

Shades Crest Baptist Church
Birmingham, Alabama

Financial Report

December 31, 2024

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 years ended December 31, 2024 and 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.

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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.

Dent Moses LLP

Birmingham, Alabama
February 18, 2025

SHADES CREST BAPTIST CHURCH
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH AND CASH EQUIVALENTS, beginning of year	\$ 910,410	\$ 941,478
Receipts		
Member budget support	1,883,075	1,675,024
Building program offerings and gifts	342,866	202,610
Designated fund receipts	250,745	343,763
Less: disbursements from designated funds	<u>(229,956)</u>	<u>(250,231)</u>
Net designated fund receipts	20,789	93,532
Weekday early education receipts	543,349	438,986
Less: associated disbursements	<u>(577,746)</u>	<u>(475,881)</u>
Net program receipts (disbursements)	(34,397)	(36,895)
Interest receipts	19,988	18,832
Other receipts	<u>68,000</u>	<u>68,000</u>
Total receipts	<u><u>2,300,321</u></u>	<u><u>2,021,103</u></u>
Disbursements		
Missions initiatives	156,460	136,924
Personnel	807,830	799,753
Administrative ministries	45,106	39,881
Congregational ministries	75,147	70,773
Operations and maintenance	539,302	543,798
Spiritual growth	16,265	13,120
Worship	41,875	58,443
Debt service	<u>501,772</u>	<u>389,479</u>
Total disbursements	<u><u>2,183,757</u></u>	<u><u>2,052,171</u></u>
Excess of cash receipts over (under) disbursements	<u>116,564</u>	<u>(31,068)</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,026,974</u></u>	<u><u>\$ 910,410</u></u>

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

**SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

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, 2024 and 2023

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, 2024, 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	\$ 1,026,974
Less amounts unavailable for general expenditures within one year, due to:	
Designated and restricted funds (Note 5)	<u>(660,232)</u>
Cash and cash equivalents available to meet cash needs for general expenditures within one year	<u>\$ 366,742</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, 2024, there were cash balances that exceeded amounts insured by the FDIC. The Church attempts to minimize uninsured balances and regularly reviews the financial stability of any custodian of uninsured deposits.

See Independent Accountants' Review Report.

**SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

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, 2024 and 2023 is presented below.

	<u>2024</u>	<u>2023</u>
Building loan fund	\$ 10,073	\$ 24,350
Program support funds	45,215	49,585
Sunday school class funds	635	1,372
Mission gift funds	63,686	33,462
Contingency fund	300,000	300,000
Memorials/honorariums fund	210,033	207,264
Other funds	<u>30,590</u>	<u>37,685</u>
	<u>\$ 660,232</u>	<u>\$ 653,718</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 years ended December 31, 2024 and 2023, no transfers from the Charter Fund to the Church occurred. For the years ended December 31, 2024 and 2023, the current value of the Charter Fund was \$34,757 and \$32,449, 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, 2024, 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, 2024 and 2023 was \$146,508 and \$155,614, respectively.

See Independent Accountants' Review Report.

**SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

NOTE 6 - BUILDING PROGRAM NOTE PAYABLE - CONTINUED

The outstanding principal balance on the note payable amounted to \$3,240,514 and \$3,595,778 at December 31, 2024 and 2023, 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, 2024, 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>
2025	4,326,408	-
2026	4,109,811	-
2027	-	<u>3,240,514</u>
Total		\$ <u><u>3,240,514</u></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, 2024 and 2023, including loan repayments, were as follows:

	<u>2024</u>	<u>2023</u>
Offering and gift receipts	\$ 342,866	\$ 202,610
Transfer from designated fund to building fund	-	50,000
Loan principal repayments	<u>(355,264)</u>	<u>(233,865)</u>
Net receipts (disbursements)	\$ <u><u>(12,398)</u></u>	\$ <u><u>18,745</u></u>

In 2024, no transfers to the building fund were made. In 2023, the Church transferred \$50,000 from the designated fund into the building fund.

In 2024 and 2023, the Church paid all loan interest payments totaling \$146,508 and \$155,614, respectively from the general fund.

See Independent Accountants' Review Report.

**SHADES CREST BAPTIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

NOTE 7 – FUNCTIONAL CASH DISBURSEMENTS

Cash disbursements by functional classification for the years ended December 31, 2024 and 2023 are as follows:

	2024		
	Program Services	Management and General	Total 2024
Missions	\$ 156,460	\$ -	\$ 156,460
Personnel	646,264	161,566	807,830
Administrative ministries	40,595	4,511	45,106
Congregational ministries	75,147	-	75,147
Operations and maintenance	512,337	26,965	539,302
Spiritual growth	16,265	-	16,265
Worship	41,875	-	41,875
Debt service	476,683	25,089	501,772
Designated disbursements	229,956	-	229,956
Weekday early education	548,859	28,887	577,746
	<u>\$ 2,744,441</u>	<u>\$ 247,018</u>	<u>\$ 2,991,459</u>
	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
	<u>\$ 2,543,886</u>	<u>\$ 234,397</u>	<u>\$ 2,778,283</u>

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.

See Independent Accountants' Review Report.

SUPPLEMENTARY INFORMATION

**SHADES CREST BAPTIST CHURCH
SCHEDULE OF CASH DISBURSEMENTS
Years ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Missions initiatives		
SCBC partnerships	\$ 45,200	\$ 39,350
CBF / SBC	34,769	30,400
National WMU	17,384	15,175
Baptist World Alliance	17,384	15,225
Congregational initiatives	41,723	36,774
Total missions initiatives	<u>156,460</u>	<u>136,924</u>
Personnel		
Ministers'/directors' salaries	370,149	355,737
Other church salaries	319,244	333,011
Staff supply	-	350
Payroll taxes	24,532	25,182
Health insurance	25,059	21,319
Disability/life insurance	12,953	13,839
Convention/continuing education	3,292	3,200
Car allowances	-	1,000
Retirement	43,484	42,850
Service awards	8,155	683
Other personnel costs	962	2,582
Total personnel	<u>807,830</u>	<u>799,753</u>
Administrative ministries		
Online fees	6,359	5,273
Office supplies/printing	10,104	8,960
Copier usage	9,581	8,056
Budget promotions/envelopes	327	-
Postage	3,783	3,383
Legal and accounting	8,000	10,000
Misc. Office	1,821	1,718
70th Anniversary Celebration	2,500	-
Other payroll/administrative expenses	2,631	2,491
Total administrative ministries	<u>45,106</u>	<u>39,881</u>
Congregational ministries		
Preschool ministry	4,090	4,708
Children's ministry	16,553	15,097
Youth ministry	23,784	23,753
Young adult ministry	146	594
Young families ministry	79	140
Senior adult	4,418	2,327
Leadership training	-	608
Church recreation	11,415	8,234
Church transportation	4,062	3,362
Vacation bible school	10,600	11,950
Total congregational ministries	<u>\$ 75,147</u>	<u>\$ 70,773</u>

**SHADES CREST BAPTIST CHURCH
SCHEDULE OF CASH DISBURSEMENTS
Years ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operations and maintenance		
Kitchen supplies	\$ 6,442	\$ 7,387
Janitorial services	87,885	95,462
Computer maintenance and repair	14,195	17,212
Utilities	199,631	193,918
Insurance	65,416	60,986
Repairs and maintenance	127,853	138,039
Safety team	778	1,205
Grounds	12,199	8,713
New equipment	3,400	2,888
Equipment leases	13,437	12,325
Janitorial supplies	8,066	5,663
Total operations and maintenance	<u>539,302</u>	<u>543,798</u>
Spiritual growth		
Sunday school	15,851	12,524
New Membership Fellowship	35	117
Congregational care	379	479
Total spiritual growth	<u>16,265</u>	<u>13,120</u>
Worship		
Music ministry	31,540	36,269
Public address	6,020	21,070
Flowers	1,478	85
Worship support	2,837	529
Pastor's Initiatives	-	490
Total worship	<u>41,875</u>	<u>58,443</u>
Debt service		
Principal payments	355,264	233,865
Interest payments	146,508	155,614
Total debt service	<u>501,772</u>	<u>389,479</u>
Total disbursements	<u>\$ 2,183,757</u>	<u>\$ 2,052,171</u>

