



THE VILLAGE CHURCH

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019





REPORT OF INDEPENDENT AUDITOR

The Central Elders Board
The Village Church
Flower Mound, Texas

We have audited the accompanying consolidated financial statements of The Village Church ("the Church"), which consist of the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Church's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Village Church as of December 31, 2020 and 2019, the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Battis Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Plano, Texas
September 2, 2021

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THE VILLAGE CHURCH
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 11,718,859	\$ 6,861,072
Cash designated for long-term purposes	10,000,000	10,000,000
Investments	5,883,877	5,609,542
Note receivable, net	935,815	1,174,746
Property and equipment, net	18,867,632	19,287,291
Other assets	516,246	1,035,985
Total assets	\$ 47,922,429	\$ 43,968,636
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 479,190	\$ 686,591
Other liabilities	241,979	289,311
Total liabilities	721,169	975,902
NET ASSETS		
Without donor restrictions		
Undesignated	9,378,881	6,377,017
Designated for property and equipment	18,867,632	19,287,291
Board designated	15,221,325	15,109,713
Management designated	470,764	—
Total without donor restrictions	43,938,602	40,774,021
With donor restrictions	3,262,658	2,218,713
Total net assets	47,201,260	42,992,734
Total liabilities and net assets	\$ 47,922,429	\$ 43,968,636

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

THE VILLAGE CHURCH
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Year Ended December 31, 2020			For The Year Ended December 31, 2019
	Without donor restrictions	With donor restrictions	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Contributions without donor restrictions	\$ 14,257,169	\$ —	\$ 14,257,169	\$ 17,386,741
Contributions with donor restrictions	—	2,750,847	2,750,847	2,961,593
Other revenue, net	773,774	—	773,774	2,003,738
Net assets released from restrictions	<u>1,706,902</u>	<u>(1,706,902)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>16,737,845</u>	<u>1,043,945</u>	<u>17,781,790</u>	<u>22,352,072</u>
EXPENSES				
Program activities	10,459,797	—	10,459,797	32,038,698
Supporting activities	<u>3,113,467</u>	<u>—</u>	<u>3,113,467</u>	<u>4,989,443</u>
Total expenses	<u>13,573,264</u>	<u>—</u>	<u>13,573,264</u>	<u>37,028,141</u>
Change in net assets without donor restrictions	3,164,581	—	3,164,581	(15,782,065)
Change in net assets with donor restrictions	<u>—</u>	<u>1,043,945</u>	<u>1,043,945</u>	<u>1,105,996</u>
CHANGE IN NET ASSETS	3,164,581	1,043,945	4,208,526	(14,676,069)
NET ASSETS - Beginning of year	<u>40,774,021</u>	<u>2,218,713</u>	<u>42,992,734</u>	<u>57,668,803</u>
NET ASSETS - End of year	<u>\$ 43,938,602</u>	<u>\$ 3,262,658</u>	<u>\$ 47,201,260</u>	<u>\$ 42,992,734</u>

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THE VILLAGE CHURCH
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended	
	December 31,	
	2020	2019
OPERATING CASH FLOWS		
Cash received from contributors	\$ 16,955,938	\$ 19,883,014
Other revenue received	1,127,399	1,501,083
Cash paid for operating activities and costs	<u>(12,865,655)</u>	<u>(21,022,129)</u>
Net operating cash flows	<u>5,217,682</u>	<u>361,968</u>
INVESTING CASH FLOWS		
Principal payments received on ministry program loan from Citizens Church	238,931	19,911
Net proceeds from sales of investments	3,266,073	54,260
Net purchases of investments	(3,398,000)	—
Net purchases of and improvements to property and equipment	<u>(466,899)</u>	<u>(361,996)</u>
Net investing cash flows	<u>(359,895)</u>	<u>(287,825)</u>
FINANCING CASH FLOWS		
Contributions restricted for capital expansion	<u>—</u>	<u>339,933</u>
Net financing cash flows	<u>—</u>	<u>339,933</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND DESIGNATED CASH	4,857,787	414,076
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH - Beginning of year	<u>16,861,072</u>	<u>16,446,996</u>
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH - End of year	<u>\$ 21,718,859</u>	<u>\$ 16,861,072</u>
REPORTED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
AS FOLLOWS		
Cash and cash equivalents	\$ 11,718,859	\$ 6,861,072
Cash designated for long-term purposes	<u>10,000,000</u>	<u>10,000,000</u>
Total cash, cash equivalents, and designated cash	<u>\$ 21,718,859</u>	<u>\$ 16,861,072</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET		
OPERATING CASH FLOWS		
Change in net assets	\$ 4,208,526	\$ (14,676,069)
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	886,558	1,414,197
Gain on investments	(90,330)	(299,138)
Contributions restricted for capital expansion	—	(339,933)
Noncash contributions	(52,078)	(125,387)
Noncash grants expense - Citizens Church and Northway Church (See Note G)	—	15,265,134
Change in other assets and liabilities	472,407	(77,267)
Change in accounts payable and accrued expenses	<u>(207,401)</u>	<u>(799,569)</u>
Net operating cash flows	<u>\$ 5,217,682</u>	<u>\$ 361,968</u>

The Accompanying Notes are an Integral
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THE VILLAGE CHURCH
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2020

	Program activities	Supporting activities	Total expenses
Personnel costs	\$ 5,921,718	\$ 1,445,606	\$ 7,367,324
Other	1,398,991	158,022	1,557,013
Office expense and supplies	278,854	694,716	973,570
Depreciation	861,945	24,613	886,558
Facilities management and utilities	702,765	20,067	722,832
Ministry events and activities	681,104	13,221	694,325
Professional services and fees	112,349	494,630	606,979
Donations to third parties and benevolence	250,160	—	250,160
Non-capitalized project expenditures	65,188	147,356	212,544
Insurance	184,057	5,256	189,313
Rent	2,666	109,980	112,646
Total expenses	\$ 10,459,797	\$ 3,113,467	\$ 13,573,264

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THE VILLAGE CHURCH
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2019

	Program activities	Supporting activities	Total expenses
Personnel costs	\$ 8,622,823	\$ 1,752,984	\$ 10,375,807
Grants to Citizens Church	9,279,405	—	9,279,405
Grants to Northway Church	6,781,765	—	6,781,765
Ministry events and activities	2,043,700	—	2,043,700
Other	1,330,469	394,212	1,724,681
Facilities management and utilities	1,383,987	112,931	1,496,918
Depreciation	1,307,507	106,690	1,414,197
Office expense and supplies	129,712	1,106,019	1,235,731
Professional services and fees	197,987	980,622	1,178,609
Donations to third parties and benevolence	604,808	1,469	606,277
Non-capitalized project expenditures	57,343	338,788	396,131
Insurance	256,294	20,913	277,207
Rent	42,898	174,815	217,713
Total expenses	\$ 32,038,698	\$ 4,989,443	\$ 37,028,141

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

THE VILLAGE CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND BASIS OF CONSOLIDATION

The Village Church (“the Church”) is a not-for-profit Texas corporation which exists to love God, love people, and make disciples of Jesus Christ. As of December 31, 2020 and 2019, the Church operated three campuses in the Dallas-Fort Worth Metroplex – one each located in Flower Mound, Fort Worth, and Southlake, Texas. Previously, the Church operated two additional campuses – one each located in Plano and Dallas, Texas.

During 2020, the Church changed its fiscal year-end to June 30th, effective for the fiscal year beginning July 1, 2021.

In conformity with accounting principles generally accepted in the United States of America (“GAAP”), the consolidated financial statements of the Church include the accounts of the following organizations, which are separate legal entities:

- TVC Consulting, LLC (“TVCC”) is a Texas single-member limited liability company formed in 2018 whose purpose is to support the activities and purposes of the Church. The Church is the sole member of TVCC.
- 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 consolidated financial statements. TWV was dissolved and all assets were transferred to the Church during 2019.

All significant interorganization balances and transactions have been eliminated in consolidation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Church recognizes cash contributions as revenue when the contributions are received by the Church. Contributions received are recorded as without or with donor restrictions 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements 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.

Cash designated for long-term purposes

Cash designated for long-term purposes consist of amounts designated by the Central Elders Board for Flower Mound campus expansion.

Investments

Investments are carried at estimated fair value.

Note receivable, net

The Church’s note receivable is stated at the unpaid principal amount outstanding, reduced by an allowance for loan losses (if any), and is collateralized by a deed of trust. The Church estimates the allowance for loan losses based on an analysis of the note, taking into consideration the age of the past due amounts and assessment of ability to pay. Amounts are considered past due when payments are not made in accordance with specified terms. Amounts are written off upon management’s determination that amounts are uncollectible.

THE VILLAGE CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Functional allocation of expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Central Elders Board and/or management for general operating purposes. Board designated net assets consist of amounts designated by the Central Elders Board for campus expansion, church planting, and reserve purposes. Management designated net assets consist of amounts designated by management for church planting purposes. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

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 engages in a certain unrelated business activity, the net income from which is subject to federal and state income taxes. Income taxes on unrelated business income are immaterial and are recognized as expenses when paid.

TVCC, a disregarded entity for income tax purposes, also engages in a certain unrelated business activity, the net income from which is subject to federal and state income taxes. Accordingly, an immaterial amount of income tax liability and expense is included in the accompanying consolidated financial statements.

Use of estimates

Management uses estimates and assumptions in preparing the consolidated 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 consolidated financial statements relate to the estimated fair value of investments and determining the useful lives of property and equipment. Actual results could differ from the estimates.

Reclassifications

Certain amounts included in the 2019 consolidated financial statements have been reclassified to conform to classifications adopted during 2020. The reclassifications had no material effect on the accompanying consolidated financial statements.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Church’s financial condition and has taken actions to mitigate its impact. Such actions include reducing the overall scope and cost of its operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for 2021.

THE VILLAGE CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the consolidated statements of financial position are as follows:

	December 31,	
	2020	2019
Financial assets available:		
Cash and cash equivalents	\$ 11,718,859	\$ 6,861,072
Cash designated for long-term purposes	10,000,000	10,000,000
Investments	5,883,877	5,609,542
Note receivable, net	935,815	1,174,746
Total financial assets available within one year	28,538,551	23,645,360
Less amounts unavailable for general expenditure within one year due to:		
Maturities on note receivable due beyond one year	(696,884)	(935,815)
Amounts held subject to board designations	(15,221,325)	(15,109,713)
Amount held subject to management designations	(470,764)	—
Net financial assets available within one year	\$ 12,149,578	\$ 7,599,832

The Church is primarily supported by contributions. As part of the Church’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Central Elders Board has designated certain amounts for campus expansion, church planting, and reserve purposes. Management has designated certain amounts for church planting purposes. Because of the nature of the designations, these amounts may not be available for general expenditure within the next year; however, the Central Elders Board and management could make them available, if necessary. Donor-restricted net assets are available for general expenditure within the next year, because the restrictions on net assets are expected to be met by conducting the normal activities of the Church in the coming year. Management believes the Church has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

NOTE D – 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.

THE VILLAGE CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	December 31,	
	2020	2019
Land	\$ 4,411,965	\$ 4,411,965
Buildings and building improvements	19,392,665	19,421,561
Furniture, fixtures, and equipment	3,704,213	4,380,038
Construction in progress	357,008	—
Total property and equipment	27,865,851	28,213,564
Less: Accumulated depreciation	(8,998,219)	(8,926,273)
Net property and equipment	\$ 18,867,632	\$ 19,287,291

Depreciation expense amounted to \$886,558 and \$1,414,197 in 2020 and 2019, respectively.

NOTE F - FAIR VALUE MEASUREMENTS

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of the Church’s limited partnership interest using Level 3 inputs consists primarily of investments in pooled funds which primarily invest in privately-held enterprises. These investments can generally be liquidated at an amount approximating carrying value in the near-term with proper notice.

Estimated fair value of assets measured on a recurring basis as of December 31, 2020, are as follows:

	Total	Level 1	Level 2	Level 3
Limited partnership interest	\$ 5,786,159	\$ —	\$ —	\$ 5,786,159
Common and preferred stocks	97,718	97,718	—	—
Total	\$ 5,883,877	\$ 97,718	\$ —	\$ 5,786,159

THE VILLAGE CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in estimating fair value during 2020:

Balance, January 1, 2020	\$ 2,195,677
Purchases	3,398,000
Net gain	<u>192,482</u>
Balance, December 31, 2020	<u>\$ 5,786,159</u>

Estimated fair value of assets measured on a recurring basis as of December 31, 2019, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 3,403,611	\$ 3,403,611	\$ —	\$ —
Limited partnership interest	2,195,677	—	—	2,195,677
Common and preferred stocks	<u>10,254</u>	<u>10,254</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 5,609,542</u>	<u>\$ 3,413,865</u>	<u>\$ —</u>	<u>\$ 2,195,677</u>

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in estimating fair value during 2019:

Balance, January 1, 2019	\$ 2,039,854
Net gain	<u>155,823</u>
Balance, December 31, 2019	<u>\$ 2,195,677</u>

NOTE G – CHURCH MULTIPLICATION STRATEGY

Citizens Church

The Church previously operated a campus located in Plano, Texas. During 2019, as part of its church multiplication strategy, the Church executed various agreements transferring ownership of certain real property and related improvements and certain personal property with a net book value of approximately \$9,956,000 to Citizens Church (a Texas nonprofit corporation) (“Citizens”). In addition, the Church made cash grants to Citizens of approximately \$518,000 to help sustain Citizens’ activities during the transition period.

The Church also entered into a promissory note agreement (“the Note”) with Citizens in the original amount of approximately \$1,195,000. The Note requires Citizens to pay the Church monthly principal installments of approximately \$20,000 (with no interest due if paid according to the terms of the Note) beginning in December 2019 and matures in December 2024. The Note is secured by a deed of trust. The remaining balance on the note is \$935,815 and \$1,174,746 as of December 31, 2020 and 2019, respectively, and is reported in the accompanying consolidated statements of financial position as “note receivable, net”.

The Church recognized grants expense to Citizens of \$9,279,405 during 2019.

Northway Church

The Church also previously operated a campus located in Dallas, Texas. During 2019, as part of its church multiplication strategy, the Church executed various agreements transferring ownership of certain real property and related improvements and certain personal property with a net book value of approximately \$6,504,000 to Northway Church (a Texas nonprofit corporation) (“Northway”). In addition, the Church granted Northway approximately \$278,000 to help sustain Northway’s activities during the transition period.

The Church recognized grants expense to Northway of \$6,781,765 during 2019.

THE VILLAGE CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – CHURCH MULTIPLICATION STRATEGY (Continued)

The following is a summary of the 2019 transactions with Citizens and Northway described above:

Transfer of property and equipment, net	\$ 16,459,791
Note receivable issued	<u>(1,194,657)</u>
Subtotal – noncash grants expense	15,265,134
Cash grants expense	<u>796,036</u>
Total grants expense	<u>\$ 16,061,170</u>

Total grants are recognized in the accompanying 2019 consolidated statement of functional expenses as follows:

Grants to Citizens Church	\$ 9,279,405
Grants to Northway Church	<u>6,781,765</u>
Total grants expense	<u>\$ 16,061,170</u>

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions was as follows during 2020:

	Balance <u>January 1</u>	Contributions	Releases	Balance <u>December 31</u>
“Multiply” campaign	\$ 1,928,775	\$ 2,019,540	\$ (861,357)	\$ 3,086,958
Missions	285,610	731,307	(845,535)	171,382
Scholarships	<u>4,328</u>	<u>—</u>	<u>(10)</u>	<u>4,318</u>
Total	<u>\$ 2,218,713</u>	<u>\$ 2,750,847</u>	<u>\$ (1,706,902)</u>	<u>\$ 3,262,658</u>

Activity for net assets with donor restrictions was as follows during 2019:

	Balance <u>January 1</u>	Contributions	Releases	Balance <u>December 31</u>
“Multiply” campaign	\$ 758,659	\$ 1,708,598	\$ (538,482)	\$ 1,928,775
Missions	349,730	913,062	(977,182)	285,610
Scholarships	4,328	—	—	4,328
Capital expansion	<u>—</u>	<u>339,933</u>	<u>(339,933)</u>	<u>—</u>
Total	<u>\$ 1,112,717</u>	<u>\$ 2,961,593</u>	<u>\$ (1,855,597)</u>	<u>\$ 2,218,713</u>

NOTE I – 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. The Church contributed approximately \$334,000 and \$472,000 to the Plan in 2020 and 2019, respectively.

THE VILLAGE CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J – SUBSEQUENT EVENTS

The Church previously operated a campus located in Fort Worth, Texas. Subsequent to December 31, 2020, as part of its church multiplication strategy, the Church executed various agreements transferring ownership of certain real property and related improvements and certain personal property with a net book value of approximately \$2,508,000 to Redemption Story Church (a Texas nonprofit corporation) (“Redemption Story”). In addition, the Church made cash grants to Redemption Story of approximately \$880,000 to help sustain Redemption Story’s activities during the transition period.

The Church also previously operated a campus located in Southlake, Texas. Subsequent to December 31, 2020, as part of its church multiplication strategy, the Church executed various agreements transferring ownership of certain real property and related improvements and certain personal property with a net book value of approximately \$3,474,000 to Restoration Church of Southlake (a Texas nonprofit corporation) (“Restoration”). In addition, the Church made cash grants to Restoration of approximately \$2,113,000 to help sustain Restoration’s activities during the transition period.

The Church has evaluated for possible financial reporting and disclosure subsequent events through September 2, 2021, the date as of which the consolidated financial statements were available to be issued.