



# THE VILLAGE CHURCH

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014





## REPORT OF INDEPENDENT AUDITORS

The Central Elders Board  
The Village Church  
Flower Mound, Texas

We have audited the accompanying financial statements of The Village Church ("the Church"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Village Church as of December 31, 2014, 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.

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida  
July 21, 2015

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**THE VILLAGE CHURCH**  
STATEMENT OF FINANCIAL POSITION  
December 31, 2014

**ASSETS**

**ASSETS**

Cash and cash equivalents	\$ 12,041,341
Property and equipment, net	32,065,760
Other assets	<u>486,343</u>

**Total assets** \$ 44,593,444

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 1,294,128</u>
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**Total liabilities** 1,294,128

**NET ASSETS**

Unrestricted	43,132,559
Temporarily restricted	<u>166,757</u>

**Total net assets** 43,299,316

**Total liabilities and net assets** \$ 44,593,444

**THE VILLAGE CHURCH**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Contributions	\$ 20,407,829	\$ 944,368	\$ 21,352,197
Other revenue	714,373	—	714,373
Net assets released from restrictions	956,951	(956,951)	—
<b>Total public support and revenue and net assets released from restrictions</b>	<b>22,079,153</b>	<b>(12,583)</b>	<b>22,066,570</b>
<b>EXPENSES</b>			
Program activities	14,631,252	—	14,631,252
Supporting activities	3,276,409	—	3,276,409
<b>Total expenses</b>	<b>17,907,661</b>	<b>—</b>	<b>17,907,661</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,171,492</b>	<b>(12,583)</b>	<b>4,158,909</b>
<b>NET ASSETS - Beginning of year</b>	<b>38,961,067</b>	<b>179,340</b>	<b>39,140,407</b>
<b>NET ASSETS - End of year</b>	<b>\$ 43,132,559</b>	<b>\$ 166,757</b>	<b>\$ 43,299,316</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

**THE VILLAGE CHURCH**  
**STATEMENT OF CASH FLOWS**  
For The Year Ended December 31, 2014

<b>OPERATING CASH FLOWS</b>	
Cash received from contributors	\$ 21,015,925
Other revenue received	714,373
Cash paid for operating activities and costs	<u>(15,568,639)</u>
<b>Net operating cash flows</b>	<u><b>6,161,659</b></u>
<b>INVESTING CASH FLOWS</b>	
Net proceeds from sales of investments	1,337,403
Net purchases of and improvements to property and equipment	<u>(4,799,753)</u>
<b>Net investing cash flows</b>	<u><b>(3,462,350)</b></u>
<b>FINANCING CASH FLOWS</b>	
Contributions restricted for capital expansion	<u>141,441</u>
<b>Net financing cash flows</b>	<u><b>141,441</b></u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2,840,750</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u><b>9,200,591</b></u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u><b>\$ 12,041,341</b></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>	
Change in net assets	\$ 4,158,909
Adjustments to reconcile change in net assets to net operating cash flows	
Depreciation	1,545,135
Contributions restricted for capital expansion	(141,441)
Noncash contributions	(194,831)
Change in other assets	17,787
Change in accounts payable and accrued expenses	<u>776,100</u>
<b>Net operating cash flows</b>	<u><b>\$ 6,161,659</b></u>

The Accompanying Notes are an Integral  
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**THE VILLAGE CHURCH**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE A – NATURE OF ACTIVITIES**

The Village Church (“the Church”) is a not-for-profit Texas corporation which exists to bring glory to God by making disciples through gospel-centered worship, gospel-centered community, gospel-centered service, and gospel-centered multiplication. The Church operates five campuses in the Dallas-Fort Worth Metroplex – one each located in Flower Mound, Denton, Dallas, Fort Worth, and Plano, Texas.

The World Village (“TWV”) is a not-for-profit Texas corporation affiliated with the Church through common management, purpose, and vision. TWV’s financial activity, which is minimal and not material, is included in the accompanying financial statements.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Restricted and unrestricted revenue and support**

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as “net assets released from restrictions.”

**Cash and cash equivalents**

The Church considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

**Property and equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

**Income taxes**

The Church is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Texas law. The Church is further classified as a public charity and not a private foundation for federal tax purposes. The Church has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements. The Church has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America. Federal and state tax authorities may generally examine the Church’s income tax positions or (if applicable) returns for periods of approximately three to six years.

**Use of estimates**

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the useful lives of property and equipment. Actual results could differ from the estimates.

**Subsequent events**

The Church has evaluated for possible financial reporting and disclosure subsequent events through July 21, 2015, the date as of which the financial statements were available to be issued.

**THE VILLAGE CHURCH**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE C - CONCENTRATION OF CREDIT RISK**

The Church maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Church has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

Category	
Land	\$ 4,576,945
Buildings and building improvements	31,152,638
Furniture, fixtures, and equipment	<u>3,863,713</u>
Total property and equipment	39,593,296
Less: Accumulated depreciation	<u>(7,527,536)</u>
Net property and equipment	<u>\$ 32,065,760</u>

Depreciation expense amounted to \$1,545,135.

**NOTE E - RESTRICTIONS ON NET ASSETS**

Net assets were temporarily restricted for the following purposes during 2014:

	Balance January 1	Contributions	Releases	Balance December 31
Missions	\$ 163,053	\$ 802,927	\$ (811,930)	\$ 154,050
Capital expansion	—	141,441	(141,441)	—
Scholarships	<u>16,287</u>	<u>—</u>	<u>(3,580)</u>	<u>12,707</u>
Total	<u>\$ 179,340</u>	<u>\$ 944,368</u>	<u>\$ (956,951)</u>	<u>\$ 166,757</u>

**NOTE F - RETIREMENT PLAN**

The Church maintains a defined contribution retirement plan for eligible employees offered by GuideStone Financial Resources of the Southern Baptist Convention ("the Plan"). Eligible employees may make elective deferrals to the Plan up to the maximum amount allowed by the Internal Revenue Code. The Church makes an annual discretionary matching contribution to employee accounts based on years of service. During 2014, the Church contributed approximately \$276,000 to the Plan.

**NOTE G - COMMITMENT**

The Church has available a \$4 million revolving line of credit with a bank which expires during June 2017. Advances may be used only for the acquisition of new properties or to expand, develop, or repair existing properties. Interest on outstanding amounts is payable at a variable rate as described in the loan documents. The line is secured by certain real property. No amounts were outstanding under the line at December 31, 2014.