

Report

BRONX BETHANY CHURCH OF THE NAZARENE

**FINANCIAL STATEMENTS
AS OF
AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

TOGETHER WITH AUDITORS' OPINION



Aston Bell & Associates

Certified Public Accountants

BRONX BETHANY CHURCH OF THE NAZARENE

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Directors
Bronx Bethany Church of the Nazarene
971 East 227th Street
Bronx, NY 10466-5908

Opinion

We have audited the accompanying statement of financial position of Bronx Bethany Church of the Nazarene as of December 31, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bronx Bethany Church of the Nazarene as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bronx Bethany Church of the Nazarene and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bronx Bethany Church of the Nazarene's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing the audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks for material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bronx Bethany Church of the Nazarene's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bronx Bethany Church of the Nazarene's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control – related matters that we identified during the audit.

Aston Bell & Associates

Rancocas, New Jersey
February 17, 2023

BRONX BETHANY CHURCH OF THE NAZARENE
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

		Without Donor Restriction	With Donor Restriction	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	(Notes 2,3)	\$ 97,629	\$ 9,613	\$ 107,242
Investment - 24 Month Certificate of Deposit		10,886	-	10,886
Property and Equipment, Net	(Notes 2,4)	5,259,024	-	5,259,024
 TOTAL ASSETS		<u>\$ 5,367,539</u>	<u>\$ 9,613</u>	<u>\$ 5,377,152</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>LIABILITIES</u>				
Accounts Payables and Accruals		\$ 22,588	\$ -	\$ 22,588
Current Portion - Long Term Debt	(Note 5)	65,011	-	65,011
 Current Liabilities		<u>87,599</u>	<u>-</u>	<u>87,599</u>
 Long - Term Debt:				
Loan Payable	(Note 5)	21,990	-	21,990
Mortgage Payables	(Note 5)	4,206,448	-	4,206,448
 Long - Term Debt		<u>4,228,438</u>	<u>-</u>	<u>4,228,438</u>
<u>NET ASSETS</u>				
Net Assets - Unrestricted		1,051,502		1,051,502
Net Assets - Temporarily Restricted			9,613	9,613
 Total Net Assets		<u>1,051,502</u>	<u>9,613</u>	<u>1,061,115</u>
 TOTAL LIABILITIES AND NET ASSETS		<u>\$ 5,367,539</u>	<u>\$ 9,613</u>	<u>\$ 5,377,152</u>

The accompanying notes are an integral part of the financial statements.

BRONX BETHANY CHURCH OF THE NAZARENE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
<u>REVENUE</u>			
Tithes and Offering	\$ 1,746,177	\$ -	\$ 1,746,177
Employee Retention Tax Credit Receipts	266,777	-	266,777
Other Income (Note 6)	67,883	-	67,883
Release from Restriction	4,188	(4,188)	-
TOTAL REVENUE	2,085,025	(4,188)	2,080,837
<u>EXPENSES</u>			
Program Activities:			
Worship	\$ 528,202	\$ -	\$ 528,202
Church, Ministries, and Fellowship	234,628	-	234,628
Evangelism, Missions, and Conventions	294,301	-	294,301
Property	613,280	-	613,280
Total Program Activities	1,670,411	-	1,670,411
Support Activities:			
Leadership and Administration	644,788	-	644,788
Total Support Activities	644,788	-	644,788
TOTAL EXPENSES	2,315,199	-	2,315,199
Change In Net Assets	(230,174)	(4,188)	(234,362)
Unrestricted Net Assets at Beginning of Year	1,281,676	13,801	1,295,477
NET ASSETS AT END OF YEAR	\$ 1,051,502	\$ 9,613	\$ 1,061,115

The accompanying notes are an integral part of the financial statements.

BRONX BETHANY CHURCH OF THE NAZARENE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities:

Change in Net Assets	\$ (234,362)
Adjustments to Reconcile Change in Net Assets to Net Cash provided by Operating Activities:	
Depreciation Expense	292,425
Increase/(Decrease) in Accounts Payable and Accruals	22,588
Increase/(Decrease) in Current Portion of Long-Term Debt	65,011
Net Cash provided by Operating Activities	<u>145,662</u>
Cash Flow from Investing Activities:	
(Increase)/Decrease of Investment - 24 Month Certificate of Deposit	(38)
(Purchase)/Sale of Property and Equipment	(315,291)
Net Cash used by Investing Activities	<u>(315,329)</u>
Cash Flow from Financing Activities:	
Net Increase/(Decrease) in Long - Term Debt	(82,774)
Net Cash provided by Financing Activities	<u>(82,774)</u>
Net Increase/(Decrease) in Cash	<u>(252,441)</u>
Cash and Cash Equivalents at Beginning of Year	359,683
Cash and Cash Equivalents at Year End	<u><u>\$ 107,242</u></u>

The accompanying notes are an integral part of the financial statements.

BRONX BETHANY CHURCH OF THE NAZARENE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

DESCRIPTION	Program Activities				Support Activities	TOTAL
	WORSHIP	CHURCH MINISTRIES AND FELLOWSHIP	EVANGELISM, MISSIONS, AND CONVENTIONS	PROPERTY	LEADERSHIP AND ADMINISTRATION	
Compensation and Payroll and Fringe Expense	\$ 303,845	\$ 101,282	\$ 151,922	\$ 101,282	\$ 354,485	\$ 1,012,816
Church Operating Expense	54,202	9,034	18,067	18,067	81,304	180,674
Utilities Expense	17,401	6,961	6,961	31,322	6,960	69,605
Facilities Expense	15,957	5,319	5,319	10,638	15,958	53,191
Insurance Expense	13,066	13,066	13,066	34,842	13,065	87,105
Interest Expense	-	-	-	91,715	91,715	183,430
Organizational Expense	49,483	98,966	98,966	32,989	49,481	329,885
Stipends	74,248	-	-	-	31,820	106,068
Depreciation Expense	-	-	-	292,425	-	292,425
TOTAL	<u>\$ 528,202</u>	<u>\$ 234,628</u>	<u>\$ 294,301</u>	<u>\$ 613,280</u>	<u>\$ 644,788</u>	<u>\$ 2,315,199</u>

The accompanying notes are an integral part of the financial statements.

BRONX BETHANY CHURCH OF THE NAZARENE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. Nature of Activities

Bronx Bethany is committed to building strong families and impacting their community for Christ. They embrace the Spirit filled life with a place for everyone where all may experience the forgiveness of sin and the cleansing of their hearts through faith in Jesus Christ. Bronx Bethany Church of the Nazarene (the “Church”) was incorporated under provisions of the Religious Corporations Law of the State of New York on September 20, 1972. The Church is exempt from federal income tax under Section 501 © (3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements of Bronx Bethany Church of the Nazarene have been prepared on the accrual basis of accounting in accordance with the American Institute of Certified Public Accountants Certain Non-profit Organizations Audit Guide. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update, (“ASU”) No. 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities (“ASU 2016-14”). ASU 2016-14 changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes to those resources) to donors, grantors, and creditors, and other users.

These include qualitative and quantitative requirements in the following areas: • Net Asset Classes; • Investment Return; • Expenses; • Liquidity and Availability of Resources; and • Presentation of Operating Cash Flows.

The Church has implemented ASU 2016-14 changes; there was no impact on the Organization’s change in net assets or financial position upon adoption of the new standard.

Under the provisions of ASU 2016-14, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. However, support whose restrictions are met within the same fiscal year are initially recorded and classified as net assets without donor restriction. In addition, the Church Session may designate assets without restrictions for specific operational purposes from time to time. However, support whose restrictions are met within the same year are initially recorded and classified as net assets without donor restriction.

Net assets with donor restriction: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

BRONX BETHANY CHURCH OF THE NAZARENE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

3. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 that introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard is effective for fiscal years beginning after December 15, 2018, with early adoption permitted for nonpublic entities.

The Church has implemented ASU 2014-09 changes; there was no impact on the Church's change in net assets or financial position upon adoption of the new standard.

The FASB issued ASU 2016-02, "Leases Topic 842." The amendments in this update require, among other things, that lessees recognize the following for all leases (with the exception of leases with a duration of less than 12 months) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-to-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. An update to Leases (Topic 842) ASU 2020-05 was issued June 2020. The standard is effective for nonpublic entities beginning after December 15, 2021, with early adoption permitted.

The Church evaluated the new guidance to determine the impact it will have on its financial statements and has elected not to adopt this ASU early in these financial statements. There was no impact on the Church's change in net assets or financial position.

Gifts

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 assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are to be reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

BRONX BETHANY CHURCH OF THE NAZARENE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Investments

Investments include a 24-month term share certificate of deposit held at America's Christian Credit Union ("ACCU").

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as gain or loss on investment in the statements of activities. Interest is recorded when earned. Dividends and interest are recorded and included in the statement of activities as other income.

Fair Value Measurements – Fair value is defined as 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 three-level hierarchy is used for measuring fair value measurements based on the observable inputs to the valuation of an asset and liability at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority (Level 1) to unadjusted quoted prices in active markets for identical assets or liabilities. The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Church has the ability to access at the measurement date.
- Level 2 – Inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Inputs that are unobservable. These prices are supported by little or no market activity and the unobservable inputs are significant to the fair value of the assets or liabilities.

Depreciation

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from five (5) to forty (40) years. The estimated useful lives are as follows:

Building	30 years
Building Improvements	30 years
Equipment	7-10 years
Furniture and Fixtures	10 years
Vehicles	5-7 years

Capitalization Policy

Property and Equipment is recorded at cost, if purchased, or fair value, if donated. Property and Equipment that is deemed to have an estimated useful life of over a year or enhances the life of an existing asset is capitalized.

BRONX BETHANY CHURCH OF THE NAZARENE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Income Taxes

The Church is a tax-exempt not-for-profit corporation pursuant to Section 501 © (3) of the Internal Revenue Code.

Revenue Recognition

Contributions received are recorded as without donor restrictions and with donor restrictions support depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as amounts released from restrictions.

Contributed Services

The Church receives services donated by its members in carrying out the Church's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 include all monies in banks and highly liquid investments with original maturity dates of three months or less when purchased. The carrying value of Cash and Cash Equivalents approximates fair value because of the short maturities of those financial instruments.

Functional Allocation of Expense

The costs of providing the programs and support activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expense presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and support activities benefited.

BRONX BETHANY CHURCH OF THE NAZARENE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. Cash and Cash Equivalents

Cash and Cash Equivalents at December 31, 2022 comprised of the following:

Without Donor Restrictions:

Operating Accounts	\$ 30,478
Savings Accounts	26,827
Money Market Account	40,324
	<u>97,629</u>

With Donor Restrictions:

Scholarship Fund Account	9,613
	<u>9,613</u>

Total Cash and Cash Equivalents	<u><u>\$ 107,242</u></u>
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4. Property and Equipment, Net

The Properties consist of land and buildings located at 971 East 227th Street; 964 East 227th Street; 964 East 228th; and 4041 Paulding Avenue, Bronx, New York. The above-mentioned properties were insured, including Building and Personal Property at a total amount of \$11,265,183.

Property and Equipment, Net at December 31, 2022 consisted of the following:

Land	\$ 402,037
Buildings	6,382,725
Building Improvements	1,882,980
Equipment	354,892
Furniture and Fixtures	115,511
Vehicles	109,170
Property and Equipment	<u>9,247,315</u>
Less: Accumulated Depreciation	(3,988,291)
Property and Equipment, Net	<u><u>\$ 5,259,024</u></u>

Depreciation Expense at December 31, 2022 is \$292,425.

BRONX BETHANY CHURCH OF THE NAZARENE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5. Long-Term Debt

Long - Term Debt at December 31, is as follows:

	<u>2022</u>
Loan Payable	\$ 21,990
Mortgage Payables	4,271,459
	<hr/>
Total	4,293,449
Less: Current Portion	(65,011)
	<hr/>
Long - Term Debt	<u><u>\$ 4,228,438</u></u>

Loan Payable

In September 2022, the Church entered into an agreement with America's Christian Credit Union ("ACCU") towards the purchase of a vehicle in the amount of \$23,000. The interest rate for the vehicle purchased is 5.50% and is payable in monthly installments including interest and principal, totaling \$439.34 for 59 months that matures on September 15, 2027. The balance on the loan as of December 31, 2022, is \$21,990.

Mortgage Payables

At December 31, Mortgage Payables represent two mortgage loans the Church entered into an agreement with Wesleyan Investment Foundation, ("WIF"). The outstanding mortgage loan balances as of December 31, 2022 are \$4,150,818 and \$120,641. As of December 31, 2022, Mortgage Payables consisted of:

	<u>2022</u>
Mortgage Payables	\$ 4,271,459
Less: Current Portion	(65,011)
	<hr/>
	<u><u>\$ 4,206,448</u></u>

At December 31, 2022, interest paid on Mortgage Payable was \$183,430.

BRONX BETHANY CHURCH OF THE NAZARENE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5. Long-Term Debt (Continued)

Mortgage Payable (Continued)

Mortgage Loan

In April 2012, the Church entered into a mortgage loan agreement with Wesleyan Investment Foundation, ("WIF") in the principal amount of \$4,800,000 which includes \$3,000,000 for new construction of the new church building, and \$1,800,000 for refinance of outstanding debt. The mortgage is secured by all real properties of the Church.

In October 2020, certain terms of the mortgage loan agreement changes were agreed upon by the Church and WIF including interest rate, interest review date extension, and maturity date extension. The interest rate for the mortgage loan is a fixed rate of 4.25% with effective date starting May 2, 2023, until the April 26, 2024, anniversary on the Loan date, which may be adjusted upon review. Thereafter, every three years, the interest rate will be based on the prevailing mortgage rate until Maturity. The monthly installments of \$27,737 includes principal and interest. The original 20-year Loan's maturity date was extended to April 26, 2040. The Church and WIF also agreed that from November 2022 to April 2023, monthly payment will be interest only in the amount of \$14,700. The balance on the mortgage at December 31, 2022 is \$4,150,818 of which \$65,011 is included in the current portion of Long-Term Debt.

The Church also entered into a mortgage loan agreement with Wesleyan Investment Foundation, ("WIF") in the principal original amount of \$875,000 for the purchase of the property located at 4041 Paulding Avenue in New York. The mortgage is secured by the property. The interest rate for the mortgage loan is a fixed rate of 4.25% until the April 26, 2024, anniversary on the Loan date, which may be adjusted upon review. Thereafter, every three years, the interest rate will be based on the prevailing mortgage rate until Maturity. The monthly installments of \$1,041 includes principal and interest starting March 18, 2023. The Church and WIF also agreed that from December 18, 2022, to February 18, 2023, monthly payment will be interest only calculated on the unpaid principal balance. The term of the loan is 20 years and matures on April 26, 2040. The balance on the mortgage as of December 31, 2022, is \$120,641 included in Long-Term Debt.

The balance on Long-Term Debt as of December 31, 2022, is \$4,271,459.

Long Term Debt Outstanding

Long - Term Debt maturing in the next 5 years consists of:

2023 – current portion	\$ 65,011
2024	101,030
2025	105,409
2026	109,977
2027	114,743
Thereafter	3,775,289
Total	<u><u>\$ 4,271,459</u></u>

BRONX BETHANY CHURCH OF THE NAZARENE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

6. **Other Income**

Other Income represents non-tithes contributions made to the Church; grant income from Northwest Bronx Community & Clergy Coalition, (“NWBCCC”); and contribution to the Church in the form of payment of half the Basement repairs in 2022. For the year ended December 31, 2022, Other Income consisted of the following:

Non-Tithe and Offering Contributions	\$	18,386
NWBCCC Grant		27,500
Repair Payment Contribution - BBCC		18,900
Interest Income, Other Refunds, Credits, and Receipts		3,097
Total Other Income	\$	<u>67,883</u>

7. **Related Party**

Bronx Bethany Church of the Nazarene provides facilities to the Bronx Bethany Community Corporation. Facilities include rent free space and other facilities for its operations and programs.

8. **Liquidity and Availability**

The Church’s Financial Assets, which are available for general expenditure, that is without donor restrictions limiting their use, within one year of the statement of financial position date, comprise of the Cash and Cash Equivalents of \$97,629. Donor restrictions on Cash and Cash Equivalents total \$9,613. The Church has a goal to maintain liquid financial assets, which consist of cash and cash equivalents to meet normal operating expenses.

9. **Functional Expense**

The Church’s financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: compensation and payroll and fringe expenses; church operating expenses; utilities expense; facilities expenses; insurance expense; interest expense; organizational expense; stipends; and depreciation expense which are allocated based on the basis of estimates of time and effort.

10. **Current Vulnerability Due to Certain Concentrations**

The Church receives eighty-four percent (84%) of its revenues from tithes and offerings. The Church is supported by these tithes and offerings from members, benefactors, and grantors. It is always considered reasonably possible that the various contributors might be lost in the near term, which would affect the income of the Church.

BRONX BETHANY CHURCH OF THE NAZARENE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

11. Subsequent Events

The Church evaluated its December 31, 2022 financial statements for subsequent events through February 17, 2023, the date the financial statements were available to be issued. The Church is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.