

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Consolidated Financial Statements
With Independent Accountants' Review
Report

August 31, 2022 and 2021

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Elders
Brookhaven Presbyterian Church, Inc. and Subsidiary
Atlanta, Georgia

We have reviewed the accompanying consolidated financial statements of Brookhaven Presbyterian Church, Inc. (a nonprofit corporation) and Subsidiary, which comprise the consolidated statements of financial position as of August 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Brookhaven Presbyterian Church, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

 CapinCrouse LLP

Lawrenceville, Georgia
December 5, 2022

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BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	August 31,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 883,017	\$ 551,795
Restricted cash	1,272,593	1,669,945
Investments	-	1,001,173
Contributions receivable-net	384,321	713,306
Operating right of use asset	317,027	403,824
Property and equipment-net	7,318,067	5,489,506
	<u>7,318,067</u>	<u>5,489,506</u>
Total Assets	<u>\$ 10,175,025</u>	<u>\$ 9,829,549</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 36,620	\$ 38,392
Assets held for others	25,309	4,724
Construction payable	418,068	153,363
Operating right of use liability	317,027	403,824
Notes payable-net	3,822,158	3,889,301
Total liabilities	<u>4,619,182</u>	<u>4,489,604</u>
Net assets:		
Without donor restrictions	3,902,871	2,284,047
With donor restrictions	1,652,972	3,055,898
Total net assets	<u>5,555,843</u>	<u>5,339,945</u>
Total Liabilities and Net Assets	<u>\$ 10,175,025</u>	<u>\$ 9,829,549</u>

See accompanying notes and independent accountants' review report

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 1,689,397	\$ 205,363	\$ 1,894,760
Revenue:			
Rental income	67,389	-	67,389
Investment income	8,703	-	8,703
Other	11,915	-	11,915
	<u>88,007</u>	<u>-</u>	<u>88,007</u>
Total Support and Revenue	<u>1,777,404</u>	<u>205,363</u>	<u>1,982,767</u>
RECLASSIFICATIONS:			
Satisfaction of time and purpose restrictions	<u>1,608,289</u>	<u>(1,608,289)</u>	<u>-</u>
EXPENSES:			
Program services	1,325,185	-	1,325,185
Supporting activities:			
General and administrative	441,684	-	441,684
Total Expenses	<u>1,766,869</u>	<u>-</u>	<u>1,766,869</u>
Change in Net Assets	1,618,824	(1,402,926)	215,898
Net Assets, Beginning of Year	<u>2,284,047</u>	<u>3,055,898</u>	<u>5,339,945</u>
Net Assets, End of Year	<u>\$ 3,902,871</u>	<u>\$ 1,652,972</u>	<u>\$ 5,555,843</u>

See accompanying notes and independent accountants' review report

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 1,463,546	\$ 226,856	\$ 1,690,402
Revenue:			
Rental income	52,762	-	52,762
Investment income	141,433	-	141,433
Gain on extinguishment of debt	110,600	-	110,600
Other	1,281	-	1,281
	<u>306,076</u>	<u>-</u>	<u>306,076</u>
Total Support and Revenue	<u>1,769,622</u>	<u>226,856</u>	<u>1,996,478</u>
RECLASSIFICATIONS:			
Satisfaction of time and purpose restrictions	<u>494,644</u>	<u>(494,644)</u>	<u>-</u>
EXPENSES:			
Program services	1,176,733	-	1,176,733
Supporting activities:			
General and administrative	336,423	-	336,423
Total Expenses	<u>1,513,156</u>	<u>-</u>	<u>1,513,156</u>
Change in Net Assets	751,110	(267,788)	483,322
Net Assets, Beginning of Year	<u>1,532,937</u>	<u>3,323,686</u>	<u>4,856,623</u>
Net Assets, End of Year	<u>\$ 2,284,047</u>	<u>\$ 3,055,898</u>	<u>\$ 5,339,945</u>

See accompanying notes and independent accountants' review report

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended August 31, 2022

	Program Services	Supporting Activities		Total Expenses
		General and Administrative	Total Supporting Activities	
Salaries and benefits	\$ 516,977	\$ 239,589	\$ 239,589	\$ 756,566
Mission and missionary support	260,199	-	-	260,199
Activities and events	71,871	-	-	71,871
Supplies and curriculum	47,349	-	-	47,349
Facilities and office supplies	129,817	50,693	50,693	180,510
Travel and meals	10,145	3,981	3,981	14,126
Repairs and maintenance	27,381	10,744	10,744	38,125
Professional fees	11,549	38,616	38,616	50,165
Insurance	13,834	5,428	5,428	19,262
Taxes and fees	27,765	10,895	10,895	38,660
Interest	120,686	47,358	47,358	168,044
Depreciation	87,612	34,380	34,380	121,992
Totals	<u>\$ 1,325,185</u>	<u>\$ 441,684</u>	<u>\$ 441,684</u>	<u>\$ 1,766,869</u>

See accompanying notes and independent accountants' review report

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended August 31, 2021

	Program Services	Supporting Activities		Total Expenses
		General and Administrative	Total Supporting Activities	
Salaries and benefits	\$ 449,783	\$ 156,682	\$ 156,682	\$ 606,465
Mission and missionary support	223,982	-	-	223,982
Activities and events	28,293	-	-	28,293
Supplies and curriculum	41,757	-	-	41,757
Facilities and office supplies	87,717	31,066	31,066	118,783
Travel and meals	9,435	3,341	3,341	12,776
Repairs and maintenance	45,963	16,278	16,278	62,241
Professional fees	4,141	27,921	27,921	32,062
Insurance	16,409	5,812	5,812	22,221
Taxes and fees	24,735	8,760	8,760	33,495
Interest	155,064	54,881	54,881	209,945
Depreciation	89,454	31,682	31,682	121,136
Totals	<u>\$ 1,176,733</u>	<u>\$ 336,423</u>	<u>\$ 336,423</u>	<u>\$ 1,513,156</u>

See accompanying notes and independent accountants' review report

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended August 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 215,898	\$ 483,322
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	121,992	121,136
Amortization	10,808	17,370
Gain on extinguishment of debt	-	(110,600)
Realized/unrealized gains on investments	(8,703)	(141,433)
Contributions for long-term purposes	(205,363)	(226,856)
Changes in operating assets and liabilities:		
Contributions receivable	328,985	255,334
Accounts payable and accrued expenses	(1,772)	13,013
Assets held for others	20,585	4,724
Net Cash Provided by Operating Activities	<u>482,430</u>	<u>416,010</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	-	(121,400)
Proceeds from sales of investments	1,009,876	-
Purchases of property and equipment	(1,460,848)	(455,506)
Net Cash Used by Investing Activities	<u>(450,972)</u>	<u>(576,906)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	294,267
Contributions for long-term purposes	205,363	226,856
Payments on notes payable	(302,951)	(280,316)
Net Cash Provided (Used) by Financing Activities	<u>(97,588)</u>	<u>240,807</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(66,130)	79,911
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>2,221,740</u>	<u>2,141,829</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u><u>\$ 2,155,610</u></u>	<u><u>\$ 2,221,740</u></u>

See accompanying notes and independent accountants' review report

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Year Ended August 31,	
2022	2021

The following table provides a reconciliation of cash, cash equivalents, and restricted cash:

Cash and cash equivalents	\$ 883,017	\$ 551,795
Cash restricted for capital purposes	<u>1,272,593</u>	<u>1,669,945</u>
	<u>\$ 2,155,610</u>	<u>\$ 2,221,740</u>

SUPPLEMENTAL DISCLOSURE:

Cash paid for interest	<u>\$ 191,552</u>	<u>\$ 203,867</u>
Property and equipment acquired with accounts payable	<u>\$ 418,068</u>	<u>\$ 153,363</u>
Property and equipment acquired with issuance of note payable	<u>\$ 225,000</u>	<u>\$ -</u>
Property and equipment acquired with operating right of use lease	<u>\$ -</u>	<u>\$ 439,776</u>

See accompanying notes and independent accountants' review report

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Brookhaven Presbyterian Church, Inc. and Subsidiary (the Organization) is the consolidated reporting entity for Brookhaven Presbyterian Church, Inc. (the Church) and its subsidiary BCD Housing LLC (BCD).

The Church was incorporated as a nonprofit corporation in the state of Georgia on July 26, 2016. The Church is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Church has been classified as a public charity, which is not a private foundation under Section 170(b)(1)(A)(vi) of the Code. The primary source of support and revenue for the Church is contributions from the general public.

The mission of the Church is to be an incarnational church that exists to glorify God and enjoy Him forever. The Church seeks to be a representative of the kingdom of God and the historic Christian church in our community of Brookhaven and the surrounding areas. By God's grace, if we are able to be a faithful witness to our risen Lord, people will experience salvation for their souls and the resultant flourishing that happens as those who have been redeemed engage a lost world. For that to happen, our church must resist falling prey to the false gods of money, success, approval, comfort, and power. We aim to be a generous church that continues to give 25% of its tithes and offerings away to other ministries and organizations that promote human flourishing and the work of our Lord. The Church's central values are: Human Flourishing, Redemption, Generosity, Incarnational Ministry, and Prayer.

BCD was incorporated as a limited liability corporation (LLC) in the state of Georgia on January 7, 2021. BCD is an affordable housing initiative focused on equity creation for families in need – while also pursuing innovative methods of closing the wealth gap in accordance with Biblical principles. BCD rents its acquired properties to a selected family for a term of no more than three years at a fair-market value, while actively setting aside over 60% of these monthly rental receipts into a discretionary fund for the family. Ultimately, every family participating in the program would not only be provided with consistently affordable housing for a number of years, but would also leave the program with the equivalent of tens of thousands of dollars in “equity” to place towards the purchase of a future home or future investments in personal education. Control of BCD by the Church is complete because the Church is the sole member of BCD.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of the Church and BCD. All significant intercompany transactions and balances have been eliminated from the consolidated financial statements.

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

The preparation of the consolidated 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 consolidated 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

Cash and cash equivalents includes petty cash and checking accounts. While deposits may occasionally be in excess of federally insured limits, the Organization has not experienced any losses in such accounts, and management believes that it is not exposed to any significant credit risk on cash and cash equivalents. At August 31, 2022 and 2021, the Organization's cash balances exceeded federally insured limits by \$1,594,765 and \$1,437,867, respectively.

RESTRICTED CASH

Restricted cash consists of donor-restricted contributions for capital purposes.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported in the accompanying consolidated statements of activities. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is adequately diversified among many users.

CONTRIBUTIONS RECEIVABLE—NET

Contributions receivable—net includes unconditional promises made by certain donors wherein the donors have unconditionally promised contributions to the Organization in future periods. Unconditional promises expected to be collected within one year are recorded as support and a receivable at net realizable value. Unconditional promises expected to be collected in future years are recorded as support and a receivable at the present value of the expected future cash flows. Discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. For the contributions receivable received during both years ended August 31, 2022 and 2021, the discount rate used was 4.6%. Amortization of discounts is included in contributions in the accompanying consolidated statements of activities. The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the contributions receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the contributions receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions.

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization generally capitalizes all property and equipment acquisitions in excess of \$1,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 39 years.

DEBT ISSUANCE COSTS—NET

Debt issuance costs are recorded at cost and amortized on a straight-line basis over the term of the note payable. Debt issuance costs totaled \$58,562 and \$54,003 for the years ended August 31, 2022 and 2021, respectively, while accumulated amortization of debt issuance costs amounted to \$29,829 and \$18,902, respectively. Debt issuance costs—net are netted with notes payable in the accompanying statements of financial position.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in operations, designated by the board for other specific projects determined by the board, or invested in property and equipment net of accumulated depreciation and related debt.

Net assets with donor restrictions 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.

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

The Organization 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 donor restrictions and reported in the consolidated statements of activities as reclassifications.

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the acquired or donated assets are placed in service.

Donated goods (including securities) are recorded at fair value at the date of the gift.

Expenses are recorded when costs are incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation, insurance, and salaries and benefits are allocated based on an analysis of employee time and effort and the programmatic purpose of the employees incurring the cost.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of August 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to fulfilling its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	August 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 883,017	\$ 551,795
Restricted cash	1,272,593	1,669,945
Investments	-	1,001,173
Contributions receivable-net	384,321	713,306
	<u>2,539,931</u>	<u>3,936,219</u>
Less those not available for general expenditure within one year, due to:		
Restricted cash	(1,272,593)	(1,669,945)
Investments held for capital campaign	-	(673,354)
Contributions receivable due beyond one year	(170,234)	(402,466)
	<u>(1,442,827)</u>	<u>(2,745,765)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,097,104</u>	<u>\$ 1,190,454</u>

As part of the Organizations' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

4. CONTRIBUTIONS RECEIVABLE–NET:

Contributions receivable–net, consist of:

	August 31,	
	2022	2021
Expected future cash flow from unconditional contributions receivable	\$ 554,002	\$ 898,580
Other receivables	3,942	707
Less present value discount	(29,673)	(39,031)
	528,271	860,256
Less allowance	(143,950)	(146,950)
	<u>\$ 384,321</u>	<u>\$ 713,306</u>
Amounts due in:		
Less than one year	\$ 214,087	\$ 310,840
One to five years	170,234	402,466
	<u>\$ 384,321</u>	<u>\$ 713,306</u>

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consist of:

	August 31,	
	2022	2021
Land	\$ 1,307,239	\$ 845,000
Buildings and building improvements	4,784,519	4,532,316
Furniture and equipment	28,054	12,004
	6,119,812	5,389,320
Less accumulated depreciation	(344,873)	(222,881)
	5,774,939	5,166,439
Construction in process	1,543,128	323,067
	<u>\$ 7,318,067</u>	<u>\$ 5,489,506</u>

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

5. PROPERTY AND EQUIPMENT—NET, continued:

Total interest incurred and capitalized for the years ended August 31, 2022 and 2021, is presented as follows:

	August 31,	
	2022	2021
Interest incurred	\$ 190,445	\$ 209,945
Interest capitalized	(22,401)	-
Interest expense—net	<u>\$ 168,044</u>	<u>\$ 209,945</u>

6. OPERATING LEASE:

Operating lease consists of:

	August 31, 2022		
	Cost	Accumulated Amortization	Net Book Value
Operating lease right-of-use assets:			
Equipment leased under lease agreement dated April 2021 with terms 60 months. The Organization will pay monthly payments of \$7,486 with an implied interest rate of 0.83%.	<u>\$ 439,776</u>	<u>\$ (122,749)</u>	<u>\$ 317,027</u>

	August 31, 2021		
	Cost	Accumulated Amortization	Net Book Value
Operating lease right-of-use assets:			
Equipment leased under lease agreement dated April 2021 with terms 60 months. The Organization will pay monthly payments of \$7,486 with an implied interest rate of 0.83%.	<u>\$ 439,776</u>	<u>\$ (35,952)</u>	<u>\$ 403,824</u>

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

6. OPERATING LEASE, continued:

Lease expense consist of:

	August 31,	
	2022	2021
Operating lease expense	\$ 89,830	\$ 37,429

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

Years Ending August 31,	Amounts
2023	\$ 89,830
2024	89,830
2025	89,830
2026	47,537
	\$ 317,027

7. NOTES PAYABLE-NET:

Notes payable-net, consist of:

	August 31,	
	2022	2021
Note payable to a certain financial institution; bears interest at a fixed rate of 4.6%; principal and interest payable monthly in the amount of \$20,853 through maturity in September 2024 at which time, all unpaid principal and accrued interest is due; secured by certain real property.	\$ 3,052,332	3,157,532
Note payable to a certain financial institution; bears interest at a fixed rate of 4.6%; principal and interest payable quarterly in the amount of \$46,875 through maturity in September 2023; secured by certain real property.	281,250	468,750
Note payable to a certain financial institution; bears interest at a fixed rate of 5.0%; principal and interest payable monthly in the amount of \$1,218 through maturity in April 2028 at which time, all unpaid principal and accrued interest is due; secured by certain real property.	223,934	-

(continued)

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

7. NOTES PAYABLE—NET, continued:

	August 31,	
	2022	2021
Note payable to a certain financial institution; bears interest at a fixed rate of 4.5%; principal and interest payable monthly in the amount of \$1,521 through maturity in March 2027 at which time, all unpaid principal and accrued interest is due; secured by certain real property.	293,375	298,120
	3,850,891	3,924,402
Less debt issuance costs—net	(28,733)	(35,101)
	<u>\$ 3,822,158</u>	<u>\$ 3,889,301</u>

The Organization is required to meet certain time and financial covenants for the notes payable. As of August 31, 2022 and 2021, all covenants have been met or waived.

Maturities of notes payable are estimated as follows:

Years Ending August 31,	Amounts
2023	\$ 310,359
2024	222,342
2025	2,832,003
2026	12,354
2027	265,518
Thereafter	208,315
	<u>\$ 3,850,891</u>

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions, consist of:

	August 31,	
	2022	2021
Capital campaign	\$ 1,272,593	\$ 2,343,299
Contributions receivable—net, restricted for capital campaign	380,379	672,599
Contributions receivable—net	-	40,000
	<u>\$ 1,652,972</u>	<u>\$ 3,055,898</u>

BROOKHAVEN PRESBYTERIAN CHURCH, INC. AND SUBSIDIARY

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9. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at August 31, 2021:

		Fair Value Measurements at August 31, 2021			
		Level 1	Level 2	Level 3	Total
Investments, held at fair value for:					
Operations:					
Mutual funds	\$	217,702	\$	-	\$ 217,702
Stocks		49,663		-	49,663
Money market and other		60,454		-	60,454
		<u>327,819</u>		<u>-</u>	<u>327,819</u>
Capital campaign:					
Mutual funds		447,170		-	447,170
Stocks		102,011		-	102,011
Money market and other		124,173		-	124,173
		<u>673,354</u>		<u>-</u>	<u>673,354</u>
	\$	<u>1,001,173</u>	\$	<u>-</u>	\$ <u>1,001,173</u>

Methods and assumptions used by the Organization in estimating fair values are as follows:

Valuation techniques: Fair values for closely held stock are based on quoted market prices in an active market. The fair value of mutual funds is based on the net asset value (NAV) of the underlying investments in the fund.

Changes in valuation techniques: None.

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10. RETIREMENT PLAN:

The Organization sponsors a 403(b) retirement plan for its full-time employees. An employee is eligible to participate after 90 days of service. The Organization has been matching employee contributions up to 8%. For the years ended August 31, 2022 and 2021, employer contributions charged to expense totaled \$40,232 and \$33,484, respectively.

11. COMMITMENTS AND CONTINGENCIES:

Effective July 23, 2021, the Organization executed an agreement (the Agreement) for the construction of a building in Brookhaven, Georgia. The maximum contract price stipulated in the Agreement is approximately \$2,280,000 and the project is expected to be completed in the spring of 2023. As of August 31, 2022, approximately \$1,520,000 had been paid by the Organization for the construction project related to this Agreement.

12. SUBSEQUENT EVENTS:

Effective September 20, 2022 the Organization executed a note payable in the amount of \$340,000 related to a purchase of property and equipment acquired for a cash payment during the year ended August 31, 2022. The note payable matures September 20, 2024 and bears interest at a rate of 5.00%.

Subsequent events have been evaluated through December 5, 2022, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.