

Shades Crest Baptist Church
Birmingham, Alabama

Financial Report

December 31, 2023

Including Report of
Independent Accountants

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Finance Committee and Trustees
Shades Crest Baptist Church
Birmingham, Alabama

We have reviewed the accompanying statements of cash receipts and disbursements of Shades Crest Baptist Church ("the Church") (a non-profit organization) for the year ended December 31, 2023, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting the company uses is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

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 financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Shades Crest Baptist Church 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 financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Dent Moses, LLP

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Supplementary Information

The accompanying schedule of cash disbursements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information in order for it to be in accordance with the cash basis of accounting. We have not audited the supplementary information and do not express an opinion on such information.

Report on 2022 Financial Statements

The December 31, 2022 financial statements were audited by us, and we expressed an unmodified opinion on them in our report date February 23, 2023. We have not performed any auditing procedures since that date.

Dent Moser LLP

Birmingham, Alabama
July 24, 2024

SHADES CREST BAPTIST CHURCH
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
Years ended December 31, 2023 (Reviewed) and 2022 (Audited)

	<u>2023</u>	<u>2022</u>
CASH AND CASH EQUIVALENTS, beginning of year	\$ 941,478	\$ 826,904
Receipts		
Member budget support	1,675,024	1,670,854
Building program offerings and gifts	202,610	237,362
Designated fund receipts	343,763	481,133
Designated fund receipts - employee retention credits	-	124,715
Less: disbursements from designated funds	<u>(250,231)</u>	<u>(399,280)</u>
Net designated fund receipts	93,532	206,568
Weekday early education receipts	438,986	441,261
Less: associated disbursements	<u>(475,881)</u>	<u>(433,415)</u>
Net program receipts (disbursements)	(36,895)	7,846
Interest receipts	18,832	-
Other receipts	68,000	53,000
Total receipts	<u>2,021,103</u>	<u>2,175,630</u>
Disbursements		
Missions initiatives	136,924	135,208
Personnel	799,753	783,397
Administrative ministries	39,881	47,864
Congregational ministries	70,773	69,238
Operations and maintenance	543,798	474,455
Spiritual growth	13,120	14,150
Worship	58,443	34,692
Debt service	389,479	502,052
Total disbursements	<u>2,052,171</u>	<u>2,061,056</u>
Excess of cash receipts over (under) disbursements	<u>(31,068)</u>	114,574
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 910,410</u>	<u>\$ 941,478</u>

See Independent Accountants' Review Report

The Notes to Financial Statements are an integral part of these statements.

SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting records of Shades Crest Baptist Church ("the Church") are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Certain receipts that are designated to be disbursed to other ministry organizations are considered to be disbursed in the same period in which the receipt is recorded. Costs of capital improvements to property and equipment are charged to cash disbursements when paid. Therefore, depreciation is not recorded.

Accordingly, these financial statements are not intended to report the financial position and results of operations in accordance with generally accepted accounting principles.

Tax Exemption

The Church is exempt from Federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Cash and Cash Equivalents

It is the policy of the Church to include short-term investments with original maturities of one year or less as cash equivalents.

Evaluation of Subsequent Events

Management has evaluated subsequent events through the date of the Independent Accountants' Review Report, which is the date the financial statements were available to be issued.

See Independent Accountants' Review Report

SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 2 - NATURE OF THE ENTITY

The Church was organized in 1954 and is a not-for-profit religious organization located in Hoover, Alabama. The Church is supported primarily through contributions from its congregation and provides various programs to its members and the community including weekly church services, Christian education, preschool, pastoral counseling, and mission initiatives.

NOTE 3 - LIQUIDITY

The following represents the Church's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual, internal, or donor-imposed restrictions within one year.

Cash and Cash Equivalents, at year end	\$ 910,410
Less amounts unavailable for general expenditures within one year, due to:	
Designated and restricted funds (Note 5)	<u>(653,718)</u>
Cash and cash equivalents available to meet cash needs for general expenditures within one year	<u>\$ 256,692</u>

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

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The Church maintains its cash balances at various financial institutions. At times, such balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) limit. At December 31, 2023, the cash deposits exceeded amounts insured by the FDIC by approximately \$600,000. The Church attempts to minimize uninsured balances and regularly reviews the financial stability of any custodian of uninsured deposits.

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**SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)**

NOTE 5 - DESIGNATED AND RESTRICTED FUNDS

The Church maintains various internally designated and donor restricted funds. These funds are generated through non-budget designated support by donors and/or trustee designation of other receipts. These funds are included in the cash balance reflected on the statements of cash receipts and disbursements. A summary of the fund balances at December 31, 2023 and 2022 is presented below.

	<u>2023</u>		<u>2022</u>
Building loan fund	\$ 24,350	\$	8,675
Program support funds	59,342		33,111
Sunday school class funds	1,372		940
Mission gift funds	33,462		14,460
Contingency fund	300,000		300,000
Memorials/honorariums fund	207,264		171,734
Other funds	27,928		65,589
	<u>\$ 653,718</u>		<u>\$ 594,509</u>

In addition to the designated and restricted funds that are included in the cash balance, the Church maintains a Charter Fund, which is invested in non-cash investments and therefore is not included in cash and cash equivalents on the accompanying statements of cash receipts and disbursements. The Charter Fund provides a means whereby cash and various types of property may be received, invested, managed, and applied in such a manner as will advance the long-term purposes of the Church. During the year ending December 31, 2023, no transfers from the Charter Fund to the Church occurred. There were approximately \$4,400 transferred from the Charter Fund during the year ending December 31, 2022, and the associated receipt was reported as a designated fund receipt. For the years ended December 31, 2023 and 2022, the current value of the Charter Fund was \$32,449 and \$28,977, respectively.

NOTE 6 - BUILDING PROGRAM NOTE PAYABLE

In 2009, the Church completed a large facility expansion and renovation project. The Church secured financing for the project with a \$6,000,000 construction line of credit. In 2010, the Church consolidated the construction line of credit and a note payable from prior construction projects into a single \$7,000,000 note payable. The note payable agreement has been refinanced and/or amended multiple times since 2010 as the principal balance has been reduced and lower interest rates became available. As of December 31, 2023, the note payable requires monthly interest payments at a fixed rate of 4.15% and matures in July 2027. The note is secured by substantially all property owned by the Church. Interest paid during the years ended December 31, 2023 and 2022 was \$155,614 and \$168,145, respectively.

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SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 6 - BUILDING PROGRAM NOTE PAYABLE - CONTINUED

The outstanding principal balance on the note payable amounted to \$3,595,778 and \$3,829,643 at December 31, 2023 and 2022, respectively. The loan agreement requires the principal balance be reduced to certain benchmarks at each July anniversary date until July 2027, when the note matures and any remaining principal balance is due. As of December 31, 2023, the principal balance is lower than the maximum principal balance required by the loan agreement. The maximum principal balance and corresponding required principal reduction at each July anniversary date is as follows:

<u>As of July 18,</u>	<u>Maximum Principal Balance</u>	<u>Required Principal Reduction</u>
2024	4,532,155	-
2025	4,326,408	-
2026	4,109,811	-
2027	-	<u>3,595,778</u>
Total		\$ <u>3,595,778</u>

The building program receipts and disbursements are maintained in a designated fund. The receipts and disbursements in the building fund for the years ending December 31, 2023 and 2022, including loan repayments, were as follows:

	<u>2023</u>	<u>2022</u>
Offering and gift receipts	\$ 202,610	\$ 237,362
Transfer from general fund to building fund	-	100,000
Transfer from designated fund to building fund	50,000	-
Loan principal repayments	<u>(233,865)</u>	<u>(333,907)</u>
Net receipts (disbursements)	<u>\$ 18,745</u>	<u>\$ 3,455</u>

In 2023, the Church transferred \$50,000 from a designated fund into the building fund. In 2022, the Church transferred \$100,000 from the general fund into the building fund.

In 2023 and 2022, the Church paid all loan interest payments totaling \$155,614 and \$168,145, respectively from the general fund.

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SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 7 – FUNCTIONAL CASH DISBURSEMENTS

Cash disbursements by functional classification for the years ended December 31, 2023 and 2022 are as follows:

	2023		
	Program Services	Management and General	Total 2023
Missions	\$ 136,924	\$ -	\$ 136,924
Personnel	639,802	159,951	799,753
Administrative ministries	35,893	3,988	39,881
Congregational ministries	70,773	-	70,773
Operations and maintenance	516,608	27,190	543,798
Spiritual growth	13,120	-	13,120
Worship	58,443	-	58,443
Debt service	370,005	19,474	389,479
Designated disbursements	250,231	-	250,231
Weekday early education	452,087	23,794	475,881
Total cash disbursements	\$ 2,543,886	\$ 234,397	\$ 2,778,283
	2022		
	Program Services	Management and General	Total 2022
Missions	\$ 135,208	\$ -	\$ 135,208
Personnel	626,718	156,679	783,397
Administrative ministries	43,078	4,786	47,864
Congregational ministries	69,238	-	69,238
Operations and maintenance	450,732	23,723	474,455
Spiritual growth	14,150	-	14,150
Worship	34,692	-	34,692
Debt service	476,949	25,103	502,052
Designated disbursements	399,280	-	399,280
Weekday early education	411,744	21,671	433,415
Total cash disbursements	\$ 2,661,789	\$ 231,962	\$ 2,893,751

The above information reports certain categories of cash disbursements that are attributable to more than one program or supporting function. Therefore, these cash disbursements require allocation on a reasonable basis that is consistently applied. Cash disbursements related to more than one program or supporting function are allocated using reasonable estimates based on relative time, effort, expense or other input factors as appropriate. Directly identifiable cash disbursements are charged to the corresponding program or supporting service.

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**SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)**

NOTE 8 – EMPLOYEE RETENTION CREDITS

The Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security Act and Consolidated Appropriations Act, 2021 provided refundable tax credits for eligible entities to keep employees on their payroll through the COVID-19 pandemic. In January 2022, the Church received \$124,715 of tax credits for wages paid in 2020. The \$124,715 is recognized as a designated fund receipt in 2022.

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SUPPLEMENTARY INFORMATION

SHADES CREST BAPTIST CHURCH
SCHEDULE OF CASH DISBURSEMENTS
Years ended December 31, 2023 (Reviewed) and 2022 (Audited)

	<u>2023</u>	<u>2022</u>
Missions initiatives		
SCBC partnerships	\$ 39,350	\$ 37,558
CBF / SBC	30,400	30,046
National WMU	15,175	15,023
Baptist World Alliance	15,225	15,023
Congregational initiatives	36,774	37,558
Total missions initiatives	<u>136,924</u>	<u>135,208</u>
Personnel		
Ministers'/directors' salaries	355,737	346,333
Other church salaries	333,011	315,751
Staff supply	350	300
Payroll taxes	25,182	24,415
Health insurance	21,319	30,928
Disability/life insurance	13,839	12,318
Convention/continuing education	3,200	2,183
Car allowances	1,000	2,827
Retirement	42,850	41,863
Service awards	683	3,299
Other personnel costs	2,582	3,180
Total personnel	<u>799,753</u>	<u>783,397</u>
Administrative ministries		
Online fees	5,273	4,073
Office supplies/printing	8,960	13,420
Copier usage	8,056	7,557
Postage	3,383	3,534
Legal and accounting	10,000	11,750
Fraud expense	-	5,000
Misc. Office	1,718	-
Other payroll/administrative expenses	2,491	2,530
Total administrative ministries	<u>39,881</u>	<u>47,864</u>
Congregational ministries		
Preschool ministry	4,708	2,801
Children's ministry	15,097	13,680
Youth ministry	23,753	18,640
Young adult ministry	594	272
Young families ministry	140	2,149
Senior adult	2,327	1,781
Leadership training	608	130
Church recreation	8,234	14,073
Church transportation	3,362	5,142
Vacation bible school	11,950	10,570
Total congregational ministries	<u>\$ 70,773</u>	<u>\$ 69,238</u>

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SHADES CREST BAPTIST CHURCH
SCHEDULE OF CASH DISBURSEMENTS
Years ended December 31, 2023 (Reviewed) and 2022 (Audited)

	<u>2023</u>	<u>2022</u>
Operations and maintenance		
Kitchen supplies	\$ 7,387	\$ 11,352
Janitorial services	95,462	87,635
Computer maintenance and repair	17,212	30,428
Utilities	193,918	146,673
Insurance	60,986	37,907
Repairs and maintenance	138,039	124,227
Safety team	1,205	2,307
Grounds	8,713	11,812
New equipment	2,888	4,030
Equipment leases	12,325	11,856
Janitorial supplies	5,663	6,228
Total operations and maintenance	<u>543,798</u>	<u>474,455</u>
Spiritual growth		
Sunday school	12,524	13,914
New Membership Fellowship	117	58
Congregational care	479	178
Total spiritual growth	<u>13,120</u>	<u>14,150</u>
Worship		
Music ministry	36,269	31,012
Public address	21,070	2,014
Flowers	85	516
Worship support	529	1,150
Pastor's Initiatives	490	-
Total worship	<u>58,443</u>	<u>34,692</u>
Debt service		
Principal payments	233,865	333,907
Interest payments	155,614	168,145
Total debt service	<u>389,479</u>	<u>502,052</u>
Total disbursements	<u>\$ 2,052,171</u>	<u>\$ 2,061,056</u>

See Independent Accountants' Review Report

