

Flowers & Stanley, L.L.P.

Certified Public Accountants

3403 North Main Street – Tarboro, North Carolina 27886

Phone: 252-823-3125 Fax: 252-823-3201

Charles R. Flowers Jr., CPA
Michael L. Stanley, CPA

Eric B. Harrell, CPA

Members
North Carolina Association of
Certified Public Accountants

American Institute of
Certified Public Accountants

August 08, 2022

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

We have audited the financial statements of the Word Tabernacle Church, Rocky Mount, North Carolina for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 22, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Word Tabernacle Church are described in the notes to the financial statements. We noted no transactions entered into by the Church during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Word Tabernacle Church's financial statements were:

Management's estimates used for determining useful life and depreciation of capital assets.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Adjustments were typical year-end accruals.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 08, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Word Tabernacle Church's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Management and Board of Directors of the Word Tabernacle Church, is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,

Flowers & Stanley, LLP

Flowers & Stanley, L.L.P.
Tarboro, N.C.

WORD TABERNACLE CHURCH

FINANCIAL STATEMENTS

**For The Year Ended
December 31, 2021**

Word Tabernacle Church

Table of Contents

December 31, 2021

<u>Report</u>		<u>Page</u>
	Independent Auditor's Report	1
<u>Exhibit</u>		
<u>Financial Statements</u>		
1	Statement of Financial Position	3
2	Statement of Activities	4
3	Statement of Functional Expense	5
4	Statement of Cash Flows	7
	Notes to the Financial Statements	8

Flowers & Stanley, L.L.P.

Certified Public Accountants

3403 North Main Street – P. O. Box 579 - Tarboro, North Carolina 27886

Phone: 252-823-3125 Fax: 252-823-3201

Charles R. Flowers Jr., CPA
Michael L. Stanley, CPA

Eric B. Harrell, CPA

Members
North Carolina Association of
Certified Public Accountants

American Institute of
Certified Public Accountants

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, 2021, and the related statements of activities, functional 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 Word Tabernacle 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 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, 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.

Financial Statements

Word Tabernacle Church
Rocky Mount, North Carolina
Statement of Financial Position
December 31, 2021

Exhibit 1

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Current Assets:			
Cash:			
Checking Accounts	\$ 646,305	\$ 37,243	\$ 683,548
Savings Accounts	95,239	-	95,239
Sales Tax Receivable & Other	52,747	-	52,747
Notes Receivable-Related Party (current portion)	51,377	-	51,377
Total Current Assets	<u>\$ 845,668</u>	<u>\$ 37,243</u>	<u>882,911</u>
Noncurrent Assets:			
Notes Receivable - Related Party	\$ 105,685	\$ -	\$ 105,685
Property and Equipment:			
Land	1,264,505	-	1,264,505
Buildings & Improvements	10,880,402	-	10,880,402
Furniture & Equipment	2,111,083	-	2,111,083
Vehicles	105,850	-	105,850
Total Property and Equipment	<u>\$ 14,361,840</u>	<u>\$ -</u>	<u>\$ 14,361,840</u>
Less accumulated depreciation	1,917,261	-	1,917,261
Net Property and Equipment	<u>\$ 12,444,579</u>	<u>\$ -</u>	<u>\$ 12,444,579</u>
Total Noncurrent Assets	<u>\$ 12,550,264</u>	<u>\$ -</u>	<u>\$ 12,550,264</u>
Total Assets	<u>\$ 13,395,932</u>	<u>\$ 37,243</u>	<u>\$ 13,433,175</u>
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 206,972	\$ -	\$ 206,972
Accrued salaries and related expenses	130,495	-	\$ 130,495
Current maturities of long-term debt	137,464	-	137,464
Total Current Liabilities	<u>\$ 474,931</u>	<u>\$ -</u>	<u>\$ 474,931</u>
Long-Term Liabilities:			
Notes payable - net of current portion	6,353,167	-	\$ 6,353,167
Total Liabilities	<u>\$ 6,828,098</u>	<u>\$ -</u>	<u>\$ 6,828,098</u>
Net Assets:			
Without Donor Restrictions	\$ 6,567,834	\$ -	\$ 6,567,834
With Donor Restrictions	-	37,243	\$ 37,243
Total Net Assets	<u>\$ 6,567,834</u>	<u>\$ 37,243</u>	<u>\$ 6,605,077</u>
Total Liabilities and Net Assets	<u>\$ 13,395,932</u>	<u>\$ 37,243</u>	<u>\$ 13,433,175</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, 2021**

Exhibit 3

	<u>WTC</u>	<u>Business Operations</u>	<u>C3 - Success</u>	<u>Faith & Family</u>	<u>Community & Collaboration</u>
Salaries & related expenses	\$ 76,780	\$ 478,936	\$ 158,105	\$ 151,387	\$ 248,504
Office & occupancy	101,000	258,631	1,553	10,900	3,245
Contract & professional services	82,303	167,901	-	8,568	7,233
Ministry & outreach	85,202	29,176	48,100	64,359	36,827
Training & education	-	101	490	1,266	-
Travel & lodging	-	-	-	864	-
Mortgage interest	198,478	-	-	-	-
Depreciation	431,431	-	-	-	-
Total Expenses	<u>\$ 975,194</u>	<u>\$ 934,745</u>	<u>\$ 208,248</u>	<u>\$ 237,344</u>	<u>\$ 295,809</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, 2021**

Exhibit 4

Cash Flows From Operating Activities:

Change in net assets	\$ 815,839
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation writeoff	431,431
(Increase) Decrease in:	
Receivables and advances	103,002
Increase (Decrease) in:	
Accounts payable and accrued expenses	169,317
Accrued salaries and related expenses	21,108
Net Cash Provided by Operating Activities	\$ 1,540,697

Cash Flows From Investing Activities:

Purchase of capital assets and improvements	\$ (4,511,088)
Proceeds from sale of Fixed Assets	-
Net Cash Provided (Used) by Investing Activities	\$ (4,511,088)

Cash Flows From Financing Activities:

Principal payments on long-term debt	\$ (3,733,106)
Principal collected on related party debt	50,424
PPP loan proceeds	6,500,000
Net Cash Provided (Used) by Financing Activities	\$ 2,817,318

Net Increase (Decrease) in Cash	(153,073)
---------------------------------	-----------

Cash:

Beginning of year	931,860
End of year	\$ 778,787

Supplemental Disclosures of Cash Flow Information:

Cash payment for interest during fiscal year	\$ 205,624
--	------------

See accompanying notes and accountant's report.

**Word Tabernacle Church
Rocky Mount, North Carolina
Notes to the Financial Statement
For the Year Ended December 31, 2021**

Financial Risk

The Church maintains cash in bank deposit accounts which exceed federally insured limits. Deposits exceed FDIC insurance coverage by \$398,261 at December 31, 2021. 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 \$431,431.

**Word Tabernacle Church
Rocky Mount, North Carolina
Notes to the Financial Statement
For the Year Ended December 31, 2021**

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. Donor restricted net assets at year-end consists of unspent grant funds designated for specific needs on hand at year end in the amount of \$37,243.

Note 5 – Commitments

The Church had various unfinished construction contracts in process at December 31, 2021. The contract balances at year-end totaled \$307,752 remaining to be completed. There were no other material commitments at December 31, 2021.

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 \$1,731,645.

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 \$22,510.

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, 2021**

Note 11 – PPP Loan Receipts

Grant income includes PPP loan forgiveness of \$190,700. Requirements for loan forgiveness were satisfied and this loan was forgiven March 30, 2021.

Note 12 – 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