



Meadowbrook Baptist Church
Waco, Texas

Financial Statements Together With
Independent Auditor's Report

For the Year Ended December 31, 2024



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Meadowbrook Baptist Church
Financial Statements
For the Year Ended December 31, 2024

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Independent Auditor's Report

To the Finance Committee of
Meadowbrook Baptist Church

Qualified Opinion

We have audited the accompanying financial statements of Meadowbrook Baptist Church (“the Church”), a Texas nonprofit religious corporation, which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2024, and the related statement of cash receipts, disbursements and changes in net assets – modified cash basis, for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Church as of December 31, 2024, and its revenues and expenses for the year then ended in accordance with the modified cash basis of account as described in Note 2.

Basis for Qualified Opinion

As disclosed in Note 2, Account Policies, the Church did not adopt the combined presentation of the functional and natural classification of expenses as required by the reporting standard ASU 2016-14 (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The accompanying financial statements only report expenses by function. There is no effect on total expenses or on the net changes in net assets as presented on the statement of revenues and expenses – modified cash basis.

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 Auditor's 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 qualified audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describe the basis of accounting. The 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 the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

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Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

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, including omissions, 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.

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.

Ratcliff & Associates, P.C.

October 16, 2025

Meadowbrook Baptist Church
 Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
 December 31, 2024

Assets

Current assets	
Cash and cash equivalents	\$ 228,377
Investments	<u>552,834</u>
Total Assets	<u><u>\$ 781,211</u></u>

Liabilities & Net Assets

Total liabilities	<u><u>\$ -</u></u>
Net assets	
Without donor restrictions	<u>781,211</u>
Total Liabilities & Net Assets	<u><u>\$ 781,211</u></u>

Meadowbrook Baptist Church

Statement of Cash Receipts, Disbursements and Changes in Net Assets - Modified Cash Basis For the Year Ended December 31, 2024

Changes in net assets without donor restrictions

Revenues	
Revenues without donor restrictions	
Contributions	\$ 1,683,413
Ministry receipts	419,768
Interest and investment income	22,487
Other income	9,893
Total revenues	<u>2,135,561</u>
Expenses	
Church activities	1,030,620
Missions and outreach	444,765
Total program expenses	<u>1,475,385</u>
Support services	
General and administrative	609,510
Total expenses	<u>2,084,895</u>
Change in net assets without donor restrictions	<u>50,666</u>
Change in total net assets	50,666
Net assets at beginning of year	<u>730,545</u>
Net assets at end of year	<u>\$ 781,211</u>

Meadowbrook Baptist Church
 Note Disclosures to the Financial Statements
 December 31, 2024

Note 1, Nature of the Organization

Meadowbrook Baptist Church (the "Church"), a Texas nonprofit religious corporation, is located in Waco, Texas, and is affiliated with the Baptist General Convention of Texas. A portion of its revenue is tied to the local economy. The Church's primary source of revenue is free-will donations from church donors.

The Church has one purpose: Loving God and loving people as it leads people to Jesus Christ and helps them to grow to become fully devoted followers of Jesus Christ. The Church does this by focusing on Glorifying, Growing and Going as instructed by the words of Jesus in the Greatest Commandment and the Great Commission.

Glorify: God in everything; Grow: in Christ every day; Go: with Christ's love to everyone.

The Great Commandment: "Jesus said, 'Love the Lord your God with all your heart and with all your soul and with all your mind.' This is the first and greatest commandment. And the second is like it: 'Love your neighbor as yourself.' All the Law and the Prophets hang on these two commandments." – Matthew 22:36-40

The Great Commission: "Jesus said, ' Go and make disciples of all nations, baptizing them in the name of the Father, and of the Son and of the Holy Spirit, and teaching them to obey everything I have commanded you.' " – Matthew 28:19-20

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Church's significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of the Church have been prepared on the modified cash basis of accounting. Revenues are recognized when received rather than when earned, expenses are recognized when paid rather than when the obligation is incurred. Fixed assets are expensed, not capitalized and depreciated. Leases are reported as operating expenses when paid and are not capitalized. Unrealized gains (losses) on investments are recognized in accordance with fair market value.

The Church did not adopt the combined presentation of the functional and natural classification of expenses as required by the standard ASU 2016-14 (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The accompanying financial statements only report expenses by function. There is no effect on total expenses or on the net changes in net assets as presented on the statement of cash receipts, disbursements and changes in net assets – modified cash basis of the Church.

Functions: The Church pursues its mission through the execution of the following major functions that are also the reported functional expenses of the Church:

- Church activities: serving the Church congregation through fellowship, discipleship, worship, teaching, and internal ministry.
- Missions and outreach: reaching the community, locally, nationally, and globally through outreach, service, and evangelism.
- General and administrative: providing administrative support to the above functional areas.

Allocation of expenses by function: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of cash receipts, disbursements, and changes in net assets - modified cash basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Meadowbrook Baptist Church
Note Disclosures to the Financial Statements
December 31, 2024

Note 2, Summary of Significant Accounting Policies (continued)

Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are the estimated allocations of certain payroll and facility expenses to the functional areas. The allocation of payroll and facility expenses is, respectively, based on management's estimate of staff time and roles and facility space and usage.

Revenue recognition: Revenues of the Church are primarily derived from contributions from the Church's members and supporters. A portion of the Church's revenues is tied to the local economy. All contributions are considered available for the Church's general programs unless specifically restricted by the donor. Ministry receipts and other income are recorded when received, which is at the time that services are performed or events take place and is generally within one month of receipt.

Amounts received that are donor restricted by time or purpose are reported as increases in net asset with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of cash receipts, disbursements, and changes in net assets - modified cash basis as net assets released from restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions.

Investment income that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized, as applicable.

Net assets without donor restrictions: The Church further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Church's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Church to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

Net assets with donor restriction: The Church further disaggregates net assets with donor restriction into two subcategories:

- Time and purpose restrictions: The Church reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt.
- Permanently restricted: The Church reports gifts of cash and other assets as with permanent donor restrictions if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Church to use part or all of the income derived from the investment for general or restricted purposes.

At December 31, 2024 there are no temporarily or permanently restricted net assets.

Meadowbrook Baptist Church
Note Disclosures to the Financial Statements
December 31, 2024

Note 2, Summary of Significant Accounting Policies (continued)

Liquidity: The statement of assets, liabilities, and net assets - modified cash basis is classified to show subtotals for current assets and current liabilities as part of the Church's enhanced disclosure of liquidity. The Church anticipates using current assets and satisfying current liabilities within one year of the statement date. Current assets, excluding inventory and prepaids (as applicable), represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

Cash and cash equivalents: The Church considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Financial instruments that potentially subject the Church to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Investments: Investments are measured at fair value based upon the exit price model, which is the price that would be received to sell the investment. Dividends, interest, realized and unrealized gains and losses are netted and included as investment income in the statement of cash receipts, disbursements, and changes in net assets – modified cash basis as part of the change in unrestricted net assets unless the use of the assets received is limited by donor-imposed restriction. Investment expenses are reported net of investment returns.

Fair value measurement: Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Investments in cash and certificates of deposit are based on level 2 inputs, which are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Investments in equities are based on level 1 inputs, which are quoted prices for identical assets or liabilities in active markets that the Church has the ability to access.

Income tax status: The Church is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities. The Church has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Church believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Going concern considerations: The Church analyzes the effect that current and future events, both internal and external, may have on operations so that the Church may continue as a going concern (i.e., a viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of the Church for at least one year from the date of the report on page two. However, if conditions change during the following year, the Church may reschedule or reformat certain events and activities or adjust the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

Meadowbrook Baptist Church
 Note Disclosures to the Financial Statements
 December 31, 2024

Note 3, Liquidity and Availability of Financial Assets

The Church's financial assets are current assets available for general expenditure within one year of the statement date. Financial assets are calculated as follows: current assets less donor-restricted, board-designated and/or contractually obligated cash and investments.

As part of the Church's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Church is dependent on recurring contributions from its members and other donors which have remained relatively consistent year-to-year. Each year new givers begin to also participate in supporting the budget and ministry plan provided annually the Church.
- The Church maintains liquid assets available within 24 hours in savings, should monthly giving not meet monthly expenses. The Church also maintains designated cash reserves equivalent to one year's debt service payments.
- If liquidity becomes a concern, the Church will reduce expenses and adjust its budget accordingly.

The Church's financial assets are quantified as follows:

Current assets	\$ 781,211
Less: those unavailable for general expenditures within one year:	
Internally-designated funds, excluding designated reserves	<u>(55,313)</u>
Financial assets available to meet cash needs for general expenditures	
	<u>\$ 725,898</u>

Note 4, Investments

Investments consisted of the following at December 31, 2024:

Certificates of deposit	\$ 399,364
Money market funds	128,354
Equities	<u>25,116</u>
Total investments	<u>\$ 552,834</u>

The summary of change in investments for the year ended December 31, 2024 is as follows:

Investments, January 1, 2024	\$ 520,048
Additions	25,116
Dividends and interest	23,676
Realized and unrealized gains (losses)	(340)
Withdrawals	(14,817)
Fees	<u>(849)</u>
Investments, December 31, 2024	<u>\$ 552,834</u>

Meadowbrook Baptist Church
 Note Disclosures to the Financial Statements
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Note 5, Long-term Debt

At December 31, 2024 the Church's long-term debt consists of two notes payable, both secured by the Church's real property and equipment.

The first note held by the Church is in the original amount of \$250,000. This note carries a fixed interest rate of 3.5% and requires monthly payments of principal and interest totaling \$1,457 until its final maturity in May 2027. At December 31, 2024 the note has an outstanding balance of \$175,282.

The second note held by the Church is in the original amount of \$3,800,000. This note carries a fixed interest rate of 4.5% and requires monthly payments of principal and interest totaling \$24,183 until its final maturity in March 2027. At December 31, 2024 the note has an outstanding balance of \$3,079,092.

Scheduled maturities of the long-term debt at December 31, 2024 for each of the next three years are as follows:

2025	\$ 166,334
2026	173,856
2027	<u>2,914,184</u>
	<u>\$ 3,254,374</u>

Note 6, Net Assets

The details of the Church's net assets by categories at December 31, 2024 are as follows:

Net assets without donor restrictions	
General unrestricted	<u>\$ 205,409</u>
Internally designated	
Designated reserves	458,433
Missions	55,313
Ministry funds	<u>62,056</u>
Subtotal	<u>575,802</u>
Total net assets without donor restrictions	<u>\$ 781,211</u>

Note 7, Subsequent Events

The Church has evaluated subsequent events through the date of the Independent Auditor's Report on page two, which is the date the financial statements were available to be issued.