

**SOUTHBROOK CHRISTIAN CHURCH
& SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

**GOLDSHOT, LAMB & HOBBS, INC.
CERTIFIED PUBLIC ACCOUNTANTS
3066 KETTERING BLVD
DAYTON, OHIO 45439**

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INDEPENDENT AUDITOR'S REPORT

To the Vision Team and Leadership Team
SouthBrook Christian Church & Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of SouthBrook Christian Church (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of assets, liabilities, and net assets - modified cash basis as of September 30, 2023 and 2022, and the related consolidated statements of support, revenue, expenses, and changes in net assets - modified cash basis, functional expenses – modified cash basis, and cash flows - modified cash basis for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of SouthBrook Christian Church and Subsidiaries as of September 30, 2023 and 2022, and its support, revenue, expenses and change in net assets, and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SouthBrook Christian Church and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the modified cash basis of accounting as described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 consolidated financial statements.

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 SouthBrook Christian Church and Subsidiary'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 SouthBrook Christian Church and Subsidiaries' 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Goldshot, Lamb & Hobbs, cnc.

February 20, 2024

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ASSETS,

LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 3,548,076	\$ 3,179,797
Total Current Assets	<u>3,548,076</u>	<u>3,179,797</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land and Improvements	2,889,267	2,889,267
Buildings and Improvements	20,427,245	20,344,709
Campus Systems	88,258	88,258
Furniture and Equipment	2,108,159	2,062,905
Vehicles	117,803	92,715
Information Systems	150,740	131,285
Construction in Process	678,633	246,451
Total Property and Equipment	<u>26,460,105</u>	<u>25,855,590</u>
Less: Accumulated Depreciation	<u>12,039,958</u>	<u>10,918,129</u>
Total Property and Equipment - Net	<u>14,420,147</u>	<u>14,937,461</u>
TOTAL	<u><u>\$ 17,968,223</u></u>	<u><u>\$ 18,117,258</u></u>

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

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ASSETS,

LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

SEPTEMBER 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
<u>CURRENT LIABILITIES</u>		
Funds Due to Events and Classes	\$ 102,954	\$ 51,345
Current Portion of Long-Term Obligations	170,036	4,165,783
Total Current Liabilities	<u>272,990</u>	<u>4,217,128</u>
<u>LONG-TERM OBLIGATIONS (Net of Current Portion)</u>	<u>3,765,363</u>	<u>11,614</u>
<u>TOTAL LIABILITIES</u>	<u>4,038,353</u>	<u>4,228,742</u>
<u>NET ASSETS</u>		
Without Donor Restrictions	11,680,878	12,796,936
With Donor Restrictions	2,248,992	1,091,580
Total Net Assets	<u>13,929,870</u>	<u>13,888,516</u>
TOTAL	<u><u>\$ 17,968,223</u></u>	<u><u>\$ 18,117,258</u></u>

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

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATED STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND

CHANGE IN NET ASSETS - MODIFIED CASH BASIS

YEAR ENDED SEPTEMBER 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 4,582,801	\$ 1,548,052	\$ 6,130,853
Rental Income	1,300	-	1,300
Reverie	309,047	-	309,047
Player's Box	39,887	-	39,887
Interest and Dividends	10,641	-	10,641
Gain on Sales of Securities	612	-	612
Gain on Sales of Assets	3,135	-	3,135
Net Assets Released from Restrictions	390,640	(390,640)	-
Total Support and Revenue	<u>5,338,063</u>	<u>1,157,412</u>	<u>6,495,475</u>
<u>EXPENSES</u>			
Program	6,008,745	-	6,008,745
Management and General	445,376	-	445,376
Fundraising	-	-	-
Total Expenses	<u>6,454,121</u>	<u>-</u>	<u>6,454,121</u>
<u>CHANGE IN NET ASSETS</u>	(1,116,058)	1,157,412	41,354
<u>NET ASSETS - BEGINNING</u>	<u>12,796,936</u>	<u>1,091,580</u>	<u>13,888,516</u>
<u>NET ASSETS - ENDING</u>	<u>\$ 11,680,878</u>	<u>\$ 2,248,992</u>	<u>\$ 13,929,870</u>

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

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATED STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND

CHANGE IN NET ASSETS -MODIFIED CASH BASIS

YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 4,652,750	\$ 1,691,837	\$ 6,344,587
Rental Income	1,700	-	1,700
Reverie	294,483	-	294,483
Player's Box	-	-	-
Interest and Dividends	1,600	-	1,600
Gain on Sales of Securities	156	-	156
Gain on Sales of Assets	-	-	-
Net Assets Released from Restrictions	626,030	(626,030)	-
Total Support and Revenue	<u>5,576,719</u>	<u>1,065,807</u>	<u>6,642,526</u>
<u>EXPENSES</u>			
Program	6,155,456	-	6,155,456
Management and General	402,631	-	402,631
Fundraising	-	-	-
Total Expenses	<u>6,558,087</u>	<u>-</u>	<u>6,558,087</u>
<u>CHANGE IN NET ASSETS</u>	(981,368)	1,065,807	84,439
<u>NET ASSETS - BEGINNING</u>	<u>13,778,304</u>	<u>25,773</u>	<u>13,804,077</u>
<u>NET ASSETS - ENDING</u>	<u>\$ 12,796,936</u>	<u>\$ 1,091,580</u>	<u>\$ 13,888,516</u>

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

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

2023

	CHURCH MINISTRIES	MISSIONS	REVERIE	PLAYER'S BOX	TOTAL PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	\$ 3,148,272	\$ 52,500	\$ 79,628	\$ -	\$ 3,280,400	\$ 182,700	\$ -	\$ 3,463,100
Depreciation and amortization	901,723	112,716	-	-	1,014,439	112,716	-	1,127,155
Facility and facility maintenance	559,590	69,948	17,676	3,700	650,914	69,948	-	720,862
Missions	8,499	113,214	-	-	121,713	-	-	121,713
Supplies and equipment	367,865	12,436	22,900	12,524	415,725	-	-	415,725
Contract labor	144,170	-	20,810	-	164,980	26,605	-	191,585
Interest	187,868	23,483	-	-	211,351	23,483	-	234,834
Professional and merchant fees	-	-	32,614	9,451	42,065	29,924	-	71,989
Information technology	106,861	-	297	-	107,158	-	-	107,158
Total Expenses	<u>\$ 5,424,848</u>	<u>\$ 384,297</u>	<u>\$ 173,925</u>	<u>\$ 25,675</u>	<u>\$ 6,008,745</u>	<u>\$ 445,376</u>	<u>\$ -</u>	<u>\$ 6,454,121</u>

2022

	CHURCH MINISTRIES	MISSIONS	REVERIE	PLAYER'S BOX	TOTAL PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	\$ 3,318,319	\$ 44,638	\$ 92,273	\$ -	\$ 3,455,230	\$ 161,549	\$ -	\$ 3,616,779
Depreciation and amortization	888,268	111,034	-	-	999,302	111,034	-	1,110,336
Facility and facility maintenance	510,345	63,793	1,188	-	575,326	63,793	-	639,119
Missions	261,776	64,540	-	-	326,316	-	-	326,316
Supplies and equipment	301,120	16,249	19,292	-	336,661	-	-	336,661
Contract labor	100,216	-	15,550	-	115,766	15,829	-	131,595
Interest	183,307	22,913	-	-	206,220	22,913	-	229,133
Professional and merchant fees	-	-	31,090	-	31,090	27,513	-	58,603
Information technology	109,545	-	-	-	109,545	-	-	109,545
Total Expenses	<u>\$ 5,672,896</u>	<u>\$ 323,167</u>	<u>\$ 159,393</u>	<u>\$ -</u>	<u>\$ 6,155,456</u>	<u>\$ 402,631</u>	<u>\$ -</u>	<u>\$ 6,558,087</u>

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

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 41,354	\$ 84,439
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation Expense	1,121,828	1,108,805
Amortization Expense	5,327	1,531
Gain on Sales of Assets	(3,135)	-
Net Realized Gain on Investments	(612)	(156)
Donation of Investments	(90,255)	(119,149)
Change in Operating Assets and Liabilities		
Funds Due to Events and Classes	51,609	(44,945)
Net Cash Provided by Operating Activities	<u>1,126,116</u>	<u>1,030,525</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from Sales of Investments	90,867	119,305
Proceeds from Sales of Assets	3,135	-
Purchase of Property and Equipment	(604,514)	(370,578)
Net Cash Used by Investing Activities	<u>(510,512)</u>	<u>(251,273)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Long-term Obligations	(217,437)	(281,170)
Loan Closing Costs	(29,888)	-
Net Cash Used by Financing Activities	<u>(247,325)</u>	<u>(281,170)</u>
<u>NET INCREASE IN CASH</u>	368,279	498,082
<u>CASH - BEGINNING</u>	<u>3,179,797</u>	<u>2,681,715</u>
<u>CASH - ENDING</u>	<u>\$ 3,548,076</u>	<u>\$ 3,179,797</u>

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

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

1. NATURE OF ORGANIZATION:

SouthBrook Christian Church (the Organization) is a not-for-profit Ohio corporation. The Organization provides a non-denominational place to worship and study the Bible. The Organization's mission is to help de-churched skeptics live like Jesus forever.

SBCC Enterprises, Inc. dba Reverie (Subsidiary) is a for-profit Ohio corporation and operates as a wedding, reception and corporate events venue. SouthBrook Christian Church is the sole owner of SBCC Enterprises, Inc. dba Reverie.

SBCC PB, Inc. dba Player's Box (Subsidiary) is a for-profit Ohio corporation and exists to help students perform under pressure and free students to love academics, arts and athletics. SouthBrook Christian Church is the sole owner of SBCC PB, Inc. dba Player's Box.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The consolidated financial statements include the accounts of SouthBrook Christian Church, SBCC Enterprises, Inc. dba Reverie, and SBCC PB, Inc. dba Player's Box, after elimination of significant intercompany accounts and transactions.

Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred, except provisions for property and long-term obligations are recorded.

Basis of Presentation

The Organization is required to report information regarding its statements of assets, liabilities and net assets – modified cash basis and statements of support, revenues, expenses and changes in net assets – modified cash basis according to the following net asset classifications:

Net Assets without Donor Restrictions: 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. These net assets may be used at the discretion of the Organization's management and the Vision Team and Leadership Team.

Net Assets with Donor Restrictions: 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of support, revenues, expenses and changes in net assets - modified cash basis.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of one year or less when purchased to be “cash equivalents”.

Contributions

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in annuities at their fair values in the Statements of Assets, Liabilities and Net Assets - Modified Cash Basis. Realized and unrealized gains and losses are included in the change in net assets in the accompanying Statement of Support, Revenues, Expenses and Changes in Net Assets - Modified Cash Basis. The Organization periodically receives security donations, and their policy is to sell as soon as administratively possible. There were no investments at September 30, 2023 and 2022.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$2,500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives as follows:

	<u>Years</u>
Land Improvements	15
Buildings and Improvements	10 - 30
Campus Systems	5 - 15
Furniture and Equipment	5 - 30
Vehicles	5
Information Systems	5 - 7

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Gains and losses on disposal of property and equipment are reflected currently in revenue. Maintenance and repairs are charged to expense at the time the expenditure is incurred. Replacements and betterments, which significantly lengthen useful lives, are capitalized.

Unamortized Loan Costs

Amortizable loan costs of \$29,888 and \$7,657 were capitalized as of September 30, 2023 and 2022, respectively. Loan costs are amortized over the life of the loans, using the straight-line method. Amortization expense was \$5,327 and \$1,531 for each of the years ended September 30, 2023 and 2022, respectively.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

SouthBrook Christian Church is exempt from federal income taxes under Internal Revenue Code 501(c)(3). However, income from certain activities not directly related to SouthBrook Christian Church's exempt purpose is subject to taxation as unrelated business income. Additionally, since SouthBrook Christian Church is publicly supported, contributions made to SouthBrook Christian Church qualify for the maximum charitable contribution deduction under the Internal Revenue Code.

SouthBrook Christian Church determines the recognition of uncertain tax positions, if applicable, that may subject SouthBrook Christian Church to unrelated business income tax by applying a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with tax authorities. SouthBrook Christian Church has not taken any uncertain tax positions.

The subsidiaries are not exempt from federal income taxes. The subsidiaries paid/(refunded) (\$498) and \$3,639 in federal and local income taxes during the years ended September 30, 2023 and 2022, respectively, and currently does not have any deferred taxes payable or refundable as of the date of the financial statements, utilizing currently enacted tax laws and rates.

The subsidiaries recognize and measure their unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Under that guidance, the subsidiaries assess the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of support, revenue, expenses, and change in net assets – modified cash basis and in the statements of functional expenses – modified cash basis. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common among multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied. Salaries and benefits are allocated based on time and effort; depreciation and amortization, facility and facility maintenance, and interest are allocated based on square footage; contract labor is allocated by specific purpose; all other categories were allocated based on management's estimate.

Revenue Recognition

Revenue from contracts with customers is derived primarily from Reverie wedding and reception fees and the Player's Box consulting and training fees. Revenue is recognized upon transfer of control of the promised services (performance obligations) contained in the customer contract in an amount that reflects the consideration the Organization expects to receive from satisfying the performance obligations. Prior to recognizing revenue, the Organization identifies the contract, performance obligations, and transaction price, and allocates the transaction price to the underlying performance obligations.

The Organization's revenues from contracts with customers are from performance obligations satisfied over time and at a point in time. Revenue from contracts with customers that are satisfied over time is derived from contracts with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

Presentation of Sales Taxes

The state imposes a sales tax on some of the subsidiaries' sales to nonexempt customers. The subsidiaries' collect that sales tax from customers and remits the entire amount to the state. The subsidiaries' accounting policy is to exclude the tax collected and remitted to the state from revenue and expenses.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Date of Management's Review

Subsequent events have been evaluated through February 20, 2024, which is the date the financial statements were available to be issued.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

3. AVAILABILITY AND LIQUIDITY:

The following represents the Organization's financial assets at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,548,082	\$ 3,179,797
Less amounts not available to be used within one year:		
Net assets with donor restrictions	2,248,992	1,091,580
Net assets designated by the board	<u>8,042</u>	<u>5,518</u>
Financial assets available to meet general expenditures		
Within one year	<u>\$ 1,291,048</u>	<u>\$ 2,082,699</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of this policy, the Organization has a target of maintaining year-end balance of reserves of net assets without donor restrictions to meet 30 to 60 days of expected expenditures. During the years ended September 30, 2023 and 2022, the level of liquidity and reserves was managed within the policy target.

4. LONG-TERM OBLIGATIONS:

	<u>2023</u>	<u>2022</u>
First Financial Bank, refinanced in June 2023, interest at 7.00%, monthly payments of \$35,947 including interest, due September 2030, secured by real estate.	\$ 3,950,595	\$ 4,157,039
Wells Fargo Bank, interest at 0.00%, monthly payments of \$846, due October 2024, secured by equipment.	<u>10,769</u>	<u>21,762</u>
Total Long-Term Obligations	\$ 3,961,364	\$ 4,178,801
Less: Unamortized Debt Issuance Costs	<u>(25,965)</u>	<u>(1,404)</u>
Long-Term Obligations—Less Unamortized Debt Issuance Costs	\$ 3,935,399	\$ 4,177,397
Less: Current Maturities	<u>170,036</u>	<u>4,165,783</u>
Total Long-term Obligation (Net of Current Portion)	<u>\$ 3,765,363</u>	<u>\$ 11,614</u>

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

4. LONG-TERM OBLIGATIONS (continued):

Maturities of long-term obligation are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2024	\$ 170,036
2025	172,067
2026	183,840
2027	197,130
2028	211,380
Thereafter	<u>3,026,911</u>
Total	<u>\$ 3,961,364</u>

The Organization has various loan covenants associated with its long-term obligation. One loan covenant is a debt service coverage ratio covenant. The debt service coverage ratio must be greater than 1.05 to 1.00 at September 30, 2023 and 1.10 to 1.00 at September 30, 2022. The Organization passed this covenant for the years ended September 30, 2023 and 2022. For the years ended September 30, 2023 and 2022, there was a loan covenant that required that the Organization present its financial statements in accordance with accounting principles generally accepted in the United States of America. The Organization obtained a waiver letter from the bank concerning this loan covenant because it uses the modified cash basis of accounting.

5. CONSTRUCTION LOAN AGREEMENT:

In May 2023, the Organization entered into a construction loan agreement in the amount of \$5,000,000 to fund the completion of the current Player's Box project. The Organization will take draws as needed for the Player's Box project. The loan bears an interest rate of 6.99% and requires monthly interest payments. The loan is secured by the real estate. The outstanding loan balance is due on June 1, 2026. The Organization has drawn \$0 as of September 30, 2023.

6. LEASES:

The Organization had a 60 month copier lease with monthly payments of \$663. The Organization replaced the existing lease with a new 60 month copier lease with monthly payments of \$616. The first monthly payment was made in October 2023. The lease expense for the years ended September 30, 2023 and 2022 was \$7,956 and \$7,956 respectively.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

6. LEASES (continued):

Minimum annual lease payments are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2024	\$ 10,710
2025	7,395
2026	7,395
2027	7,395
2028	7,395
Total	<u>\$ 40,290</u>

7. RETIREMENT PLAN:

The Organization participates in a retirement plan, which covers its pastors and full-time employees. The Plan is a tax-sheltered annuity plan under Section 403(b) of the Internal Revenue Code. Under the Plan, employees may elect salary deferral. The Organization contributed \$117,779 and \$116,371 to the retirement plan for the years ended September 30, 2023 and 2022, respectively.

8. CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances at various institutions. The Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insured up to \$250,000 on all accounts at September 30, 2023 and 2022. At September 30, 2023 and 2022, the Organization's uninsured cash balances totaled \$3,019,626 and \$2,690,440, respectively.

9. DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS:

The management of the Organization has designated net assets without donor restrictions for the following purpose at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
EPIC Missions (Community Rewards)	<u>\$ 8,042</u>	<u>\$ 5,518</u>

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions were available for the following purposes at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Player's Box Fund	\$2,246,086	\$1,090,764
Mission Fund	<u>2,906</u>	<u>816</u>
Total Net Assets with Donor Restrictions	<u>\$2,248,992</u>	<u>\$1,091,580</u>

11. CONTRIBUTIONS:

Contributions consisted of the following at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Miamisburg Campus	\$4,668,801	\$4,722,750
Player's Box	1,540,379	1,673,638
Mission and Trip	7,673	4,230
City Lights	<u>0</u>	<u>13,969</u>
Total Contributions	<u>\$6,216,853</u>	<u>\$6,414,587</u>

12. CASH FLOW INFORMATION:

Cash paid for interest and income taxes for the years ended September 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Interest	<u>\$ 234,834</u>	<u>\$ 229,133</u>
Income Taxes	<u>\$ (498)</u>	<u>\$ 3,639</u>

Noncash financing activity:

Note Payable Refinance	<u>\$3,967,431</u>	<u>\$ 0</u>
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SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATING STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -

MODIFIED CASH BASIS

SEPTEMBER 30, 2023

	SouthBrook Christian Church	SBCC Enterprises, Inc. dba Reverie	SBCC PB, Inc. dba Player's Box	Eliminations	Consolidated
<u>CURRENT ASSETS</u>					
Cash	\$ 3,372,092	\$ 140,772	\$ 35,212	\$ -	\$ 3,548,076
Note Receivable - Related Party	21,000	-	-	(21,000)	-
Total Current Assets	<u>3,393,092</u>	<u>140,772</u>	<u>35,212</u>	<u>(21,000)</u>	<u>3,548,076</u>
<u>PROPERTY AND EQUIPMENT</u>					
Land and Improvements	2,889,267	-	-	-	2,889,267
Buildings and Improvements	20,427,245	-	-	-	20,427,245
Campus Systems	88,258	-	-	-	88,258
Furniture and Equipment	2,108,159	-	-	-	2,108,159
Vehicles	117,803	-	-	-	117,803
Information Systems	150,740	-	-	-	150,740
Construction in Process	678,633	-	-	-	678,633
Total Property and Equipment	<u>26,460,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,460,105</u>
Less: Accumulated Depreciation	12,039,958	-	-	-	12,039,958
Total Property and Equipment - Net	<u>14,420,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,420,147</u>
TOTAL	<u>\$ 17,813,239</u>	<u>\$ 140,772</u>	<u>\$ 35,212</u>	<u>\$ (21,000)</u>	<u>\$ 17,968,223</u>

See independent auditor's report.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATING STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -

MODIFIED CASH BASIS

SEPTEMBER 30, 2023

	SouthBrook Christian Church	SBCC Enterprises, Inc. dba Reverie	SBCC PB, Inc. dba Player's Box	Eliminations	Consolidated
<u>CURRENT LIABILITIES</u>					
Funds Due to Events and Classes	\$ 102,954	\$ -	\$ -	\$ -	\$ 102,954
Note Payable - Related Party	-	-	21,000	(21,000)	-
Current Portion of Long-Term Obligations	170,036	-	-	-	170,036
Total Current Liabilities	<u>272,990</u>	<u>-</u>	<u>21,000</u>	<u>(21,000)</u>	<u>272,990</u>
<u>LONG-TERM OBLIGATIONS</u>					
(Net of Current Portion)	<u>3,765,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,765,363</u>
<u>TOTAL LIABILITIES</u>	<u>4,038,353</u>	<u>-</u>	<u>21,000</u>	<u>(21,000)</u>	<u>4,038,353</u>
<u>NET ASSETS</u>					
Without Donor Restrictions	11,525,894	140,772	14,212	-	11,680,878
With Donor Restrictions	<u>2,248,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,248,992</u>
Total Net Assets	<u>13,774,886</u>	<u>140,772</u>	<u>14,212</u>	<u>-</u>	<u>13,929,870</u>
TOTAL	<u>\$ 17,813,239</u>	<u>\$ 140,772</u>	<u>\$ 35,212</u>	<u>\$ (21,000)</u>	<u>\$ 17,968,223</u>

See independent auditor's report.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATING STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -

MODIFIED CASH BASIS

SEPTEMBER 30, 2022

	SouthBrook Christian Church	SBCC Enterprises, Inc. dba Reverie	SBCC PB, Inc. dba Player's Box	Eliminations	Consolidated
<u>CURRENT ASSETS</u>					
Cash	\$ 3,064,147	\$ 115,650	\$ -	\$ -	\$ 3,179,797
Note Receivable	-	-	-	-	-
Total Current Assets	<u>3,064,147</u>	<u>115,650</u>	<u>-</u>	<u>-</u>	<u>3,179,797</u>
<u>PROPERTY AND EQUIPMENT</u>					
Land and Improvements	2,889,267	-	-	-	2,889,267
Buildings and Improvements	20,344,709	-	-	-	20,344,709
Campus Systems	88,258	-	-	-	88,258
Furniture and Equipment	2,062,905	-	-	-	2,062,905
Vehicles	92,715	-	-	-	92,715
Information Systems	131,285	-	-	-	131,285
Construction in Process	246,451	-	-	-	246,451
Total Property and Equipment	<u>25,855,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,855,590</u>
Less: Accumulated Depreciation	10,918,129	-	-	-	10,918,129
Total Property and Equipment - Net	<u>14,937,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,937,461</u>
TOTAL	<u>\$ 18,001,608</u>	<u>\$ 115,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,117,258</u>

See independent auditor's report.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATING STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -

MODIFIED CASH BASIS

SEPTEMBER 30, 2022

	SouthBrook Christian Church	SBCC Enterprises, Inc. dba Reverie	SBCC PB, Inc. dba Player's Box	Eliminations	Consolidated
<u>CURRENT LIABILITIES</u>					
Funds Due to Events and Classes	\$ 51,345	\$ -	\$ -	\$ -	\$ 51,345
Note Payable - Related Party	-	-	-	-	-
Current Portion of Long-Term Obligations	4,165,783	-	-	-	4,165,783
Total Current Liabilities	<u>4,217,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,217,128</u>
<u>LONG-TERM OBLIGATIONS</u>					
(Net of Current Portion)	<u>11,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,614</u>
<u>TOTAL LIABILITIES</u>	<u>4,228,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,228,742</u>
<u>NET ASSETS</u>					
Without Donor Restrictions	12,681,286	115,650	-	-	12,796,936
With Donor Restrictions	<u>1,091,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,091,580</u>
Total Net Assets	<u>13,772,866</u>	<u>115,650</u>	<u>-</u>	<u>-</u>	<u>13,888,516</u>
TOTAL	<u>\$ 18,001,608</u>	<u>\$ 115,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,117,258</u>

See independent auditor's report.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATING STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND

CHANGE IN NET ASSETS - MODIFIED CASH BASIS

YEAR ENDED SEPTEMBER 30, 2023

	SouthBrook Christian Church	SBCC Enterprises, Inc. dba Reverie	SBCC PB, Inc. dba Player's Box	Eliminations	Consolidated
<u>SUPPORT AND REVENUE</u>					
Contributions	6,216,853	\$ -	\$ -	\$ (86,000)	\$ 6,130,853
Rental Income	25,300	-	-	(24,000)	1,300
Reverie	-	309,047	-	-	309,047
Player's Box	-	-	39,887	-	39,887
Interest and Dividends	10,641	-	-	-	10,641
Gain on Sales of Securities	612	-	-	-	612
Gain on Sales of Assets	3,135	-	-	-	3,135
Total Support and Revenue	<u>6,256,541</u>	<u>309,047</u>	<u>39,887</u>	<u>(110,000)</u>	<u>6,495,475</u>
<u>EXPENSES</u>					
Program	5,809,145	283,925	25,675	(110,000)	6,008,745
Management and General	445,376	-	-	-	445,376
Fundraising	-	-	-	-	-
Total Expenses	<u>6,254,521</u>	<u>283,925</u>	<u>25,675</u>	<u>(110,000)</u>	<u>6,454,121</u>
<u>CHANGE IN NET ASSETS</u>	2,020	25,122	14,212	-	41,354
<u>NET ASSETS - BEGINNING</u>	<u>13,772,866</u>	<u>115,650</u>	<u>-</u>	<u>-</u>	<u>13,888,516</u>
<u>NET ASSETS - ENDING</u>	<u>\$ 13,774,886</u>	<u>\$ 140,772</u>	<u>\$ 14,212</u>	<u>\$ -</u>	<u>\$ 13,929,870</u>

See independent auditor's report.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATING STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND

CHANGE IN NET ASSETS - MODIFIED CASH BASIS

YEAR ENDED SEPTEMBER 30, 2022

	SouthBrook Christian Church	SBCC Enterprises, Inc. dba Reverie	SBCC PB, Inc. dba Player's Box	Eliminations	Consolidated
<u>SUPPORT AND REVENUE</u>					
Contributions	\$ 6,414,587	\$ -	\$ -	\$ (70,000)	\$ 6,344,587
Rental Income	24,200	-	-	(22,500)	1,700
Reverie	-	294,483	-	-	294,483
Player's Box	-	-	-	-	-
Interest and Dividends	1,600	-	-	-	1,600
Gain on Sales of Securities	156	-	-	-	156
Gain on Sales of Assets	-	-	-	-	-
Total Support and Revenue	<u>6,440,543</u>	<u>294,483</u>	<u>-</u>	<u>(92,500)</u>	<u>6,642,526</u>
<u>EXPENSES</u>					
Program	5,996,063	251,893	-	(92,500)	6,155,456
Management and General	402,631	-	-	-	402,631
Fundraising	-	-	-	-	-
Total Expenses	<u>6,398,694</u>	<u>251,893</u>	<u>-</u>	<u>(92,500)</u>	<u>6,558,087</u>
<u>CHANGE IN NET ASSETS</u>	41,849	42,590	-	-	84,439
<u>NET ASSETS - BEGINNING</u>	<u>13,731,017</u>	<u>73,060</u>	<u>-</u>	<u>-</u>	<u>13,804,077</u>
<u>NET ASSETS - ENDING</u>	<u>\$ 13,772,866</u>	<u>\$ 115,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,888,516</u>

See independent auditor's report.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

YEAR ENDED SEPTEMBER 30, 2023

	<u>SouthBrook Christian Church</u>	<u>SBCC Enterprises, Inc. dba Reverie</u>	<u>SBCC PB, Inc. dba Player's Box</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Change in Net Assets	\$ 2,020	\$ 25,122	\$ 14,212	\$ -	\$ 41,354
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:					
Depreciation Expense	1,121,828	-	-	-	1,121,828
Amortization Expense	5,327	-	-	-	5,327
Gain on Sales of Assets	(3,135)	-	-	-	(3,135)
Net Realized and Unrealized (Gain) Loss on Investments	(612)	-	-	-	(612)
Donation of Investments	(90,255)	-	-	-	(90,255)
Change in Operating Assets and Liabilities					-
Funds Due to Events and Classes	51,609	-	-	-	51,609
Net Cash Provided by Operating Activities	<u>1,086,782</u>	<u>25,122</u>	<u>14,212</u>	<u>-</u>	<u>1,126,116</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Proceeds from Sales of Investments	90,867	-	-	-	90,867
Proceeds from Sales of Assets	3,135	-	-	-	3,135
Purchase of Property and Equipment	(604,514)	-	-	-	(604,514)
(Advances) Repayments on Note Receivable - Related Party	(21,000)	-	-	21,000	-
Net Cash Used by Investing Activities	<u>(531,512)</u>	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>(510,512)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Payments on Long-term Obligations	(217,437)	-	-	-	(217,437)
Net Borrowings (Payments) on Note Payable - Related Party	-	-	21,000	(21,000)	-
Debt Issuance Costs	(29,888)	-	-	-	(29,888)
Net Cash Provided (Used) by Financing Activities	<u>(247,325)</u>	<u>-</u>	<u>21,000</u>	<u>(21,000)</u>	<u>(247,325)</u>
<u>NET INCREASE IN CASH</u>	307,945	25,122	35,212	-	368,279
<u>CASH - BEGINNING</u>	<u>3,064,147</u>	<u>115,650</u>	<u>-</u>	<u>-</u>	<u>3,179,797</u>
<u>CASH - ENDING</u>	<u>\$ 3,372,092</u>	<u>\$ 140,772</u>	<u>\$ 35,212</u>	<u>\$ -</u>	<u>\$ 3,548,076</u>

See independent auditor's report.

SOUTHBROOK CHRISTIAN CHURCH & SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

YEAR ENDED SEPTEMBER 30, 2022

	<u>SouthBrook Christian Church</u>	<u>SBCC Enterprises, Inc. dba Reverie</u>	<u>SBCC PB, Inc. dba Player's Box</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Change in Net Assets	\$ 41,849	\$ 42,590	\$ -	\$ -	\$ 84,439
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:					
Depreciation Expense	1,108,805	-	-	-	1,108,805
Amortization Expense	1,531	-	-	-	1,531
Gain on Sales of Assets	-	-	-	-	-
Net Realized and Unrealized (Gain) Loss on Investments	(156)	-	-	-	(156)
Donation of Investments	(119,149)	-	-	-	(119,149)
Change in Operating Assets and Liabilities			-		-
Funds Due to Events and Classes	(44,945)	-	-	-	(44,945)
Net Cash Provided by Operating Activities	<u>987,935</u>	<u>42,590</u>	<u>-</u>	<u>-</u>	<u>1,030,525</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Proceeds from Sales of Investments	119,305	-	-	-	119,305
Proceeds from Sales of Assets	-	-	-	-	-
Purchase of Property and Equipment	(370,578)	-	-	-	(370,578)
(Advances) Repayments on Note Receivable - Related Party	29,000	-	-	(29,000)	-
Net Cash Used by Investing Activities	<u>(222,273)</u>	<u>-</u>	<u>-</u>	<u>(29,000)</u>	<u>(251,273)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Payments on Long-term Obligations	(281,170)	-	-	-	(281,170)
Net Borrowings (Payments) on Note Payable - Related Party	-	(29,000)	-	29,000	-
Loan Closing Costs	-	-	-	-	-
Net Cash Used by Financing Activities	<u>(281,170)</u>	<u>(29,000)</u>	<u>-</u>	<u>29,000</u>	<u>(281,170)</u>
<u>NET INCREASE IN CASH</u>	484,492	13,590	-	-	498,082
<u>CASH - BEGINNING</u>	<u>2,579,655</u>	<u>102,060</u>	<u>-</u>	<u>-</u>	<u>2,681,715</u>
<u>CASH - ENDING</u>	<u>\$ 3,064,147</u>	<u>\$ 115,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,179,797</u>

See independent auditor's report.