

# CHICAGO CHURCH OF CHRIST

Financial Statements  
With Independent Auditors' Report

December 31, 2017 and 2016

# CHICAGO CHURCH OF CHRIST

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Chicago Church of Christ  
Bensenville, Illinois

We have audited the accompanying financial statements of Chicago Church of Christ, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Church of Christ as of December 31, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wheaton, Illinois  
April 27, 2018

# CHICAGO CHURCH OF CHRIST

## Statements of Financial Position

	December 31,	
	2017	2016
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,564,601	\$ 1,528,705
Receivables	39,159	20,713
Prepaid expenses	73,494	78,340
Deposits	51,089	54,850
Fixed assets, net	-	1,718
<b>Total Asset</b>	<b>\$ 1,728,343</b>	<b>\$ 1,684,326</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 105,922	\$ 126,565
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Undesignated	1,571,468	1,484,289
Net investment in fixed assets	-	1,718
	1,571,468	1,486,007
Temporarily restricted-missions	50,953	71,754
	1,622,421	1,557,761
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,728,343</b>	<b>\$ 1,684,326</b>

See notes to financial statements

# CHICAGO CHURCH OF CHRIST

## Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions:						
Weekly contributions	\$ 4,245,281	\$ -	\$ 4,245,281	\$ 4,187,292	\$ -	\$ 4,187,292
Missions contributions - international	687,882	-	687,882	625,017	-	625,017
Charity and relief contributions	94,044	-	94,044	104,639	-	104,639
Missions contributions - domestic	117,961	16,953	134,914	92,324	47,754	140,078
Other donations	-	10,000	10,000	-	20,000	20,000
	5,145,168	26,953	5,172,121	5,009,272	67,754	5,077,026
Revenues:						
Special events revenue	627,546	-	627,546	289,368	-	289,368
Other revenue	153,641	-	153,641	160,399	-	160,399
	781,187	-	781,187	449,767	-	449,767
 Total support and revenue	5,926,355	26,953	5,953,308	5,459,039	67,754	5,526,793
<b>RECLASSIFICATIONS:</b>						
Net assets released from restriction upon satisfaction of purpose	47,754	(47,754)	-	76,060	(76,060)	-
<b>EXPENSES:</b>						
Program services:						
Ministry	4,716,273	-	4,716,273	4,410,757	-	4,410,757
Missions	853,596	-	853,596	833,051	-	833,051
	5,569,869	-	5,569,869	5,243,808	-	5,243,808
Supporting activities - general and administrative	318,779	-	318,779	310,163	-	310,163
	5,888,648	-	5,888,648	5,553,971	-	5,553,971
 Change in Net Assets	85,461	(20,801)	64,660	(18,872)	(8,306)	(27,178)
Net Assets, Beginning of Year	1,486,007	71,754	1,557,761	1,504,879	80,060	1,584,939
Net Assets, End of Year	\$ 1,571,468	\$ 50,953	\$ 1,622,421	\$ 1,486,007	\$ 71,754	\$ 1,557,761

See notes to financial statements

# CHICAGO CHURCH OF CHRIST

## Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 64,660	\$ (27,178)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,718	6,346
Change in:		
Receivables	(18,446)	7,470
Prepaid expenses	4,846	22,361
Deposits	3,761	(8,777)
Accounts payable and accrued expenses	(20,643)	71,700
Net Cash Provided by Operating Activities	<u>35,896</u>	<u>71,922</u>
Net Change in Cash and Cash Equivalents	35,896	71,922
Cash and Cash Equivalents, Beginning of Year	<u>1,528,705</u>	<u>1,456,783</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,564,601</u>	<u>\$ 1,528,705</u>

See notes to financial statements

# CHICAGO CHURCH OF CHRIST

## Statements of Functional Expenses

	Year Ended December 31,							
	2017				2016			
	Ministry	Missions	General and Administrative	Total	Ministry	Missions	General and Administrative	Total
Staff salaries and related expenses	\$ 2,831,860	\$ -	\$ 228,781	\$ 3,060,641	\$ 2,830,062	\$ 13,583	\$ 221,442	\$ 3,065,087
Seminars and travel	246,653	25,835	4,813	277,301	296,793	40,448	4,644	341,885
Facilities	1,047,667	1,929	24,702	1,074,298	878,827	1,120	25,373	905,320
Charity and relief	151,980	-	-	151,980	103,327	-	-	103,327
Special events	311,691	-	-	311,691	166,887	-	-	166,887
Postage and printing	9,047	-	4,112	13,159	14,643	8	2,723	17,374
Telephone and utilities	7,071	-	6,158	13,229	14,602	-	6,135	20,737
Staff training: tuition and fees	24,791	-	-	24,791	21,686	-	-	21,686
Maintenance and insurance	2,325	-	12,437	14,762	3,797	-	16,697	20,494
Professional fees	18,751	-	-	18,751	17,057	-	-	17,057
Supplies, equipment and other	63,635	186	36,859	100,680	57,555	-	32,324	89,879
Depreciation expense	802	-	917	1,719	5,521	-	825	6,346
Support to affiliates - EMS	-	661,089	-	661,089	-	627,135	-	627,135
Support to affiliates - MMA	-	164,557	-	164,557	-	150,757	-	150,757
<b>Total Expenses</b>	<b>\$ 4,716,273</b>	<b>\$ 853,596</b>	<b>\$ 318,779</b>	<b>\$ 5,888,648</b>	<b>\$ 4,410,757</b>	<b>\$ 833,051</b>	<b>\$ 310,163</b>	<b>\$ 5,553,971</b>

See notes to financial statements

# CHICAGO CHURCH OF CHRIST

Notes to Financial Statements  
December 31, 2017 and 2016

1. NATURE OF ORGANIZATION:

The Chicago Church of Christ (the Church) is an Illinois nonprofit corporation dedicated to spreading the Gospel through establishing, developing and promoting all aspects of church ministry. The Church was established in 1982. The local Church mission reaches throughout the Chicago metropolitan area through geographic regions. The Church also extends aid and support to various foreign missions and other domestic Churches of Christ. The Church is supported primarily through contributions from the congregation.

The Church has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from income tax under Section 501(a) of the U.S. Internal Revenue Code (Code) as an organization described in Section 501(c)(3), and contributions to the Church are tax deductible within the limitations prescribed by the Code. The organization is not a private foundation under Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Church are prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies followed are described below.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and savings accounts and other depository accounts with maturities of less than three months. At December 31, 2017 and 2016, the Church's cash balances exceeded federally insured limits by \$1,297,940 and \$1,252,694 respectively. The Church does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

#### PREPAID EXPENSES

Prepaid expenses consist primarily of prepaid insurance expense and prepaid expenses related to Church events.

#### DEPOSITS

Deposits consist primarily of rental deposits for leased space and deposits for rental of space related to Church events.

#### FIXED ASSETS

Fixed assets in excess of \$3,000 are capitalized at cost, or if donated, at the fair market value on the date of the gift. Repairs and maintenance that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from two to five years.



# CHICAGO CHURCH OF CHRIST

Notes to Financial Statements  
December 31, 2017 and 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

### CLASSES OF NET ASSETS

The financial statements report amounts separately by classes of net assets:

*Unrestricted* net assets are those currently available for ministry purposes under the direction of the Board and those invested in fixed assets.

*Temporarily restricted* net assets are those contributed with donor stipulations for specific operating purposes or programs. They are not currently available for use in the Church's ministries until commitments regarding their use have been fulfilled.

### REVENUES AND EXPENSES

Contributions are recognized when made. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 on the statements of activities as net assets released from restrictions. It is the Church's policy to report all temporarily restricted contributions whose restrictions have been met in the reporting period received as unrestricted contributions.

Gifts of fixed assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Special events revenue consists of events outside of normal worship and devotional meetings, such as banquets, camps and retreats and is recorded when earned. Other income is recorded when earned. All expenses are recorded when incurred in accordance with the accrual basis of accounting.

### CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to the Church. These volunteers have a significant impact on making the ministry effective. However, the value of these services is not reflected in the financial statements because it does not meet the definition of donated services required to be recorded.

### ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been allocated on a functional basis, determined by use of the facilities, level of support effort and relative program and supporting ministry benefited.

# CHICAGO CHURCH OF CHRIST

Notes to Financial Statements  
December 31, 2017 and 2016

3. FIXED ASSETS:

Fixed assets consist of the following:

	December 31,	
	2017	2016
Building improvements	\$ 50,000	\$ 50,000
Office furniture and equipment	254,381	254,381
	304,381	304,381
Less accumulated depreciation	(304,381)	(302,663)
	\$ -	\$ 1,718

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	December 31,	
	2017	2016
Midwest Missions Alliance	\$ 16,953	\$ 47,754
Ministers in Training	4,000	4,000
Building fund	30,000	20,000
	\$ 50,953	\$ 71,754

5. RETIREMENT BENEFITS PLAN:

The Church participates in a 403(b) Tax Sheltered Annuity (TSA) retirement plan. The total amount contributed to the TSA on behalf of eligible employees (including employee elective deferrals) during 2017 and 2016, was \$234,930 and \$222,400, respectively. The portion contributed by the Church was \$152,380 and \$145,900 for the years ended December 31, 2017 and 2016, respectively.

6. OPERATING LEASES:

The Church leases multiple locations for meetings and administrative space. At December 31, 2017, there were three leases with required minimum payments (other leases are on a month-to-month, at-will basis) extending into future periods. Total lease rental expense for all locations during the years ended December 31, 2017 and 2016, was \$616,102 and \$601,489, respectively. The aggregate future minimum rental commitment is \$140,822 for the year ending December 31, 2017.

# CHICAGO CHURCH OF CHRIST

Notes to Financial Statements  
December 31, 2017 and 2016

7. RELATED PARTY TRANSACTIONS:

The Church makes financial contributions to the European Missions Society, a 501(c)(3) organization. Three current employees and one Elder of the Church also serve as board members for the European Missions Society. During the years ended December 31, 2017 and 2016, the Church incurred donation expense of \$650,000 and \$611,855, respectively, to the European Missions Society.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 27, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

# CHICAGO CHURCH OF CHRIST

Notes to Financial Statements  
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