Tabernacle 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 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 Word Tabernacle 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 Word Tabernacle 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.



Flowers & Stanley, L.L.P.
Tarboro, North Carolina
August 8, 2024

Financial Statements

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Word Tabernacle Church
Rocky Mount, North Carolina
Statement of Financial Position
December 31, 2022

Exhibit 1

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 907,317	\$ -	\$ 907,317
Sales Tax Receivable & Other	57,021	-	57,021
Notes Receivable-Related Party (current portion)	52,348	-	52,348
Total Current Assets	\$ 1,016,686	\$ -	1,016,686
Noncurrent Assets:			
Notes Receivable - Related Party	\$ 53,337	\$ -	\$ 53,337
Property and Equipment:			
Land	1,264,505	-	1,264,505
Buildings & Improvements	11,288,033	-	11,288,033
Furniture & Equipment	2,390,591	-	2,390,591
Vehicles	105,850	-	105,850
Total Property and Equipment	\$ 15,048,979	\$ -	\$ 15,048,979
Less accumulated depreciation	2,464,191	-	2,464,191
Net Property and Equipment	\$ 12,584,788	\$ -	\$ 12,584,788
Total Noncurrent Assets	\$ 12,638,125	\$ -	\$ 12,638,125
Total Assets	\$ 13,654,811	\$ -	\$ 13,654,811
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 144,472	\$ -	\$ 144,472
Accrued salaries and related expenses	122,365	-	\$ 122,365
Current maturities of long-term debt	227,133	-	227,133
Total Current Liabilities	\$ 493,970	\$ -	\$ 493,970
Long-Term Liabilities:			
Notes payable - net of current portion	6,122,744	-	\$ 6,122,744
Total Liabilities	\$ 6,616,714	\$ -	\$ 6,616,714
Net Assets:			
Without Donor Restrictions	\$ 7,038,097	\$ -	\$ 7,038,097
With Donor Restrictions	-	-	\$ -
Total Net Assets	\$ 7,038,097	\$ -	\$ 7,038,097
Total Liabilities and Net Assets	\$ 13,654,811	\$ -	\$ 13,654,811

See accompanying notes and accountant's report.

Word Tabernacle Church
Rocky Mount, North Carolina
Statement of Activities
Year Ended December 31, 2022

Exhibit 2

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Tithes and offerings	\$ 2,926,130	\$ -	\$ 2,926,130
Ministry income and missions	465,109	-	465,109
Pastoral support and appreciation	89,818	-	89,818
Thrive	-	156,380	156,380
Grant Income	449,776	80,513	530,289
Other Income	20,092	-	20,092
Interest income	3,159	-	3,159
Total	<u>\$ 3,954,084</u>	<u>\$ 236,893</u>	<u>\$ 4,190,977</u>
Net Assets released from restrictions	274,136	(274,136)	-
Total Revenues and Other Support	<u>\$ 4,228,220</u>	<u>\$ (37,243)</u>	<u>\$ 4,190,977</u>
Expenses:			
Word Tabernacle Church	\$ 889,401	\$ -	\$ 889,401
Business Operations	953,328	-	953,328
College Childhood & Career (C3) Success	244,878	-	244,878
Faith & Family	281,817	-	281,817
Community & Collaborartion	317,839	-	317,839
Performing Arts & Worship	240,422	-	240,422
Culinary Arts	23,800	-	23,800
Health & Wellness	26,973	-	26,973
Media & Broadcasting	136,558	-	136,558
Leadership Development & Capacity Bldg	346,161	-	346,161
The Impact Academy	296,780	-	296,780
Total Expenses	<u>\$ 3,757,957</u>	<u>\$ -</u>	<u>\$ 3,757,957</u>
Change in Net Assets	470,263	(37,243)	433,020
Net Assets,			
Beginning of year	6,567,834	37,243	6,605,077
End of year	<u>\$ 7,038,097</u>	<u>\$ -</u>	<u>\$ 7,038,097</u>

See accompanying notes and accountant's report.

**Word Tabernacle Church
Rocky Mount, North Carolina
Statement of Functional Expense
For the Year Ended December 31, 2022**

Exhibit 3

	<u>WTC</u>	<u>Business Operations</u>	<u>C3 - Success</u>	<u>Faith & Family</u>	<u>Community & Collaboration</u>
Salaries & related expenses	\$ 25,161	\$ 429,043	\$ 186,946	\$ 179,624	\$ 264,030
Office & occupancy	31,846	378,391	3,828	7,307	5,641
Contract & professional services	11,511	115,237	-	21,993	3,729
Ministry & outreach	59,715	30,554	50,840	68,635	44,190
Training & education	-	103	2,690	1,282	249
Travel & lodging	-	-	574	2,976	-
Mortgage interest	214,238	-	-	-	-
Depreciation	546,930	-	-	-	-
Total Expenses	<u>\$ 889,401</u>	<u>\$ 953,328</u>	<u>\$ 244,878</u>	<u>\$ 281,817</u>	<u>\$ 317,839</u>

See accompanying notes and accountant's report.

**Word Tabernacle Church
Rocky Mount, North Carolina
Statement of Functional Expense
For the Year Ended December 31, 2022**

Exhibit 3

Performing Arts & Worship	Culinary Arts	Health & Wellness	Media & Broadcasting	Leadership Dev. & Capacity Building	The Impact Academy	Total
\$ 221,153	\$ 920	\$ 15,020	\$ 83,961	\$ 289,345	\$ 211,792	\$ 1,906,995
1,914	9,982	2,056	15	593	22,775	464,348
6,257	1,204	32	37,400	9,633	330	207,326
10,943	11,694	9,755	15,182	12,341	31,731	345,580
135	-	110	-	27,443	2,523	34,535
20	-	-	-	6,806	-	10,376
-	-	-	-	-	27,629	241,867
-	-	-	-	-	-	546,930
<u>\$ 240,422</u>	<u>\$ 23,800</u>	<u>\$ 26,973</u>	<u>\$ 136,558</u>	<u>\$ 346,161</u>	<u>\$ 296,780</u>	<u>\$ 3,757,957</u>

See accompanying notes and accountant's report.

**Word Tabernacle Church
Rocky Mount, North Carolina
Statement of Cash Flows
Indirect Method
Year Ended December 31, 2022**

Exhibit 4

Cash Flows From Operating Activities:

Change in net assets	\$ 433,020
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation writeoff	546,930
(Increase) Decrease in:	
Receivables and advances	(4,274)
Increase (Decrease) in:	
Accounts payable and accrued expenses	(62,500)
Accrued salaries and related expenses	(8,130)
Net Cash Provided by Operating Activities	\$ 905,046

Cash Flows From Investing Activities:

Purchase of property and equipment	\$ (687,139)
Proceeds from sale of property and equipment	-
Net Cash Provided (Used) by Investing Activities	\$ (687,139)

Cash Flows From Financing Activities:

Principal payments on long-term debt	\$ (140,754)
Principal collected on related party debt	51,377
Net Cash Provided (Used) by Financing Activities	\$ (89,377)

Net Increase (Decrease) in Cash	128,530
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Cash:

Beginning of year	778,787
End of year	\$ 907,317

Supplemental Disclosures of Cash Flow Information:

Cash payment for interest during fiscal year	\$ 241,867
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See accompanying notes and accountant's report.

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Notes to Financial Statements

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**Word Tabernacle Church
Rocky Mount, North Carolina
Notes to the Financial Statement
For the Year Ended December 31, 2022**

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

Word Tabernacle Church is a non-profit organization, incorporated as a religious corporation whose purpose is “to invest in people, improve the community, influence the region and impact the world spiritually, morally, socially, culturally and economically.” The Church was incorporated pursuant to §55A-2-02 of the General Statutes of North Carolina.

As a cooperating Church of the Baptist State Convention of North Carolina, Word Tabernacle qualified for tax-exempt status on September 7, 2006, and as an independent tax-exempt organization on September 11, 2015, and therefore is exempt from federal income taxes. As such, no provision for income taxes is included in these financial statements.

Contributions

Public support consists primarily of congregation tithes and offerings and capital project donations from private foundations and personal contributions. Contributions in the form of tithes and offerings are considered to be unrestricted unless restricted by the donor.

Thrive contributions totaled \$156,380 during the year. These donations are restricted for capital improvements. When donor restrictions are met, restricted net assets are released to unrestricted net assets and reported as net assets released from restrictions. At December 31, 2022, all restrictions for Thrive capital improvements were met and funds were released to unrestricted.

Basis of Accounting

The Church’s policy is to prepare financial statements on the accrual basis of accounting whereby revenue is recognized when earned and realizable.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Church is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, as applicable. Without donor restrictions net assets are net assets that are not restricted by donor-imposed stipulations.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Church considers all cash to be cash equivalents.

Word Tabernacle Church
Rocky Mount, North Carolina
Notes to the Financial Statement
For the Year Ended December 31, 2022

Financial Risk

The Church maintains cash in bank deposit accounts which exceed federally insured limits. Deposits exceed FDIC insurance coverage by \$381,865 at December 31, 2022. The Church has not experienced losses in such accounts and believes it is not exposed to any significant credit risk.

Pledges and Promises to Give

It is the Church's policy that all outstanding pledges and promises to give expire at year end. These pledges do not roll over to the next calendar year.

Accounts Receivable

Accounts Receivable at year end includes sales tax receivable both applied for and accrued subsequent to year-end.

Note 2 - Property and Equipment/Depreciation

Property and equipment are recorded at cost if purchased and fair value if contributed. Property and equipment are capitalized if they are in excess of \$5,000, otherwise, they are expensed. These costs are accumulated and capitalized quarterly. Assets are depreciated under the straight-line method over their estimated economic useful lives as follows:

Buildings	40 years
Furniture and Equipment	7 years
Vehicles	7 years

Depreciation expense for the year totaled \$546,930.

**Word Tabernacle Church
Rocky Mount, North Carolina
Notes to the Financial Statement
For the Year Ended December 31, 2022**

Note 3 – Liabilities

The first loan agreement with Mechanics and Farmers Bank is for \$6,000,000 at 3.75%. The debt schedule is for interest only for twelve (12) months with principal and interest payments beginning on May 28, 2022 for 59 months at \$35,746 with a balloon payment due on April 28, 2027. The loan is collateralized with all real property of the Church. Loan covenants for this note were met.

On November 15, 2022 the Church took out a second loan with Mechanics and Farmers Bank for \$500,000 at 5.25%. The debt schedule is for 35 equal and consecutive monthly payments of principal and interest and one final payment of all remaining principal and interest. The loan is collateralized by real property of the Church and life insurance on the Senior Pastor. Loan covenants for this note were met.

The future scheduled maturity on the debt balance of \$6,349,877 at December 31, 2022 is payable as follows:

	Principal	Interest	Total
2023	\$ 227,133	\$ 241,631	\$ 468,764
2024	236,017	232,748	468,765
2025	699,965	221,519	921,484
2026	238,520	190,432	428,952
2027	4,948,242	61,472	5,009,714
Next 5 Years	-	-	-
 Total:	\$ 6,349,877	\$ 947,802	\$ 7,297,679

Accrued Payroll

The Church disburses payroll on or near the 15th of each month. As of December 31, 2022, the payroll (and related expenses) for December was payable on January 15, 2022 in the amount of \$109,510.

As of December 31, 2022 the Church has no policy for carryover of any unused Paid Time Off (PTO). Any unused accrued vacation expires at year end.

**Word Tabernacle Church
Rocky Mount, North Carolina
Notes to the Financial Statement
For the Year Ended December 31, 2022**

Note 4 – Classes of Net Assets

In accordance with Statement of Financial Accounting Standard for Not-for-Profit Organizations, the Church reports information regarding its financial position and activities according to two classes of net assets:

Without Donor Restrictions – Net assets that are not restricted by contributors. This may include net assets whose use is limited by internally imposed restrictions.

With Donor Restrictions – Net assets whose use by the organization has been limited by donors to later periods of time, after specific dates, after fulfillment of specific requirements or for specific purposes. Upon fulfillment of all donor limitations, the restricted net assets are released from restriction.

Note 5 – Commitments

There were no unfinished construction contracts or material commitments at December 31, 2022.

Note 6 – Salaries, Benefits and Related Expenses

Expenses are reported on a functional basis according to the purposes for which they occur. Salaries and benefits for the year were \$1,906,995.

Employees of the Church may participate in an Internal Revenue Code Section 403(b) tax deferred retirement plan. The Church matches contributions up to 4%. Employer contributions for the year totaled \$26,069.

Note 7 – Functional Expense Classifications

Word Tabernacle Church (WTC) includes expenses not reported in any other division. The largest expenses included in this classification are depreciation and interest expense.

Statement of functional expense present the natural expenditure classification within functional expense divisions.

**Word Tabernacle Church
Rocky Mount, North Carolina
Notes to the Financial Statement
For the Year Ended December 31, 2022**

Note 8 – Related Party Transactions

In 2017 the Board approved the sale of real property on West Mount Drive in Rocky Mount, NC to Pastor Gailliard at the fair market value of \$400,000. The Board agreed to finance the sale for 8 years at \$50,000 per year plus interest at 1.89%. Balance due on the note receivable at December 31, 2022 was \$105,685.

Note 9 – Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require 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 revenue and expenses during the reported period. Actual results could differ from those estimates. Estimates that have the most impact on financial position and result of operations relate to the estimated useful life and depreciation write-off of capital assets. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Note 10 – Liquidity & Funds Available

The Church regularly monitors liquidity required to meet its operating needs and other financial commitments.

Financial assets for general expenditure available within one year from December 31, 2022 are as follows:

Cash & Cash Equivalents	\$	907,317
Receivables		57,021
Notes Receivable-Current Portion		52,348
Total Financial Assets	\$	1,016,686
Less amounts unavailable for general expenditures within one year:		
Donor Restricted Cash		-
Unrestricted Financial Assets	\$	1,016,686

As part of the Church’s liquidity management, it is policy to strengthen its financial assets to be available as its general expenditures, liabilities and other obligations come due. Excess cash is generally held in savings accounts until required for operations costs.

Note 11 – Subsequent Events

The Church has evaluated subsequent events through the date the financial statements were available for issuance, which is the date of the Auditor’s report. There were no significant subsequent events other than continued renovation and real property upgrades.

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