



REYNOLDA PRESBYTERIAN CHURCH,  
WINSTON-SALEM, NORTH CAROLINA,  
EVANGELICAL PRESBYTERIAN CHURCH

Financial Statements  
With Independent Accountants' Review Report

December 31, 2019

# REYNOLDA CHURCH

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Session  
Reynolda Church  
Winston-Salem, NC

We have reviewed the accompanying financial statements of Reynolda Church, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows, and the statements of functional expenses for the years ended December 31, 2019 and 2018, and the related notes to the 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 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 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 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

### *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 conformity with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Columbia, South Carolina  
July 2, 2020

# REYNOLDA CHURCH

## Statements of Financial Position

	December 31,	
	2019	2018
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 609,884	\$ 865,250
Accounts receivable and other assets	40,763	36,293
Property and equipment–net	2,593,326	2,455,365
<b>Total Assets</b>	<b>\$ 3,243,973</b>	<b>\$ 3,356,908</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 23,579	\$ 40,031
Accrued expenses	97,791	101,866
Deferred revenue	23,305	23,152
Capital lease obligation	63,209	25,792
	207,884	190,841
<b>Net assets:</b>		
Without donor restriction:		
Undesignated	2,669,049	2,651,354
Session designated	56,117	65,063
	2,725,166	2,716,417
With donor restriction	310,923	449,650
	3,036,089	3,166,067
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,243,973</b>	<b>\$ 3,356,908</b>

See independent accountants' review report

# REYNOLDA CHURCH

## Statement of Activities

Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE:</b>			
Support:			
Tithes and offerings	\$ 2,138,028	\$ -	\$ 2,138,028
Expansion	-	408,996	408,996
Missions and outreach	-	322,030	322,030
	<u>2,138,028</u>	<u>731,026</u>	<u>2,869,054</u>
Revenue:			
Preschool income	276,116	-	276,116
Church activity income	67,681	-	67,681
Other income	19,437	-	19,437
Total Support and Revenue	<u>2,501,262</u>	<u>731,026</u>	<u>3,232,288</u>
<b>RECLASSIFICATIONS:</b>			
Net assets released from restrictions	<u>869,753</u>	<u>(869,753)</u>	<u>-</u>
<b>EXPENSES:</b>			
Program activities:			
Outreach	485,621	-	485,621
Worship	590,481	-	590,481
Adult discipleship	108,874	-	108,874
Student discipleship	819,313	-	819,313
Church ministry	202,063	-	202,063
	<u>2,206,352</u>	<u>-</u>	<u>2,206,352</u>
Supporting activities:			
General and administrative	1,126,608	-	1,126,608
Fundraising	29,306	-	29,306
	<u>1,155,914</u>	<u>-</u>	<u>1,155,914</u>
Total Expenses	<u>3,362,266</u>	<u>-</u>	<u>3,362,266</u>
Change in Net Assets	8,749	(138,727)	(129,978)
Net Assets, Beginning of Year	<u>2,716,417</u>	<u>449,650</u>	<u>3,166,067</u>
Net Assets, End of Year	<u>\$ 2,725,166</u>	<u>\$ 310,923</u>	<u>\$ 3,036,089</u>

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# REYNOLDA CHURCH

## Statement of Activities

Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE:</b>			
Support:			
Tithes and offerings	\$ 2,104,820	\$ -	\$ 2,104,820
Expansion	-	399,490	399,490
Missions and outreach	-	325,272	325,272
	<u>2,104,820</u>	<u>724,762</u>	<u>2,829,582</u>
Revenue:			
Preschool income	284,483	-	284,483
Church activity income	23,369	-	23,369
Other income	63,604	-	63,604
Total Support and Revenue	<u>2,476,276</u>	<u>724,762</u>	<u>3,201,038</u>
<b>RECLASSIFICATIONS:</b>			
Net assets released from restrictions	<u>579,849</u>	<u>(579,849)</u>	<u>-</u>
<b>EXPENSES:</b>			
Program activities:			
Outreach	464,875	-	464,875
Worship	501,402	-	501,402
Adult discipleship	140,251	-	140,251
Student discipleship	699,747	-	699,747
Church ministry	126,976	-	126,976
	<u>1,933,251</u>	<u>-</u>	<u>1,933,251</u>
Supporting activities:			
General and administrative	1,173,560	-	1,173,560
Fundraising	35,028	-	35,028
	<u>1,208,588</u>	<u>-</u>	<u>1,208,588</u>
Total Expenses	<u>3,141,839</u>	<u>-</u>	<u>3,141,839</u>
Change in Net Assets	(85,714)	144,913	59,199
Net Assets, Beginning of Year	<u>2,802,131</u>	<u>304,737</u>	<u>3,106,868</u>
Net Assets, End of Year	<u>\$ 2,716,417</u>	<u>\$ 449,650</u>	<u>\$ 3,166,067</u>

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# REYNOLDA CHURCH

## Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (129,978)	\$ 59,199
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	171,568	163,820
Contributions restricted for expansion	(408,996)	(399,490)
Gain on disposal of property, plant and equipment	1,257	7,328
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(4,470)	9,931
Accounts payable	(16,452)	(9,311)
Accrued expenses	(4,075)	4,402
Deferred revenue	153	(39)
Net Cash Used by Operating Activities	<u>(390,993)</u>	<u>(164,160)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(247,577)	(77,114)
Net Cash Used by Investing Activities	<u>(247,577)</u>	<u>(77,114)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on capital lease obligations	(25,792)	(16,168)
Contributions restricted for expansion	408,996	399,490
Net Cash Provided by Financing Activities	<u>383,204</u>	<u>383,322</u>
Net Change in Cash and Cash Equivalents	(255,366)	142,048
Cash and Cash Equivalents, Beginning of Year	<u>865,250</u>	<u>723,202</u>
Cash and Cash Equivalents, End of Year	<u>\$ 609,884</u>	<u>\$ 865,250</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Property and equipment acquired through capital lease	<u>\$ 63,209</u>	<u>\$ -</u>

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# REYNOLDA CHURCH

## Statement of Functional Expenses

Year Ended December 31, 2019

	Program Activities						Support Services			Total
	Outreach	Worship	Adult Discipleship	Student Discipleship	Church Ministry	Total Program	Management and General	Fundraising	Total Support	
Salaries and benefits	\$ 98,969	\$463,375	\$ 78,555	\$ 571,046	\$ 98,111	\$1,310,056	\$ 577,445	\$ -	\$ 577,445	\$1,887,501
Benevolence	-	-	-	-	27,910	27,910	-	-	-	27,910
Contract services	4,376	7,713	1,329	24,518	1,200	39,136	249,277	29,306	278,583	317,719
Repairs and equipment	1,288	23,666	7,195	8,321	313	40,783	49,336	-	49,336	90,119
Supplies	3,578	29,916	13,860	82,605	5,093	135,052	78,222	-	78,222	213,274
Utilities	1,187	3,483	1,148	3,477	880	10,175	88,559	-	88,559	98,734
Insurance—property	-	-	-	384	-	384	37,084	-	37,084	37,468
Training and conferences	879	2,866	862	59,150	2,321	66,078	1,921	-	1,921	67,999
Travel	1,074	5,487	326	1,604	295	8,786	4,607	-	4,607	13,393
Financial services	5,976	6,783	1,891	8,926	1,639	25,215	9,790	-	9,790	35,005
Missions support	364,370	-	-	4,560	-	368,930	26	-	26	368,956
Licensure	-	1,499	-	-	-	1,499	2,656	-	2,656	4,155
Other expenses	3,924	2,147	3,099	3,782	8,039	20,991	7,474	-	7,474	28,465
Depreciation	-	43,546	609	50,940	56,262	151,357	20,211	-	20,211	171,568
<b>Total</b>	<b>\$485,621</b>	<b>\$590,481</b>	<b>\$ 108,874</b>	<b>\$ 819,313</b>	<b>\$ 202,063</b>	<b>\$2,206,352</b>	<b>\$ 1,126,608</b>	<b>\$ 29,306</b>	<b>\$1,155,914</b>	<b>\$3,362,266</b>

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# REYNOLDA CHURCH

## Statement of Functional Expenses

Year Ended December 31, 2018

	Program Activities					Support Services				Total
	Outreach	Worship	Adult Discipleship	Student Discipleship	Church Ministry	Total Program	Management and General	Fundraising	Total Support	
Salaries and benefits	\$ 72,457	\$376,139	\$ 71,499	\$ 478,690	\$ 84,566	\$ 1,083,351	\$ 587,826	\$ -	\$ 587,826	\$ 1,671,177
Benevolence	-	-	-	-	19,712	19,712	-	-	-	19,712
Contract services	5,113	41,645	1,935	8,392	1,402	58,487	223,720	27,578	251,298	309,785
Repairs and equipment	237	16,512	2,340	43,424	65	62,578	23,911	-	23,911	86,489
Supplies	5,162	10,973	15,031	74,793	10,247	116,206	97,822	7,450	105,272	221,478
Utilities	1,133	1,155	1,754	4,314	963	9,319	82,160	-	82,160	91,479
Insurance—property	-	-	-	384	-	384	29,352	-	29,352	29,736
Training and conferences	441	10,092	6,798	39,971	2,115	59,417	10,119	-	10,119	69,536
Travel	743	852	226	1,112	1,158	4,091	3,826	-	3,826	7,917
Financial services	-	-	-	-	-	-	19,753	-	19,753	19,753
Missions support	378,770	-	-	-	-	378,770	-	-	-	378,770
Licensure	-	907	-	-	-	907	3,140	-	3,140	4,047
Other expenses	819	4,341	2,674	8,792	6,615	23,241	44,899	-	44,899	68,140
Depreciation	-	38,786	37,994	39,875	133	116,788	47,032	-	47,032	163,820
<b>Total</b>	<b>\$ 464,875</b>	<b>\$501,402</b>	<b>\$ 140,251</b>	<b>\$ 699,747</b>	<b>\$126,976</b>	<b>\$ 1,933,251</b>	<b>\$ 1,173,560</b>	<b>\$ 35,028</b>	<b>\$ 1,208,588</b>	<b>\$ 3,141,839</b>

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# REYNOLDA CHURCH

## Notes to Financial Statements

December 31, 2019 and 2018

1. NATURE OF ORGANIZATION:

Reynolda Church (The Church) is incorporated under the laws of the state of North Carolina as a nonprofit religious corporation. The Church was organized in 1914. It incorporated on January 28, 1985 and affiliated with the Evangelical Presbyterian Church in 1987. The Church's mission is to Love God, Love Each Other, Love the World. The Church is dedicated to spreading the gospel through establishing, developing, and promoting all aspects of Church ministry within Winston-Salem, North Carolina, and the surrounding communities. The Church is exempt from federal income taxes under Internal Revenue Code (Code) Section 501(c)(3) and comparable state law and is classified as a publically supported organization, which is not a private foundation, under Section 509(a)(1) of the Code. The primary activities of the Church are church services and related events. The Church's primary source of income is contributions. The Church operates a preschool which is supported by fees charged to parents and guardians of the children.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Church have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### USE OF ESTIMATES

The preparation of the Church's 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 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 consist of checking accounts, a money market savings account, and petty cash. At December 31, 2019 and 2018, the Church's cash balances exceeded federally insured limits by \$314,746 and \$555,344. The Church does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

### ACCOUNTS RECEIVABLE AND OTHER ASSETS

Accounts receivable and other assets consists of sales tax receivable, preschool tuition receivable and prepaid expenses. Experience has shown that the receivables are collectible with a high degree of reliability. Accordingly, no allowance is recorded.

### PROPERTY AND EQUIPMENT

Property, buildings, and equipment is stated at cost, if purchased, or fair value if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets: furniture and equipment (3-15 years), land improvements (20 years), building improvements (20 years), and buildings (30 years). The Church capitalizes all property and equipment with a cost or value in excess of \$2,000.

# REYNOLDA CHURCH

## Notes to Financial Statements

December 31, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets.

*Net assets without donor restriction* amounts are currently available at the discretion of the session for use in operations. Session designated net assets are earmarked by the session for a specific purpose and are to be used for that purpose unless the session approves otherwise.

*Net assets with donor restriction* amounts 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 general use unless specifically restricted by the donor or subject to other legal restrictions.

#### REVENUES, EXPENSES, AND RECLASSIFICATIONS

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Church.

The Church reports gifts of cash and other assets as restricted support 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 restriction and reported in the statement of activities as net assets are released from restrictions.

Donated goods (including securities, property, and equipment) are recorded at fair value at the date of the gift. Donated services are recorded if they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Church have been summarized on a functional basis in the statement of activities. Accordingly, depreciation and salaries and benefits expense have been allocated among the program services and supporting activities benefited. Depreciation is allocated on an asset usage basis and salaries and benefits are allocated based on time and effort.

# REYNOLDA CHURCH

## Notes to Financial Statements

December 31, 2019 and 2018

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Church's financial assets as of the statement of financial position date. The Church also has \$56,117 in session-designated financial assets that could be used to fund general expenditures within one year, if approved by the session. Also, the Church has a \$500,000 line of credit that could be drawn upon, if needed to meet cash needs for general expenditures within one year. The Church has a policy to structure its financial assets for availability for expenses and other obligations as they come due in a prudent manner. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year:

	December 31,	
	2019	2018
Cash and cash equivalents	\$ 609,884	\$ 865,250
Accounts receivable	31,639	28,076
	<u>641,523</u>	<u>893,326</u>
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(223,816)	(352,036)
Session designations:		
Audit reserve	(5,573)	(15,539)
Capital reserve	(50,544)	(49,524)
	<u>(279,933)</u>	<u>(417,099)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 361,590</u>	<u>\$ 476,227</u>

### 4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consists of:

	December 31,	
	2019	2018
Land and improvements	\$ 308,339	\$ 288,977
Buildings and building improvements	4,480,749	4,457,482
Furniture and equipment	1,677,812	1,448,506
Vehicles	97,110	97,110
	<u>6,564,010</u>	<u>6,292,075</u>
Less accumulated depreciation	<u>(3,970,684)</u>	<u>(3,836,710)</u>
	<u>\$ 2,593,326</u>	<u>\$ 2,455,365</u>

# REYNOLDA CHURCH

## Notes to Financial Statements

December 31, 2019 and 2018

5. COMMITMENTS AND CONTINGENCIES:

The Church had two capital lease obligations that expired in 2019 and is now obligated under a new capital lease for a copier that expires in 2024. The gross amount of equipment and related accumulated amortization recorded under these capital leases was as follows:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Equipment	\$ 63,209	70,665
Less accumulated amortization	-	(55,276)
	<u>\$ 63,209</u>	<u>\$ 15,389</u>

Future minimum capital lease payments as of December 31, 2019, are:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2020	\$ 14,088
2021	14,088
2022	14,088
2023	14,088
2024	14,088
	<u>70,440</u>
Less amount representing interest	<u>(7,231)</u>
Present value of net minimum capital lease payments	<u>\$ 63,209</u>

The Church leases a space for Sunday worship and an office in Kernersville under long-term operating leases. Rental expense was \$73,759 and \$76,687 for the years ended December 31, 2019 and 2018, respectively. The Church's current leases expire in 2020. Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2019, were as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2020	<u>\$ 26,284</u>

6. LINE OF CREDIT:

Reynolda Church has a \$500,000 line of credit with a financial institution that expires on July 31, 2020. There were no obligations associated with this line of credit as of December 31, 2019 and 2018, respectively.

# REYNOLDA CHURCH

## Notes to Financial Statements

December 31, 2019 and 2018

7. NET ASSETS:

Net assets consist of:

	December 31,	
	2019	2018
Without donor restriction:		
Undesignated	\$ 2,669,049	\$ 2,651,354
Session designated:		
Capital reserve	50,544	49,524
Audit reserve	5,573	15,539
	<u>56,117</u>	<u>65,063</u>
	<u>2,725,166</u>	<u>2,716,417</u>
With donor restriction:		
Missions and outreach	64,127	77,519
Expansion	223,816	352,036
Benevolence	22,980	20,095
	<u>310,923</u>	<u>449,650</u>
	<u>\$ 3,036,089</u>	<u>\$ 3,166,067</u>

8. RETIREMENT PROGRAM:

The Church sponsors a traditional retirement plan through the Evangelical Presbyterian Church Denomination, which is held with Fidelity. All full-time employees are eligible to participate in the retirement program. The Church contributes 10% for all Evangelical Presbyterian Church pastors and 4.5% for all other full time employees. Employees make additional voluntary contributions from their salary. Employer contributions to the plan totaled \$41,640 and \$41,240 for the years ended December 31, 2019 and 2018, respectively.

# REYNOLDA CHURCH

## Notes to Financial Statements

December 31, 2019 and 2018

9. RELATED PARTIES:

The Church contributed funds to Sharing The Light (STL), a para-church ministry formed by their senior pastor. STL is not under control of the Church and functions under a separate board. For the years ended December 31, 2019 and 2018, the Church donated \$41,055 and \$58,000, respectively, to STL in direct support of the organization's mutual goal of spreading the gospel.

During the years ended December 31, 2019 and 2018, the Church received contributions from members of the Session board in the amount of \$236,639 and \$192,218, respectively.

10. SUBSEQUENT EVENTS:

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus as a "Public Health Emergency of International Concern," ultimately classifying the resulting COVID-19 as a pandemic. Federal, state and local governments have mandated various restrictions, including travel restrictions, restrictions on public gatherings, stay at home advisories and quarantining of people who may have been exposed to the virus.

Based upon evaluation of these relevant conditions and events, including the receipt of a \$364,137 Paycheck Protection Program promissory note received in April 2020, which will likely be forgiven, management does not have substantial doubt about the Church's ability to continue as a going concern.

Subsequent events have been evaluated through July 2, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.