

# **RUSH CREEK CHURCH**

Arlington, Texas

Financial Statements

Year Ended April 30, 2024

# **RUSH CREEK CHURCH**

Financial Statements  
Year Ended April 30, 2024

## **TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	3 - 4
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 13



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Rush Creek Church  
Arlington, Texas

### ***Opinion***

We have audited the accompanying financial statements of Rush Creek Church (the "Church"), which comprise the statement of financial position as of April 30, 2024, and the related statements of activities, functional expenses, and cash flows 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 Rush Creek Church as of April 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance 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. 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 the Church 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.

### ***Management's Responsibilities 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, and 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.

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 the Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of 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 generally accepted auditing standards 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 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 judgment made by a reasonable user based on the financial statements.

*Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Church'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Church'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 audit findings, and certain internal control related matters that we identified during the audit.

PSK LLP

Arlington, Texas  
August 23, 2024

**RUSH CREEK CHURCH**  
Statement of Financial Position  
April 30, 2024

ASSETS

Cash and cash equivalents	\$ 2,086,835
Prepaid expenses	<u>121,928</u>
Property and equipment	
Land and improvements	5,608,090
Buildings and improvements	36,058,531
Furniture, fixtures, and equipment	3,933,187
Accumulated depreciation	<u>(13,448,778)</u>
Net property and equipment	<u>32,151,030</u>
Operating lease right-of-use asset	<u>119,143</u>
Total assets	<u><u>\$ 34,478,936</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 82,973
Deferred revenue	67,828
Operating lease liability	119,143
Notes payable, net of unamortized loan costs	13,680,140
Line of credit	<u>733,550</u>
Total liabilities	<u>14,683,634</u>
Net assets	
Without donor restrictions	19,598,251
With donor restrictions	<u>197,051</u>
Total net assets	<u>19,795,302</u>
Total liabilities and net assets	<u><u>\$ 34,478,936</u></u>

*The accompanying notes are an integral part of these financial statements.*

**RUSH CREEK CHURCH**Statement of Activities  
Year Ended April 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Tithes and offerings	\$ 10,144,782	\$ 229,931	\$ 10,374,713
Program service fees	685,033	-	685,033
Other income	923,757	-	923,757
Loss on sale of property and equipment	(2,924)	-	(2,924)
Net assets released from restrictions	209,634	(209,634)	-
	<u>11,960,282</u>	<u>20,297</u>	<u>11,980,579</u>
Total revenues and other support			
Expenses			
Ministries	7,615,674	-	7,615,674
Supporting services	3,717,809	-	3,717,809
	<u>11,333,483</u>	<u>-</u>	<u>11,333,483</u>
Total expenses			
Change in net assets	626,799	20,297	647,096
Net assets at beginning of the year	18,971,452	176,754	19,148,206
Net assets at end of the year	<u>\$ 19,598,251</u>	<u>\$ 197,051</u>	<u>\$ 19,795,302</u>

*The accompanying notes are an integral part of these financial statements.*

**RUSH CREEK CHURCH**  
Statement of Functional Expenses  
Year Ended April 30, 2024

	<u>Ministries</u>	<u>Supporting Services</u>	<u>Total</u>
Personnel	\$ 3,348,591	\$ 1,883,582	\$ 5,232,173
Support for others	447,389	111,847	559,236
Supplies and resources	1,363,831	340,958	1,704,789
Facilities	1,297,873	730,053	2,027,926
Depreciation	714,832	402,093	1,116,925
Interest	443,158	249,276	692,434
	<u>\$ 7,615,674</u>	<u>\$ 3,717,809</u>	<u>\$ 11,333,483</u>

*The accompanying notes are an integral part of these financial statements.*

**RUSH CREEK CHURCH**Statement of Cash Flows  
Year Ended April 30, 2024

Cash flows from operating activities:	
Change in net assets	\$ 647,096
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
Depreciation	1,116,925
Loss on sale of property and equipment	2,924
Amortization of loan costs	48,058
(Increase) decrease in assets:	
Prepaid expenses	(84,174)
Increase (decrease) in liabilities:	
Accounts payable	(72,937)
Deferred revenue	7,122
Deferred insurance claim	(637,088)
Net cash and cash equivalents provided by operating activities	<u>1,027,926</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(2,118,649)</u>
Cash flows from financing activities:	
Principal payments on notes payable	(724,144)
Advances on line of credit	<u>733,550</u>
Net cash and cash equivalents provided by financing activities	<u>9,406</u>
Net change in cash and cash equivalents	(1,081,317)
Cash and cash equivalents at beginning of the year	<u>3,168,152</u>
Cash and cash equivalents at end of the year	<u>\$ 2,086,835</u>
<u>Supplemental disclosures of cash flow information:</u>	
Cash paid for interest	<u>\$ 644,376</u>

*The accompanying notes are an integral part of these financial statements.*

## RUSH CREEK CHURCH

### Notes to Financial Statements

#### 1 - Historical Background

Rush Creek Church (the “Church”) is incorporated in the state of Texas as Rush Creek Baptist Church, a not-for-profit religious organization. The Church’s function is to provide pastoral and educational services to the Arlington area. The Church is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

#### 2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Church have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

Revenues and Support - Revenues and support for the Church are primarily derived from contributions from the Church membership.

Programs - The Church pursues its objectives through the ministries, which provide opportunities for spiritual growth through weekend services, Bible study, and discipleship training.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Use of Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Church pays for most services requiring specific expertise. A large number of people have contributed significant amounts of time to the activities of the Church without compensation. The financial statements do not reflect the value of those contributed services.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Church considers all bank deposits and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

## RUSH CREEK CHURCH

### Notes to Financial Statements

#### 2 - Significant Accounting Policies (continued)

Property and Equipment - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Maintenance, repairs, and minor renewals that do not significantly improve or extend the lives of the representative assets are expensed when incurred. Additions, improvements, and major renewals with costs exceeding \$5,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Land improvements	15 years
Buildings and improvements	5 - 40 years
Furniture, fixtures, and equipment	3 - 15 years

Leases - The Church recognizes a right-of-use asset and a lease liability on the effective date of a lease agreement. Right-of-use assets represent the right to use an underlying asset over the lease term and lease liabilities represent the obligation to make lease payments resulting from the lease agreement. The Church initially records these assets and liabilities based on the present value of lease payments over the lease term calculated using its incremental borrowing rate applicable to the leased asset or the implicit rate within the lease agreement if it is readily determinable. Lease agreements with lease and non-lease components are combined as a single lease component. Right-of-use assets additionally include net prepaid lease expenses. Options to extend or terminate an agreement are included in the lease term when it becomes reasonably certain the option will be exercised. Leases with an initial term of 12 months or less, short-term leases, are not recorded on the statement of financial position for all underlying asset classes. Lease expense for short-term and long-term operating leases is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred.

Compensated Absences - Employees of the Church, administrative and ministerial, are entitled to paid vacation depending upon length of service and other factors. The Church cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying financial statements. The Church's policy is to recognize the cost of compensated absences when paid to employees.

Concentrations of Credit Risk - The Church maintains accounts at financial institutions which, at times, may exceed federally insured limits. The Church has not experienced any losses in such accounts, and management does not believe it is exposed to any significant credit risk.

Income Taxes - The Church follows the Income Taxes topic of the FASB ASC which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Church is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of April 30, 2024, the Church had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months.

Subsequent Events - Subsequent events have been evaluated through August 23, 2024, which is the date the financial statements were available to be issued.

#### 3 - Liquidity and Availability of Resources

The Church operates under a budget for activities supported by unrestricted tithes and offerings. Its Board of Trustees (the "Board") is responsible for monitoring the liquidity necessary to meet the Church's operating needs and meets periodically throughout the year to evaluate the actual results of financial operations versus the budget. Additionally, the Church maintains several donor-restricted ministry funds purposed for various other activities consistent with the mission of the Church. Church management, in accordance with Church policy and/or in collaboration with the Board, also appropriates resources from donor-restricted accounts as needed.

**RUSH CREEK CHURCH**  
Notes to Financial Statements

**3 - Liquidity and Availability of Resources (continued)**

Financial assets available for general expenditure, that is, without donor-restrictions limiting their use or without requiring specific action of the Board, within one year of the date of the statement of financial position, are comprised of the following:

Cash and cash equivalents	\$ 2,086,835
Donor-imposed restrictions	(197,051)
Board-designated funds	<u>(646,331)</u>
Financial assets available to meet general expenditure needs within one year	<u>\$ 1,243,453</u>

**4 - Notes Payable**

Notes payable consist of the following as of April 30, 2024:

During 2022, the Church modified its note payable with a lending institution. The modified note has an interest rate of 4.25% and is payable in monthly payments of principal and interest totaling \$49,224. The note matures in May 2032, and is secured by the deed of trust on the property and a \$1.5 million life insurance policy. As of April 30, 2024, the estimated remaining balance to be due upon maturity is \$3,296,000. \$ 6,347,744

During 2023, the Church modified its note payable with a lending institution. The modified note has an interest rate of 4.25% and is payable in monthly payments of principal and interest totaling \$35,292. The note matures in May 2025 and is secured by the deed of trust on the property. As of April 30, 2024, the estimated remaining balance to be due upon maturity is \$243,000. 647,067

During 2023, the Church modified its note payable with a lending institution. The modified note has an interest rate of 4.25% and is payable in monthly payments of principal and interest totaling \$29,252. The note matures in May 2025 and is secured by the deed of trust on the property. As of April 30, 2024, the estimated remaining balance to be due upon maturity is \$201,000. 536,328

During 2023, the Church modified its note payable with a lending institution. The modified note has an interest rate of 4.25% and is payable in monthly payments of principal and interest totaling \$42,489. The note matures in June 2028 and is secured by the deed of trust on the property. As of April 30, 2024, the estimated remaining balance to be due upon maturity is \$5,173,000. 6,238,414

**RUSH CREEK CHURCH**  
Notes to Financial Statements

**4 - Notes Payable (continued)**

During 2018, the Church acquired a note payable with a lending institution as part of the acquisition of Arlington Park Campus. The note has an interest rate of 7.25% and is adjusted every five years until maturity. The note is payable in monthly payments of principal and interest totaling \$3,228. The note matures on September 1, 2038 and is secured by the deed of trust on the property.

386,151  
\$ 14,155,704

The Church follows the requirements in the Imputation of Interest topic of the FASB ASC to present loan costs as a reduction of the carrying amount of the respective long-term debt rather than as an asset. Amortization of loan costs is considered interest expense and is allocated on a functional basis in the statement of activities. Accordingly, the following is a summary of components of notes payable at April 30, 2024:

Outstanding principal on notes payable	\$ 14,155,704
Less: unamortized loan costs	<u>(475,564)</u>
Notes payable, net	<u>\$ 13,680,140</u>

As of April 30, 2024, future maturities of notes payable are due as follows:

Year Ending April 30,	Amount
2025	\$ 1,326,410
2026	1,058,632
2027	640,713
2028	668,886
2029	5,575,953
Thereafter	<u>4,885,110</u>
	<u>\$ 14,155,704</u>

**5 - Line of Credit**

In August 2023, the Church acquired a line of credit in the amount of \$1,000,000. The line of credit had a variable interest rate equal to the Prime Rate, with a floor of 3.50%, interest only payments due monthly and a maturity date of May 2024. The line of credit had a balance of \$733,550 at April 30, 2024, and was paid in full on May 3, 2024.

**6 - Leases**

As of April 30, 2024, the Church had an obligation remaining under an operating lease arrangement related to the rental of equipment. This lease includes one or more options to renew and extend the agreement beyond the current lease expiration date or to terminate the agreement prior to the expiration date. These options are included in the calculation of the Church's operating lease right-of-use asset and liability when it becomes reasonably certain the option will be exercised. The Church's lease obligations typically do not include options to purchase the leased property, nor do they contain residual value guarantees or material restrictive covenants. Operating leases with an initial term of more than 12 months are included within the statement of financial position as discounted lease liabilities and corresponding right-of-use assets.

**RUSH CREEK CHURCH**  
Notes to Financial Statements

**6 - Leases (continued)**

As of April 30, 2024, the weighted-average remaining lease term for the outstanding operating lease obligation was 2.08 years and the weighted-average discount rate was 4.00%. Future minimum lease payments under this operating lease as of April 30, 2024 are as follows:

<u>Year Ending April 30,</u>	
2025	\$ 59,700
2026	59,700
2027	<u>4,975</u>
Total lease payments	124,375
Less interest	<u>(5,232)</u>
Present value of lease liability	<u><u>\$ 119,143</u></u>

During the year ended April 30, 2024, cash paid for the amounts included in the measurement of the operating lease liability was \$59,700. Operating lease expense equal to the amount of cash paid was recognized on a straight-line basis. Operating lease expense is recorded in supporting services within the statement of activities.

**7 - Net Assets With Donor Restrictions**

The balance of net assets with donor restrictions as of April 30, 2024 relates to certain contributions for which the donors have imposed restrictions. These restrictions require the Church to spend such funds for various ministry and program activities as follows:

Local outreach	\$ 60,949
El Salvador campus	43,000
Dollar Club	<u>93,102</u>
	<u><u>\$ 197,051</u></u>

During the year ended April 30, 2024, net assets with donor restrictions in the amount of \$209,634 had been expended in accordance with donor restrictions and have been reclassified to net assets without donor restrictions.

**8 - Net Assets Without Donor Restrictions**

The following is a summary of net assets without donor restrictions as of April 30, 2024 that have been designated for specific purposes as a result of action taken by the Board:

Ranch expenses	\$ 18,959
MD Land	596,433
MD Plant	7,613
ML Construction	20,215
MOPS ML	<u>3,111</u>
	<u><u>\$ 646,331</u></u>

**9 - Retirement Plan**

The Church contributes to the Church Annuity Plan with GuideStone Financial Resources for all full-time employees. The contribution for the year ended April 30, 2024 was \$227,548.