

C. DEWITT FOARD & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
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PHILLIP G. WILSON
TERRY W. LANCASTER

MANAGEMENT LETTER

October 20, 2017

To the Board of Elders of
Providence Road Church of Christ, Charlotte, N.C., Inc.
Charlotte, North Carolina

We have audited the financial statements of Providence Road Church of Christ, Charlotte, N.C., Inc. (the "Church") for the year ended August 31, 2017, and have issued our report dated October 20, 2017. Professional standards require that we provide you with the following information related to our audit.

In planning and performing our audit of the financial statements of Providence Road Church of Christ, Charlotte, N.C., Inc., as of and for the year ended August 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Church's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control. Accordingly, we do not express an opinion on the effectiveness of the Church's internal control.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Church's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Church's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management and staff within the Church and is not intended to be and should not be used by anyone other than these specified parties.


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Certified Public Accountants

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PHILLIP G. WILSON
TERRY W. LANCASTER

AUDITORS' REPRESENTATIONS LETTER

To the Board of Elders of
Providence Road Church of Christ, Charlotte, N.C., Inc.
Charlotte, North Carolina

We have audited the financial statements of Providence Road Church of Christ, Charlotte, N.C., Inc., (the "Church") for the year ended August 31, 2017, and have issued our report dated October 20, 2017. Professional standards require that we provide you with the following information related to our audit.

Independence

We are familiar with Rule 101 of the AICPA's Code of Professional Conduct, and its interpretations and rulings. As far as the Church is concerned, our Firm has been, for the period covered by the financial statements under report and thereafter to date, in fact independent as contemplated by such Rule.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the modified cash basis of accounting, as described in the accompanying notes to the financial statements. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Church are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Church during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

We noted no estimates included in the financial statements that we considered to be particularly sensitive.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any disclosures affecting the financial statements that we considered to be particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We wish to express our appreciation to management and staff for their cooperation and assistance during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements that were detected as a result of audit procedures and corrected by management that were material, either individually or in the aggregate, to the financial statements taken as a whole. The only entry we posted was to adjust the value of the Church's fixed assets to the property tax value.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 20, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Church's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Church's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the management and staff within the Church

Providence Road Church of Christ, Charlotte, N.C., Inc.

October 20, 2017

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and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

C. DeWitt Foard & Company, P.A.

C. DeWitt Foard and Company, PA

Certified Public Accountants

Providence Road Church of Christ, Charlotte, N.C., Inc.

October 20, 2017

C. DeWitt Foard and Company, PA, CPAs
817 East Morehead Street, Suite 100
Charlotte, North Carolina 28202

This representation letter is provided in connection with your audit of the financial statements of Providence Road Church of Christ, Charlotte, N.C., Inc., which comprise the statements of financial position - modified cash basis as of August 31, 2017, and the related statements of activities - modified cash basis and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 20, 2017, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 21, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting.
2. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the modified cash basis of accounting.
7. All events subsequent to the date of the financial statements and for which accounting standards

require adjustment or disclosure have been adjusted or disclosed.

8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A list of the uncorrected misstatements, if any, is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the organization's accounts. We are in agreement with those adjustments.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. accounting standards.
10. Material concentrations have been appropriately disclosed in accordance with U.S. accounting standards.
11. Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. accounting standards.
12. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. accounting standards, and we have not consulted a lawyer concerning litigation, claims, or assessments.

Information Provided

13. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Church from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
18. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

19. We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
20. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
21. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
23. We acknowledge that in connection with your audit, you assisted in the preparation of the draft financial statements and notes. We confirm that we have reviewed and approved the financial statements referred to above, we confirm that we are responsible for their fair presentation in conformity with the modified cash basis of accounting, with all material exceptions described in the notes to the financial statements, and we acknowledge your role as auditors in connection with the financial statements. We have overseen the process of performing such services and have made all related management decisions.
24. Providence Road Church of Christ, Charlotte, N.C., Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Church's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.



KENNETH BRUESHABER, TREASURER

*PROVIDENCE ROAD CHURCH OF CHRIST,
CHARLOTTE, N.C., INC.*

*FINANCIAL STATEMENTS
AUGUST 31, 2017*

Providence Road Church of Christ, Charlotte, N.C., Inc.

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*PHILLIP G. WILSON
TERRY W. LANCASTER*

INDEPENDENT AUDITORS' REPORT

To the Board of Elders of
Providence Road Church of Christ, Charlotte, N.C., Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Providence Road Church of Christ, Charlotte, N.C., Inc., (the "Church" - a nonprofit corporation), which comprise the statement of financial position – modified cash basis as of August 31, 2017, and the related statements of activities – modified cash basis and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 1 to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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.

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 of 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 entity'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 entity'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.

Basis for Qualified Opinion

As discussed in the accompanying notes, the Church has elected to carry land and buildings on the statement of financial position at values assessed for local property tax purposes with no allowance for depreciation. The effects of this departure from the modified cash basis of accounting have not been determined.

Qualified Opinion

In our opinion, except for the presentation of fixed assets as described above, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of Providence Road Church of Christ, Charlotte, N.C., Inc. as of August 31, 2017 and its support, revenue, expenses and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes 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.

Report on Summarized Comparative Information

We have previously audited the Church's 2016 financial statements, and our report dated October 28, 2016, expressed a similar opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Ford & Company, P.A.
October 20, 2017

Providence Road Church of Christ, Charlotte, N.C., Inc.**Statement of Financial Position - Modified Cash Basis****August 31, 2017, with prior year comparative totals**

	August 31, 2017			Prior Year Comparative Totals
	Unrestricted	Temporarily Restricted	TOTALS	
<u>ASSETS</u>				
Operating Assets:				
Cash	\$ 284,182	\$ 243,918	\$ 528,100	\$ 483,971
Sales tax receivable	2,348	-	2,348	1,368
Total	286,530	243,918	530,448	485,339
Fixed Assets	5,057,300	-	5,057,300	5,057,300
TOTAL	\$ 5,343,830	\$ 243,918	\$ 5,587,748	\$ 5,542,639

LIABILITIES AND NET ASSETS

Liabilities	\$ -	\$ -	\$ -	\$ -
Net Assets	5,343,830	243,918	5,587,748	5,542,639
TOTAL	\$ 5,343,830	\$ 243,918	\$ 5,587,748	\$ 5,542,639

Providence Road Church of Christ, Charlotte, N.C., Inc.**Statement of Activities - Modified Cash Basis****Year Ended August 31, 2017, with prior year comparative totals**

	Year Ended August 31, 2017			Prior Year Comparative Totals
	Unrestricted	Temporarily Restricted	TOTALS	
<u>SUPPORT AND REVENUE</u>				
Contributions	\$ 1,291,419	\$ 415,465	\$ 1,706,884	\$ 1,927,099
Other income	2,250	-	2,250	27,566
Total	1,293,669	415,465	1,709,134	1,954,665
<u>EXPENSES</u>				
Personnel	793,955	1,020	794,975	797,767
Facilities	240,635	-	240,635	178,823
Family needs	48,266	94,389	142,655	165,274
Outreach	41,302	287,974	329,276	439,161
Administrative	156,289	195	156,484	173,124
Total	1,280,447	383,578	1,664,025	1,754,149
CHANGE IN NET ASSETS				
FROM OPERATIONS	13,222	31,887	45,109	200,516
OTHER CHANGES:				
Transfers	(10,000)	10,000	-	-
CHANGE IN NET ASSETS	3,222	41,887	45,109	200,516
NET ASSETS, BEGINNING	5,340,608	202,031	5,542,639	5,342,123
NET ASSETS, ENDING	\$ 5,343,830	\$ 243,918	\$ 5,587,748	\$ 5,542,639

Providence Road Church of Christ, Charlotte, N.C., Inc.**Statement of Cash Flows - Modified Cash Basis****Year Ended August 31, 2017, with prior year comparative totals**

	Year Ended August 31, 2017	Prior Year Comparative Totals
	<hr/>	<hr/>
<i>OPERATING ACTIVITIES</i>		
Change in net assets	\$ 45,109	\$ 200,516
Adjustments to reconcile increase in net assets to cash flows from operating activities:		
Decrease (increase) in operating assets:		
Sales tax receivable	(980)	(413)
<i>Cash Flows from Operating Activities</i>	<hr/> <i>44,129</i>	<hr/> <i>200,103</i>
<i>CHANGE IN CASH</i>	<i>44,129</i>	<i>200,103</i>
<i>CASH - BEGINNING</i>	<i>483,971</i>	<i>283,868</i>
<i>CASH - ENDING</i>	<hr/> <i>\$ 528,100</i>	<hr/> <i>\$ 483,971</i>

Providence Road Church of Christ, Charlotte, N.C., Inc.

Notes to Financial Statements

August 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Providence Road Church of Christ, Charlotte, N.C., Inc., (the Church) was organized in 1938. The Church was incorporated in 1955 under the laws of the state of North Carolina, is located at 4900 Providence Road, Charlotte, North Carolina, and is supported primarily by voluntary contributions from its members.

Scope

All funds over which the Church exercises discretionary control are included in these financial statements, except for Action for Community Transformation, Inc., a separate corporation. This report also does not include the activities of any choir or Church school accounts that would not be material to these financial statements.

Basis of accounting

These financial statements have been prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Pursuant to the cash basis of accounting, revenue and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. In addition, all other amounts received are recorded as cash receipts and all other amounts expended are recorded as cash disbursements. The Church has elected to adopt the following modifications to the cash basis of accounting; in addition to the presentation of fixed assets:

- Sales tax which will be later refunded are shown as increases and decreases in an asset account, sales tax receivable, rather than as receipts and disbursements.

The significant differences between the basis of accounting employed by the Church and U.S. generally accepted accounting principles, in addition to the timing of the recognition of revenue and expenses, are as follows:

- The Church has elected to carry land and buildings on the financial statements based on appraised values.
- The purchase of equipment and furnishings is shown as an expense and no depreciation is recorded.
- No amounts have been reflected in the financial statements for services or property contributed to the Church.

Providence Road Church of Christ, Charlotte, N.C., Inc.

Notes to Financial Statements

August 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributions

The net assets of the Church are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to any donor-imposed stipulations. Occasionally the Church may designate a portion of unrestricted net assets to be used for specific purposes. However, these funds are not donor-restricted and may be used for any purpose. At August 31, 2017, the Church had designated \$250,000 to be used as a capital reserve.
- *Temporarily restricted net assets* - 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, 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 statement of activities as net assets released from restrictions.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Church. During the year ended August 31, 2017, the Church had no permanently restricted net assets.

Federal income tax status

The Church is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Use of estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Therefore, actual results could be different from those estimates.

Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Church's 2016 financial statements, from which the summarized information was derived. Also, certain amounts in the prior-year comparative totals may have been reclassified to conform to the presentation in the current-year financial statements.

NOTE 2 – CASH

Cash

Cash consists of cash on hand, cash in checking accounts, and money market funds.

Providence Road Church of Christ, Charlotte, N.C., Inc.

Notes to Financial Statements

August 31, 2017

NOTE 3 – PROPERTY

Basis of accounting

Property balances are maintained in the unrestricted fund. The Church's fixed assets, which consist of approximately eight acres of land, buildings and improvements, are presented in the accompanying financial statements at the value assessed for local property taxes. Equipment purchases are expensed as incurred.

NOTE 4 – LEASES

Operating leases - equipment

The Church leases a copier under a non-cancelable operating agreement. Lease payments made during the year ended August 31, 2017 were \$9,490 and future minimum payments under the operating lease agreement are due during the years ending August 31, 2018 and 2019 are \$5,076 and for the year ending August 31, 2020 are \$2,961.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31, 2017 consist of the following:

Missions	\$ 190,217
Faith for the Future outreach funds	10,409
Ministries	10,195
Community care	32,913
Administrative	184
<hr/>	
TOTAL	\$ 243,918

NOTE 6 – RETIREMENT PLAN

The Church maintains the Providence Road Church of Christ 403(b) Plan (the Plan) for the benefit of its employees. Eligible employees may make pre-tax or Roth contributions up to limits established annually by the Internal Revenue Service. The Church does not contribute to the Plan but matches employee contributions based on years of service. The Church's matching contributions are immediately 100% vested. The maximum matching contribution ranges from 3% for employees with less than one year of service to 6% for employees with three or more years of service. Participating employees have discretionary control as to how their funds are invested. During the year ended August 31, 2017, a total of \$21,569 was paid in retirement benefits.

Providence Road Church of Christ, Charlotte, N.C., Inc.

Notes to Financial Statements

August 31, 2017

NOTE 7 – CONCENTRATIONS OF RISK

Small geographic area

The Church operates in a small geographic area, and is therefore sensitive to changes in the local economy.

Uninsured cash

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Church at August 31, 2017 included \$1,062 of cash in excess of insured limits.

NOTE 8 – SUBSEQUENT EVENTS

The Church has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditor's report, which is the date the financial statements are available to be issued. During this period, no material recognizable subsequent events were identified.