

**PARKWAY BAPTIST CHURCH
OF VICTORIA, TEXAS**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Mike Hurt, Senior Pastor
and Stewardship Team
Parkway Baptist Church of Victoria, Texas

Opinion

We have audited the accompanying financial statements of Parkway Baptist Church of Victoria, Texas (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parkway Baptist Church of Victoria, Texas as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Parkway Baptist Church of Victoria, Texas 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkway Baptist Church of Victoria, Texas'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 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 Parkway Baptist Church of Victoria, Texas'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 Parkway Baptist Church of Victoria, Texas'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.


Goldman, Hunt & Notz, L.L.P.

September 11, 2023

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS		2022	2021
Current assets			
Cash and cash equivalents		\$ 375,375	\$ 563,715
Southern Baptists of Texas Foundation			
CET Certificates due after 90 days		179,726	-
Accounts receivable - other		3,792	361
Prepaid expenses		12,202	9,600
		<u>571,095</u>	<u>573,676</u>
Property and equipment			
Land		449,257	449,257
Furniture, fixtures and equipment		500,786	494,032
Buildings and improvements		9,457,071	9,447,508
		<u>10,407,114</u>	<u>10,390,797</u>
Less: accumulated depreciation		<u>(4,224,716)</u>	<u>(3,957,083)</u>
		<u>6,182,398</u>	<u>6,433,714</u>
Total assets		<u><u>\$ 6,753,493</u></u>	<u><u>\$ 7,007,390</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable		\$ 23,477	\$ 25,090
Sales tax payable		626	530
Accrued expenses		52,538	52,597
Accrued interest payable		4,173	4,439
Current portion of long-term debt		87,139	81,036
		<u>167,953</u>	<u>163,692</u>
Non-current liabilities			
Long-term debt, net of current portion		<u>1,177,564</u>	<u>1,309,380</u>
Total liabilities		<u>1,345,517</u>	<u>1,473,072</u>
Net assets			
Without donor restrictions		5,324,332	5,418,782
With donor restrictions		83,644	115,536
		<u>5,407,976</u>	<u>5,534,318</u>
Total net assets		<u>5,407,976</u>	<u>5,534,318</u>
Total liabilities and net assets		<u><u>\$ 6,753,493</u></u>	<u><u>\$ 7,007,390</u></u>

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

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in net assets without donor restrictions:		
Revenues, gains and (losses)		
Contributions of cash and other financial assets	\$ 1,880,065	\$ 1,942,634
Contributions of nonfinancial assets	2,640	6,575
Mothers Day Out	121,898	118,825
Café	33,293	26,393
Interest income	5,079	2,112
Other revenue	16,020	4,050
Gain/(loss) on disposal of assets	95	(23,760)
	<u>2,059,090</u>	<u>2,076,829</u>
Net assets released from restrictions (Note 3):	<u>205,457</u>	<u>140,500</u>
Total revenues, gains and (losses), and other support without donor restrictions	<u>2,264,547</u>	<u>2,217,329</u>
Expenses		
Program services	1,655,566	1,602,068
Support services - management and general	703,431	734,649
	<u>2,358,997</u>	<u>2,336,717</u>
Increase (decrease) in net assets without donor restrictions	<u>(94,450)</u>	<u>(119,388)</u>
Changes in net assets with donor restrictions		
Contributions restricted in use	173,565	205,553
Restrictions satisfied by payments	(205,457)	(140,500)
	<u>(31,892)</u>	<u>65,053</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	<u>(126,342)</u>	<u>(54,335)</u>
NET ASSETS, beginning of year	<u>5,534,318</u>	<u>5,588,653</u>
NET ASSETS, end of year	<u><u>\$ 5,407,976</u></u>	<u><u>\$ 5,534,318</u></u>

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

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services			Total Program Services		Support Services Management and General	Total Program and Support Services
	Worship	Discipleship	Missions	Mothers Day Out			
Salaries and benefits	\$ 315,423	\$ 513,879	\$ 28,346	\$ 67,600	\$ 925,248	\$ 226,561	\$ 1,151,809
Administrative expenses	29,229	39,580	2,484	8,809	80,102	27,088	107,190
Building Lives seminars	-	275	-	-	275	-	275
Building maintenance	23,174	22,778	271	8,416	54,639	11,365	66,004
Business insurance	22,342	21,960	261	8,113	52,676	10,958	63,634
Café expense	20,531	-	-	-	20,531	-	20,531
Communication expense	1,826	-	-	-	1,826	8,249	10,075
Connection events	-	23,156	-	-	23,156	-	23,156
Depreciation	-	-	-	-	-	292,186	292,186
Equipment	11,376	-	-	-	11,376	36,985	48,361
Interest expense	-	-	-	-	-	63,546	63,546
Mothers Day Out	-	-	-	-	-	-	8,701
Ministries	-	9,962	-	8,701	8,701	-	9,962
Missions outreach	-	-	166,333	-	166,333	-	166,333
Preschool and children	-	30,800	-	-	30,800	-	30,800
Production expenses	21,486	-	-	-	21,486	-	21,486
Small group expenses	-	7,208	-	-	7,208	-	7,208
Students	-	74,813	-	-	74,813	-	74,813
Training and travel	-	602	-	-	602	-	602
Utilities	54,016	53,093	631	19,616	127,356	26,493	153,849
Internet	38,476	-	-	-	38,476	-	38,476
Total functional expenses	\$ 537,879	\$ 798,106	\$ 198,326	\$ 121,255	\$ 1,655,566	\$ 703,431	\$ 2,358,997

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

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services			Total Program Services	Support Services Management and General	Total Program and Support Services
	Worship	Discipleship	Missions	Mothers Day Out		
Salaries and benefits	\$ 308,681	\$ 450,740	\$ 22,825	\$ 64,345	\$ 240,315	\$ 1,086,906
Administrative expenses	28,922	39,163	2,457	8,716	26,803	106,061
Building Lives seminars	-	1,996	-	-	-	1,996
Building maintenance	35,035	34,436	409	12,723	17,182	99,785
Business insurance	18,332	18,019	214	6,657	8,991	52,213
Café expense	17,589	-	-	-	-	17,589
Communication expense	596	-	-	-	14,007	14,603
Connection events	-	12,847	-	-	-	12,847
Depreciation	-	-	-	-	293,639	293,639
Equipment	3,039	-	-	-	29,124	32,163
Interest	-	-	-	-	68,663	68,663
Mothers Day Out	-	-	-	7,499	-	7,499
Ministries	-	11,367	-	-	-	11,367
Missions outreach	-	-	155,524	-	-	155,524
Preschool and children	-	29,529	-	-	-	29,529
Production expenses	26,459	-	-	-	-	26,459
Small group expenses	-	6,651	-	-	-	6,651
Students	-	71,435	-	-	-	71,435
Training and travel	-	621	-	-	-	621
Utilities	73,249	71,997	855	26,600	35,925	208,626
Internet	32,541	-	-	-	-	32,541
Total functional expenses	\$ 544,443	\$ 748,801	\$ 182,284	\$ 126,540	\$ 734,649	\$ 2,336,717

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

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	<u>\$ (126,342)</u>	<u>\$ (54,335)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	292,186	293,639
(Gain) loss on disposal of assets	(95)	23,760
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - other	(3,431)	(344)
Prepaid expenses	(2,602)	(1,800)
Increase (decrease) in:		
Accounts payable	(1,613)	(129,238)
Sales tax payable	96	168
Accrued expenses	(59)	5,936
Accrued interest payable	(266)	(493)
Total adjustments	<u>284,216</u>	<u>191,628</u>
Net cash provided (used) by operating activities	<u>157,874</u>	<u>137,293</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	511	-
Change in CET Investments	(179,726)	-
Purchase of equipment	(41,286)	(104,944)
Net cash provided (used) by investing activities	<u>(220,501)</u>	<u>(104,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	-	23,209
Principal payments on long-term debt	(125,713)	(159,584)
Net cash provided (used) by financing activities	<u>(125,713)</u>	<u>(136,375)</u>
Net increase (decrease) in cash and cash equivalents	(188,340)	(104,026)
Cash and cash equivalents - beginning of period	<u>563,715</u>	<u>667,741</u>
Cash and cash equivalents - end of period	<u><u>\$ 375,375</u></u>	<u><u>\$ 563,715</u></u>

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

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Parkway Baptist Church of Victoria, Texas (Parkway Church) is operated to fulfill the Great Commission (Matthew 28:19-20) by carrying out the Great Commandment (Matthew 22:36-40). Parkway Church seeks to accomplish this through evangelism, worship, ministry, discipleship and fellowship. The church is primarily funded through member contributions.

Parkway Church meets at three campus locations: John Stockbauer Drive in Victoria, Texas, Lone Tree Road in Victoria, Texas and 2400 Hwy 35 South in Port Lavaca, Texas. Facilities at all three locations are wholly owned by Parkway Church.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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 Church's management and the Church's stewardship committee.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the church and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating activities. Operating activities consist of those items attributable to the Church's ongoing ministries, interest earned on cash equivalent accounts and certificates of deposit, and gains and losses on the sale of property, plant, and equipment.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

Certificates of Deposit and Southern Baptists of Texas Foundation CET Certificates

Certificates of deposit and Southern Baptists of Texas Foundation CET Certificates have maturity dates of daily, six months, seven months, eleven months, and one year.

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Church adopted this new standard on January 1, 2020 using the full retrospective method of application. The Church's accounting policies related to revenues were revised accordingly. These standards primarily apply to the recognition of revenue associated with the Church's Mother's Day Out Program and the Café. The Church recognizes revenue from contracts with customers when each of the following four criteria are met: (1) a contract or sales arrangement exists, (2) services have been rendered, (3) the price of the products or services is fixed or determinable, and (4) collectability is reasonably assured. The timing of revenue recognition is not affected by the new standard.

Income Taxes

Parkway Church is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a subordinate of the Southern Baptists of Texas Convention, Inc. through a Group Exemption Number 3779. Therefore, Parkway Church has made no provision for federal income taxes in the accompanying financial statements. In addition, Parkway Church has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There was no unrelated business taxable income and no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2022 and 2021.

Parkway Church is no longer subject to examination by the Internal Revenue Service for years prior to 2019.

Prepaid Expenses

Expense items of a nature that will benefit future periods are charged to the prepaid expense account and are expensed in the future periods that are benefited.

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment owned by Parkway Church are reflected at original cost if acquired by purchase and, if acquired by donation, at the fair market value at the time donated. Fixed assets are depreciated on the straight-line basis over their estimated useful lives. Buildings are depreciated over forty years, building improvements over twelve years, office equipment over six to twelve years, and computer software over three years. Assets with an original cost or fair market value greater than \$2,500 are capitalized. Depreciation expense incurred for the years ended December 31, 2022 and 2021 was \$292,186 and \$293,639, respectively.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 statements of activities as net assets released from restrictions.

Donated Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Parkway Church received donated services from a variety of unpaid volunteers. Donated services were valued at \$700 and \$1,400 for the fiscal years ended December 31, 2022 and 2021, respectively. In addition to the donated services noted above, a substantial number of volunteers donated significant amounts of their time to Parkway Church's ministry. However, these services do not meet the criteria for recognition as contributed services under United States generally accepted accounting principles.

Donated Materials

Materials are donated throughout the year to Parkway Church. Donated materials were valued at \$1,940 and \$5,175 for the fiscal years ended December 31, 2022 and 2021, respectively.

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2022 Contributions of Nonfinancial Assets

<u>Description</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Food	\$ 255	Outreach - Local	No associated donor restrictions	The Church estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States
Gift Cards	900	Outreach - Local	No associated donor restrictions	The Church values the contribution of Gift Cards at cost
Equipment	785	Outreach - Mission Trips	No associated donor restrictions	The Church estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States
Services - Pest Control	700	Facilities Repair and Maintenance	No associated donor restrictions	Contributed services from pest control professionals are valued at the estimated fair value based on current rates for similar professional services
Total	<u>\$ 2,640</u>			

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2021 Contributions of Nonfinancial Assets

<u>Description</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Food	\$ 172	Outreach - Local	No associated donor restrictions	The Church estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States
Gift Cards	2,175	Outreach - Local	No associated donor restrictions	The Church values the contribution of Gift Cards at cost
Gift Cards	30	Student Supplies	No associated donor restrictions	The Church values the contribution of Gift Cards at cost
Equipment	800	Administrative Equipment	No associated donor restrictions	The Church estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States
Equipment	1,708	Port Lavaca Facilities	No associated donor restrictions	The Church estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States
Equipment	290	Student Supplies	No associated donor restrictions	The Church estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States
Services - Pest Control	1,400	Facilities Repair and Maintenance	No associated donor restrictions	Contributed services from pest control professionals are valued at the estimated fair value based on current rates for similar professional services
Total	<u>\$ 6,575</u>			

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Advertising

Parkway Church follows the policy of charging the costs of advertising to expenses as incurred. Advertising expense was \$3,765 and \$9,017 for the years ended December 31, 2022 and 2021, respectively.

Functional Expense

The costs of providing program and support services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and management and general based on personnel usage of the related facilities and activities.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Administrative expenses	Estimate
Building Lives seminars	Actual
Building maintenance	Building square footage
Business insurance	Building square footage
Café expense	Actual
Communication expense	Actual
Connection events	Actual
Depreciation	Actual
Equipment	Actual
Facility rental	Building square footage
Mothers Day Out	Actual
Ministries	Actual
Missions outreach	Actual
Preschool and children	Actual
Production expenses	Actual
Small group expenses	Actual
Students	Actual
Training and travel	Actual
Utilities	Building square footage
Internet	Actual

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. Total equity and net income are unchanged due to these reclassifications.

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2: AVAILABILITY AND LIQUIDITY

The following represents the Church's financial assets at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 375,375	\$ 563,715
Southern Baptists of Texas Foundation CET Certificates due after 90 days	179,726	-
Accounts receivable - other	<u>3,792</u>	<u>361</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 558,893</u>	<u>\$ 564,076</u>

Parkway Church's goal is to generally maintain cash and cash equivalent assets sufficient to cover sixty days of operating expenditures.

NOTE 3: NET ASSETS

Net assets with donor restrictions for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Benevolence	\$ 2,925	\$ 2,032
Backpack ministry	23,574	30,370
General designated	9,510	50,000
Missions	43,882	26,566
Students	645	4,137
Building	<u>3,108</u>	<u>2,431</u>
Total	<u>\$ 83,644</u>	<u>\$ 115,536</u>

Net assets without donor restrictions for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 5,105,020	\$ 5,247,410
Designated	<u>219,312</u>	<u>171,372</u>
Total	<u>\$ 5,324,332</u>	<u>\$ 5,418,782</u>

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3: NET ASSETS (Concluded)

Net assets released from net assets with donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of program restrictions		
Benevolence Fund	\$ 10,044	\$ 12,849
Backpack Ministry	28,098	18,191
Children's Engage	1,220	1,040
Children's Fund	-	10,220
General Designated Fund	63,880	26,110
Mission Trips Fund	19,028	347
Love Offering Fund	6,995	-
Missions Fund	16,059	17,729
Missions - Christmas Child	5,835	6,326
Women's Fund	3,860	-
Student's Fund	-	3,110
Students - Junior High Camp	14,110	10,975
Students - High School Camp	7,700	8,045
Students - Scholarships	21,245	14,685
Students - The Weekend Event	2,040	510
Parkway Victoria Building Capital Improvements	-	3,633
Lone Tree Building Capital Improvements	150	3,185
Port Lavaca Building Capital Improvements	5,193	3,545
Total	<u>\$ 205,457</u>	<u>\$ 140,500</u>

NOTE 4: CONCENTRATION OF CREDIT RISK

Parkway Church maintains its cash balances with a financial institution. All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. At December 31, 2022 and 2021, Parkway Church had uninsured cash balances of \$287,691 and \$271,910, respectively. Parkway Church has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
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NOTE 5: CONTRACT REVENUE RECOGNITION

The Church recognizes contract revenue from customers from two different sources, the Mother's Day Out program and Café sales. Revenue by Product/Service Line and Timing of Revenue Recognition are as follows:

Mother's Day Out

Through the Mother's Day Out program, the Church provides a day care service for families in the Victoria, Texas area. Revenue associated with this program can be segregated into two distinct groups.

Mother's Day Out Registration

Participants in the Mother's Day Out program pay an upfront fixed fee to Parkway Church for the Church to reserve a space for the participant in the program. Revenue associated with registration is recognized at the receipt of payment as the participant's space in the program is also reserved at that time, and the Church is not liable to refund payments in the event that the participant does not utilize the space in the program that they have reserved.

Mother's Day Out Tuition

Participants in the Mother's Day Out program pay a tuition fee for a month of day care service provided by Parkway Church. Tuition fees are at fixed rates, with specific rates charged for standard participants, participants who are on the Parkway Church staff, and participants with multiple children enrolled in the program. Tuition fees are paid at the beginning of the month. The Church recognizes revenue over the period of time services are provided. The Church is not liable to refund participant fees if the participant's child does not attend the program. As tuition fees are collected in the month they apply to, there are no material prepaid balances as of the end of the year, and no related liability or deferred revenue is recognized.

Café

The Church operates a café at the Parkway Victoria campus that provides refreshments to congregants on Sunday mornings. The Church charges a fixed rate for the food and drink served at the café. Revenue is recognized at the point of sale of the food and drink items. All sales at the café are final and no refunds are issued.

NOTE 6: CAFETERIA PLAN

Parkway Church maintains a "Flexible Benefit Plan" or Cafeteria Plan for its employees. Employees who work more than 25 hours per work week are eligible to participate on the first day of the month following day one of employment. This plan allows employees to choose from several different insurance and fringe benefit programs according to their individual needs. The Church provides eligible employees the opportunity to use pre-tax dollars to pay for benefits by entering into a salary reduction arrangement.

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
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NOTE 7: GROUP INSURANCE PLAN

Parkway Church offers a fully insured group insurance plan to its full-time employees and their qualifying dependents. This group plan is provided to the Church through GuideStone Financial Resources of the Southern Baptist Convention, and offers medical, dental and life insurance policies to employees. The Church covers a portion of the premiums for each of their full-time employees who are eligible and choose to participate in these plans.

NOTE 8: RETIREMENT PLAN

Parkway Church maintains a 403(b)(9) retirement plan. The plan covers all employees. For the years ended December 31, 2022 and 2021 Parkway Church contributed 2.5% of base pay to all full-time employees other than pastoral staff. Parkway Church contributed ten percent (10%) of base pay to pastoral staff in both 2022 and 2021. Part-time employees may contribute to the retirement plan but Parkway Church does not match their contribution. Parkway Church contributed \$35,756 and \$34,547 to this plan for the years ended December 31, 2022 and 2021, respectively.

NOTE 9: ACCRUED VACATION

Some employees of Parkway Church are entitled to paid vacation leave. The amount of paid leave per employee is dependent upon job classification, length of service and other factors. Accrued vacation payable was \$19,119 and \$19,898 for the years ended December 31, 2022 and 2021, respectively. These amounts are reflected in accrued expenses on the balance sheet.

NOTE 10: PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Building and improvement	\$ 9,457,071	\$ 9,447,508
Café/Kitchen	36,703	23,764
Computers	81,010	81,010
Furniture and equipment	108,212	118,270
Production equipment	274,861	270,988
Land	449,257	449,257
Less: Accumulated depreciation	<u>(4,224,716)</u>	<u>(3,957,083)</u>
Net property and equipment	<u>\$ 6,182,398</u>	<u>\$ 6,433,714</u>

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
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NOTE 11: LONG-TERM DEBT

A detail of long-term debt is as follows:

	<u>2022</u>	<u>2021</u>
A promissory note of \$1,550,000 which bears interest at a fixed rate of 4.75% annually, payable to Prosperity Bank. The note is initially payable in 18 monthly installments of interest only beginning on April 6, 2020. On October 6, 2021 the note will be payable in 180 monthly installments of \$12,110.93 including both interest and principal, with the final installment due on September 6, 2036. The loan is secured by a Deed of Trust covering the 10.00 acre tract of land out of the Samuel Shupe Survey, Abstract No. 137, in Calhoun County, Texas.		
Total long-term debt	\$ 1,264,703	\$ 1,390,416
	1,264,703	1,390,416
Less: current portion of long-term debt	<u>87,139</u>	<u>81,036</u>
Total long-term debt, net of current portion	<u>\$ 1,177,564</u>	<u>\$ 1,309,380</u>

Aggregate Maturities of Long-Term Notes Payable

The principal payments on long-term notes payable are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	\$ 87,139
2024	91,369
2025	95,805
2026	100,456
2027	105,333
2028 and thereafter	<u>784,601</u>
Total long-term debt	<u>\$ 1,264,703</u>

PARKWAY BAPTIST CHURCH OF VICTORIA, TEXAS
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NOTE 12: LEASES

Parkway Church leases security equipment under an operating lease with an initial term of five years. This lease concluded in July 2017. After the lease expired, it was continued on a month to month basis and concluded in September of 2022. The lease expense for the years ended December 31, 2022 and 2021 was \$449 and \$599, respectively.

Parkway Church leases a postage meter machine under an operating lease with the term of four years. This lease concluded in October 2018. After the lease expired, it was continued on a month to month basis. The lease expense for the years ended December 31, 2022 and 2021 was \$600 and \$576, respectively.

NOTE 13: EVALUATION OF SUBSEQUENT EVENTS

In preparing these financial statements, Parkway Church has evaluated events and transactions for potential recognition or disclosure through September 11, 2023, the date which the financial statements were available to be issued.