

**BLACK ROCK CHURCH AND  
SUBSIDIARY  
CONSOLIDATED FINANCIAL  
STATEMENTS  
YEARS ENDED  
MAY 31, 2021 AND 2020**

BLACK ROCK CHURCH AND SUBSIDIARY

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 17



Beers, Hamerman, Cohen & Burger, PC  
Certified Public Accountants and Business Consultants

Audit  
Tax  
Advisory  
Assurance  
Valuation  
Litigation Support

## INDEPENDENT AUDITOR'S REPORT

To the Board of Elders of  
Black Rock Church and Subsidiary  
Fairfield, Connecticut

We have audited the accompanying consolidated financial statements of Black Rock Church and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of May 31, 2021 and 2020, 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.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

[www.bhcbcpa.com](http://www.bhcbcpa.com)

234 Church Street | New Haven, CT 06510 | P/203.787.6527 | F/203.776.8745  
One Post Road | Fairfield, CT 06824 | P/203.333.2228 | F/203.333.3520

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Black Rock Church and Subsidiary as of May 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Beers, Hamerman, Cohen & Burger, P.C.***

New Haven, Connecticut  
November 3, 2021

BLACK ROCK CHURCH AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	May 31,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 2,571,195	\$ 3,495,607
Restricted cash	-	305,859
Investments	261,015	155,925
Contributions receivable	45,527	263,692
Prepaid rent	121,250	136,250
Prepaid expenses	69,786	33,515
Total Current Assets	<u>3,068,773</u>	<u>4,390,848</u>
Non-Current Assets		
Beneficial interest in trust	318,773	273,232
Property and equipment - net	28,043,085	28,815,980
Total Non-Current Assets	<u>28,361,858</u>	<u>29,089,212</u>
TOTAL ASSETS	<u>\$ 31,430,631</u>	<u>\$ 33,480,060</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 192,198	\$ 236,474
Deferred revenue	127,380	-
Grants payable - current portion	-	25,000
Federal Paycheck Protection Program loan	491,952	491,900
Mortgage loan - current portion	86,105	52,716
Total Current Liabilities	<u>897,635</u>	<u>806,090</u>
Non-Current Liabilities		
Grants payable - long-term portion	-	22,741
Mortgage loan - long-term portion	1,071,476	3,110,891
Total Non-Current Liabilities	<u>1,071,476</u>	<u>3,133,632</u>
Total Liabilities	<u>1,969,111</u>	<u>3,939,722</u>
Net Assets		
Without donor restrictions		
Undesignated	28,241,958	28,229,425
Board designated	114,835	120,008
Total Without Donor Restrictions	28,356,793	28,349,433
With donor restrictions	1,104,727	1,190,905
Total Net Assets	<u>29,461,520</u>	<u>29,540,338</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,430,631</u>	<u>\$ 33,480,060</u>

See accompanying notes to the consolidated financial statements.

**BLACK ROCK CHURCH AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	Year Ended May 31, 2021			Year Ended May 31, 2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support						
Offerings	\$ 3,090,679	\$ 2,197,163	\$ 5,287,842	\$ 3,649,743	\$ 2,441,824	\$ 6,091,567
Summer camp registration fees	-	-	-	265,227	-	265,227
Interest	8,650	564	9,214	20,956	4,302	25,258
Miscellaneous income	69,085	-	69,085	43,748	-	43,748
Café sales	110	-	110	37,025	-	37,025
Ministry events and projects	380,914	-	380,914	440,841	-	440,841
Change in beneficial interest in trust	-	54,156	54,156	-	11,589	11,589
Gain (loss) on disposal of property and equipment	1,665	-	1,665	(6,798)	-	(6,798)
Forgiveness of Federal Paycheck Protection Program loan	491,900	-	491,900	-	-	-
Realized and unrealized gains (losses) on investments	23,256	2,497	25,753	6,994	(201)	6,793
Total Revenue and Support Before Net Assets Released From Restrictions	4,066,259	2,254,380	6,320,639	4,457,736	2,457,514	6,915,250
Net Assets Released From Restrictions	2,340,558	(2,340,558)	-	4,353,233	(4,353,233)	-
Total Revenue and Support	6,406,817	(86,178)	6,320,639	8,810,969	(1,895,719)	6,915,250
Operating Expenses						
Program services	5,279,253	-	5,279,253	6,245,668	-	6,245,668
Supporting services	1,083,921	-	1,083,921	1,095,711	-	1,095,711
Fundraising	36,283	-	36,283	69,320	-	69,320
Total Operating Expenses	6,399,457	-	6,399,457	7,410,699	-	7,410,699
Change in Net Assets	7,360	(86,178)	(78,818)	1,400,270	(1,895,719)	(495,449)
Net Assets, Beginning of Year	28,349,433	1,190,905	29,540,338	26,949,163	3,086,624	30,035,787
Net Assets, End of Year	\$ 28,356,793	\$ 1,104,727	\$ 29,461,520	\$ 28,349,433	\$ 1,190,905	\$ 29,540,338

See accompanying notes to the consolidated financial statements.

BLACK ROCK CHURCH AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended May 31, 2021				Year Ended May 31, 2020			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries, benefits and payroll taxes	\$ 2,018,524	\$ 482,800	\$ 22,462	\$ 2,523,786	\$ 2,112,283	\$ 510,162	\$ 20,882	\$ 2,643,327
Missions	1,051,867	-	-	1,051,867	1,464,003	-	-	1,464,003
Depreciation	804,256	192,366	8,950	1,005,572	735,050	177,530	7,267	919,847
Employee health insurance	276,803	66,207	3,080	346,090	268,044	64,739	2,650	335,433
Ministry projects	277,157	-	-	277,157	268,309	-	-	268,309
Administrative	-	208,928	-	208,928	-	200,231	-	200,231
Church building maintenance	191,093	-	-	191,093	324,427	-	-	324,427
Utilities	111,234	26,605	1,238	139,077	136,595	32,991	1,350	170,936
Ministry expenses - Deacon	117,076	-	-	117,076	92,874	-	-	92,874
Interest	110,906	-	-	110,906	76,197	-	-	76,197
Office	-	107,015	-	107,015	37,922	110,058	-	147,980
Miscellaneous	87,751	-	-	87,751	114,501	-	-	114,501
Insurance	53,587	-	-	53,587	51,650	-	-	51,650
Music ministries	42,590	-	-	42,590	63,069	-	-	63,069
Youth ministries	25,678	-	-	25,678	80,639	-	-	80,639
Adult ministries	17,951	-	-	17,951	12,479	-	-	12,479
Advertising	17,444	-	-	17,444	19,981	-	-	19,981
Children's ministries	15,398	-	-	15,398	28,310	-	-	28,310
Other ministries	15,230	-	-	15,230	22,144	-	-	22,144
Automobile	13,467	-	-	13,467	18,288	-	-	18,288
Spiritual development	12,583	-	-	12,583	32,470	-	-	32,470
Sanctuary ministries	11,209	-	-	11,209	23,713	-	-	23,713
Van maintenance	4,439	-	-	4,439	4,668	-	-	4,668
Summer camp supplies	3,010	-	-	3,010	97,940	-	-	97,940
Café	-	-	553	553	-	-	37,171	37,171
Bad debt expense	-	-	-	-	160,112	-	-	160,112
	<u>\$ 5,279,253</u>	<u>\$ 1,083,921</u>	<u>\$ 36,283</u>	<u>\$ 6,399,457</u>	<u>\$ 6,245,668</u>	<u>\$ 1,095,711</u>	<u>\$ 69,320</u>	<u>\$ 7,410,699</u>

See accompanying notes to the consolidated financial statements.

BLACK ROCK CHURCH AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended May 31,	
	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (78,818)	\$ (495,449)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Beneficial interest in net assets of trust	(45,541)	(341)
Realized and unrealized gain on investments	(25,753)	(6,793)
Bad debt expense	-	160,112
Amortization of financing costs	3,788	3,588
Depreciation	1,005,571	919,847
(Gain) loss on disposal of equipment	(1,665)	6,798
Forgiveness of Federal Paycheck Protection Program loan	(491,900)	-
Changes in operating assets and liabilities:		
Contributions receivable	218,165	1,122,256
Contributions restricted for long-term purposes	(222,664)	(1,130,679)
Prepaid rent	15,000	15,000
Prepaid expenses	(36,271)	22,359
Accrued expenses	(44,276)	157,681
Deferred revenue	127,380	(163,866)
Grants payable	(47,741)	47,741
Net Cash Provided by Operating Activities	<u>375,275</u>	<u>658,254</u>
Cash Flows from Investing Activities		
Purchases of investments	(160,563)	(410,506)
Proceeds from sale of investments	81,226	622,939
Proceeds from sale of property and equipment	2,500	-
Purchases of property and equipment	(233,511)	(3,096,569)
Net Cash Used by Investing Activities	<u>(310,348)</u>	<u>(2,884,136)</u>
Cash Flows from Financing Activities		
Contributions received restricted for property and equipment	222,664	1,130,679
Proceeds from mortgage loan	-	1,881,689
Proceeds from Federal Paycheck Protection Program	491,952	491,900
Repayments of mortgage loan	(2,009,814)	-
Net Cash (Used) Provided by Financing Activities	<u>(1,295,198)</u>	<u>3,504,268</u>
Change in Cash and Cash Equivalents and Restricted Cash	(1,230,271)	1,278,386
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>3,801,466</u>	<u>2,523,080</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$ 2,571,195</u>	<u>\$ 3,801,466</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 73,892</u>	<u>\$ 141,290</u>
Furniture and equipment prepaid in prior year	<u>\$ -</u>	<u>\$ 307,419</u>

See accompanying notes to the consolidated financial statements.



BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Black Rock Church and Subsidiary (Church or Organization) is a non-profit organization established under the laws of the State of Connecticut that operates exclusively for religious purposes. The Church is supported primarily through contributions from the congregation. The Church's programs consist of its worship and ministry programs, mission programs, and educational programs.

Principles of Consolidation

The consolidated financial statements present the consolidated financial results of Black Rock Church and its wholly owned subsidiary, BRCC Holdings, LLC, with all significant balances and transactions between the two entities eliminated.

Estimates

Management uses estimates and assumptions in preparing these consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Basis of Presentation

The consolidated financial statements of the Church have been prepared on the accrual basis of accounting. The Church reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and payroll taxes and related benefits are allocated based on estimates of actual time spent on program activities, support activities, and fundraising activities.

Property and Equipment

The Church capitalizes all expenditures for property and equipment with an expected life greater than one year in excess of a cost of \$2,000, which includes sales tax, freight charges and/or installation costs. Depreciation is computed on the straight-line basis method over the estimated lives of the assets, which can range from three to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. The costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed.

Contributions

Contributions are recognized when the donor makes a promise to give to the Church that is, in substance, unconditional. Contributions that are unrestricted by the donor are reported as an increase in net assets without donor restrictions as are contributions with donor-imposed restrictions which expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The Church frequently receives faith promises from donors for future periods or projects. The promisor makes a faith promise to give funds to the Church. It is understood that the faith promise is conditioned upon the funds being available to give. Faith promises are used by the Church to budget operations for the year. The Church's policy is that pledges that are made for budgetary purposes only or that clearly allow the promise makers to change their minds are intentions to give and not promises to give. Accordingly, these are not recorded as contributions receivable in the consolidated statements of financial position.

Revenue from Contracts with Customers

Revenue from contracts with customers consist of the following:

	Year Ended May 31,	
	<u>2021</u>	<u>2020</u>
Summer camp registration fees	\$ -	\$ 265,227
Café sales	<u>110</u>	<u>37,025</u>
Total	<u>\$ 110</u>	<u>\$ 302,252</u>

Registration fees for the summer camp are recognized as revenue in the period the campers attend the camp. Registration fees received in advance of the summer camp are recorded as deferred revenue in the consolidated statements of financial position. The summer camp was not held during the year ended May 31, 2021 as a result of the pandemic.

Revenue for café sales is recognized at the point of sale.

Grants Payable

The Church awards grants and contributions to other organizations for purposes of supporting specific program initiatives. Grants and contributions made to others are recognized as expenses in the period the grant or contribution is made. Promised grants and contributions are recognized in the period in which the promises are made if the promise is unconditional. If the promised grant or contribution is conditional, the expense is recognized when the condition is substantially met.

Investments

The Church records investments at their fair values in the consolidated statements of financial position.

Income Taxes

The Church qualifies as a tax-exempt church under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments with an initial maturity of three months or less.

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended May 31, 2021 and 2020 were \$17,444 and \$19,981, respectively.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Liquidity

The operations and programs of the Church are primarily funded by contributions from Church members, as well as from ministry events and projects and the revenue from summer camp registration. 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 come due.

Availability of Financial Assets

The following reflects the Church's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operation and other reserves that could be drawn upon if the Board approves that action.

	May 31,	
	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,571,195	\$ 3,495,607
Restricted cash	-	305,859
Investments	261,015	155,925
Contributions receivable	<u>45,527</u>	<u>263,692</u>
	<u>2,877,737</u>	<u>4,221,083</u>
Less amounts not available to be used within one year:		
Restricted cash	-	305,859
Net assets with donor restrictions	1,104,727	1,190,905
Board designated net assets	<u>114,835</u>	<u>120,008</u>
	<u>1,219,562</u>	<u>1,616,772</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,658,175</u>	<u>\$ 2,604,311</u>

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of:

	May 31,	
	<u>2021</u>	<u>2020</u>
Contributions due in less than one year	\$ 45,527	\$ 939,169
Less: allowance for uncollectible pledges	<u>-</u>	<u>(675,477)</u>
	<u>\$ 45,527</u>	<u>\$ 263,692</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The financial accounting standards codification defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in three broad levels:

- Level 1: Inputs are based upon adjusted quoted prices for identical instruments traded in active markets.
- Level 2: Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are, therefore, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 4 - FAIR VALUE MEASUREMENTS – (CONTINUED)

The Church's assets at fair value classified as Level 1 on a recurring basis is as follows:

	May 31,	
	<u>2021</u>	<u>2020</u>
Mutual fund	\$ -	\$ 54,013
Exchange traded products	255,594	101,912
Money market funds	<u>5,421</u>	<u>-</u>
	<u>\$ 261,015</u>	<u>\$ 155,925</u>

The fair value of mutual funds, exchange traded products, mutual funds and U.S Treasury securities, measured on a recurring basis, are Level 1. These investments are valued at quoted market prices for identical instruments traded in active markets.

NOTE 5 - CONCENTRATION OF CREDIT RISK

As of May 31, 2021 and 2020, the Church held cash of \$1,996,458 and \$3,032,164, respectively, in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Church, however, has not experienced any losses on these accounts and management does not believe that its cash balances are subject to significant credit risk.

NOTE 6 - RETIREMENT PLAN

The Church has a 403(b) retirement plan that covers all employees who have completed six months of service and attained the age of 21. The Plan provides that the Church match contributions of participating employees at the rate of 50% up to 6% of their total earnings. The Church's contributions amounted to \$38,043 and \$33,480 for the years ended May 31, 2021 and 2020, respectively, and is recorded in salaries, benefits and payroll taxes on the accompanying consolidated statements of functional expenses.

NOTE 7 - MORTGAGE PAYABLE

On August 6, 2018, the Church entered into a 25-year commercial construction loan with a financial institution for an amount up to \$6,000,000 to finance the construction of the second floor at its church located at 3685 Black Rock Turnpike. In November of 2019, the loan converted to a term loan in an amount of \$3,246,734. The loan incurs interest at a rate of 4.85% per year, which will be adjusted at the end of the 7th, 14th and 21st years of the loan to the Thrivent Financial then current rate for similar loans. During the first two years (through August 2020), the Church was only responsible for interest payments, which were calculated based on the outstanding balance of the loan. Beginning with the 25th month, principal and interest (payable in arrears) are payable in equal monthly installments in an amount that will fully amortize the loan over the remaining 23 years of the loan term.

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 7 - MORTGAGE PAYABLE – (CONTINUED)

The loan is secured by a first mortgage or Deed of Trust on all the land and improvements owned by the Church, a first lien on all personal property owned by the Church, and an assignment of cash (to be held in a restricted account at a commercial bank) and pledges associated with the capital campaign on the construction project. The Church must comply with certain financial covenants.

Aggregate principal payments of mortgage payable are:

Year Ending May 31,	
2022	\$ 86,105
2023	90,469
2024	94,956
2025	99,665
2026	104,608
Thereafter	<u>761,317</u>
	1,237,120
Less: unamortized finance costs	<u>79,539</u>
Total Mortgage Payable	<u>\$ 1,157,581</u>

During fiscal 2020, the Church prepaid its mortgage loan by an amount of \$1,005,859. During fiscal 2021, the Church prepaid the mortgage loan by another \$968,000.

Interest expense was \$110,906 and \$76,197 for the years ended May 31, 2021 and 2020, respectively. Interest capitalized into buildings and building improvements during the years ended May 31, 2020 was \$73,307.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	May 31, <u>2021</u>	<u>2020</u>
Buildings and building improvements	\$ 27,331,300	\$ 27,245,077
Land	3,634,710	3,634,710
Computers and equipment	1,093,614	1,029,546
Furniture and fixtures	1,368,710	1,293,083
Automobiles and trucks	<u>104,479</u>	<u>104,479</u>
	33,532,813	33,306,895
Accumulated depreciation	<u>(5,489,728)</u>	<u>(4,490,915)</u>
	<u>\$ 28,043,085</u>	<u>\$ 28,815,980</u>

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 9 - BOARD DESIGNATED FUNDS

At year-end, funds designated by the Church Elders were as follows:

	May 31,	
	<u>2021</u>	<u>2020</u>
BRC-LR seed	\$ 36,500	\$ 36,500
Marriage ministry	15,753	15,025
Matthew 25	11,716	10,415
Men's ministry	9,205	2,439
CSB stockade	8,037	8,037
CARS ministry	3,710	6,431
Seniors of the Rock	3,400	2,776
Junior high events	3,015	1,200
CSB leaders training	2,979	2,979
Senior high events	2,922	1,831
Women's ministry	2,785	12,079
Care ministry	2,377	2,377
Sunday school	2,179	2,179
Special projects	2,107	2,107
Special events	1,314	2,829
Sanctuary apparel	1,113	994
Dads of the Rock	1,084	1,084
Revive	1,077	1,077
Chancel choir	1,077	1,061
Moms of the Rock	859	1,778
Vacation bible school	683	683
Awana	544	544
Sews and sews	290	290
Community groups	109	109
Spiritual development	-	1,705
Long Ridge in/out	-	1,479
	<u>\$ 114,835</u>	<u>\$ 120,008</u>

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

The Church's net assets with donor restrictions consist of the following:

	May 31,	
	<u>2021</u>	<u>2020</u>
Ministry Fund		
Choir and orchestra supplies	\$ 11,602	\$ 11,602
Diversity initiatives	10,000	10,000
Community Outreach 2020	42,334	15,843
Mortgage payments	<u>9,883</u>	<u>150,000</u>
Total Local Ministry Fund	<u>73,819</u>	<u>187,445</u>
Missions Fund		
Missions - general	302,417	352,535
Church short-term missions trips	21,322	59,477
College loans	60,452	57,391
Royal family kid's camp	<u>36,258</u>	<u>42,902</u>
Total Missions Fund	<u>420,449</u>	<u>512,305</u>
Building Fund - For Expenses Related to 3865 Black Rock Turnpike	<u>44,653</u>	<u>-</u>
Beneficial Interest in Trust	<u>318,773</u>	<u>273,232</u>
Deacons Fund - For Families In Need	<u>247,033</u>	<u>217,923</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,104,727</u>	<u>\$ 1,190,905</u>



BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 11 - LEASE COMMITMENTS

The Church entered into a ten-year lease agreement for the use of designated parking spaces at 3617 Black Rock Turnpike, expiring on August 3, 2028. The lease agreement required a base rent payment of \$170,000 to be prepaid in July of 2018 and an additional payment of \$80,000, payable in \$10,000 installments due on August 1 of each subsequent year through 2026. The Church also rents additional parking spaces in other locations on a month-to-month basis, with monthly rental expense of approximately \$1,000.

The Church leases office equipment under noncancelable operating leases that expire through May 2022. Rent expense for office equipment was \$59,855 and \$57,280 during the years ended May 31, 2021 and 2020, respectively, and is recorded in offices expenses in the accompanying consolidated statements of functional expenses.

Minimum future rental payments under the non-cancelable operating leases are:

Year Ending <u>May 31,</u>	
2022	\$ 49,222
2023	12,476
2024	12,476
2025	11,556
2026	10,000
Thereafter	10,000
	<u>\$ 105,730</u>

NOTE 12 - TRUST BENEFICIARY

The Church is the income beneficiary of a trust established in 1933. The initial contribution of \$32,000 was invested in a perpetual trust and income is distributed to the Church on a quarterly basis. Since the Church has an irrevocable right to the income from the trust assets, the Church is required to reflect its beneficial interest in the net assets of the trust in the consolidated financial statements. Legally, the trust and the Church are separate entities and the Church can only receive distributions of the net income of the trust when approved by the trustee of the assets. The Organization's beneficial interest in the net assets of the trust of \$318,773 and \$273,232 as of May 31, 2021 and 2020, respectively, has been reflected on the accompanying consolidated statements of financial position. The Organization's change in the beneficial interest in the net assets of the trust of \$56,188 and \$11,589 during the years ended May 31, 2021 and 2020, respectively, is reflected on the accompanying consolidated statements of activities.

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 12 - TRUST BENEFICIARY – (CONTINUED)

The trust's summarized financial data is as follows:

	May 31,	
	<u>2021</u>	<u>2020</u>
Total Assets	\$ 318,773	\$ 273,232
Total Net Assets	\$ 318,773	\$ 273,232
Total Investment Income	\$ 54,156	\$ 11,589
Distributions to Black Rock Church	\$ 8,615	\$ 11,248

NOTE 13 - FEDERAL PAYCHECK PROTECTION PROGRAM

In April 2020, the Church received loan proceeds in the amount of \$491,900 under the Federal Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Acts (CARES ACT), provides for loans to qualifying entities for amounts up to 2.5 times average monthly payroll expenses of the qualifying entity. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Unpaid interest, at an annual rate of 1%, and principal on the unforgiven portion of the PPP loan is due and payable in full two years from the initial disbursement date. The Church used the proceeds for purposes consistent with the PPP guidelines, and the full amount of the loan was forgiven during fiscal 2021. The Church had elected to record proceeds from the loan as a liability until either (1) the loan was partly or wholly forgiven and the Church was legally released or (2) the Church paid off the loan. As of May 31, 2020, the balance of the PPP loan was recorded as a liability.

In January 2021, the Church received an additional loan of \$491,952 under the PPP. The terms of the second PPP were substantially similar to the first PPP received in fiscal 2020. The balance of the PPP of \$491,952 is recorded as a liability as of May 31, 2021.

NOTE 14 - GRANTS PAYABLE

In September 2019, the Church signed a gift agreement with the Bridgeport Rescue Mission. The total amount of the gift of \$100,000 was to be paid to the Bridgeport Rescue Mission in three annual installments. The first installment of \$50,000 was paid in January 2020. The two remaining installments of \$25,000 each were scheduled to be paid in January 2021 and 2022, however the balance was repaid fully during the fiscal year ended May 31, 2021. Promises to give in more than one year were discounted at 4.85% per year. Grants payable, net of discount, as of May 31, 2020, was \$47,741.

NOTE 15 - RISKS AND UNCERTAINTIES

The extent of the impact of COVID-19 on the Church's financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Church's funding and programs, all of which remain uncertain and cannot be predicted.

BLACK ROCK CHURCH AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2021 AND 2020

NOTE 16 - SUBSEQUENT EVENTS

The Church received notification on July 23, 2021 that their second PPP loan of \$491,952 was fully forgiven.

The Church did not have any additional subsequent events through November 3, 2021, which is the date the financial statements were available to be issued.