

CHICAGO CHURCH OF CHRIST

Financial Statements
With Independent Auditors' Report

December 31, 2018 and 2017

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, 2018 and 2017, 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.

Board of Directors
Chicago Church of Christ
Bensenville, Illinois

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Church of Church as of December 31, 2018 and 2017, 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.

Emphasis of Matter

The Association has adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Naperville, Illinois
April 30, 2019

CHICAGO CHURCH OF CHRIST

Statements of Financial Position

	December 31,	
	2018	2017
ASSETS:		
Cash and cash equivalents	\$ 1,555,877	\$ 1,564,601
Receivables	20,104	39,159
Prepaid expenses	97,297	73,494
Deposits	50,389	51,089
Fixed assets, net	171,715	-
Total Asset	\$ 1,895,382	\$ 1,728,343
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 94,550	\$ 105,922
Net assets:		
Net assets without donor restrictions		
Undesignated	1,557,238	1,571,468
Net investment in fixed assets	171,715	-
	1,728,953	1,571,468
Net assets with donor restrictions	71,879	50,953
	1,800,832	1,622,421
Total Liabilities and Net Assets	\$ 1,895,382	\$ 1,728,343

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor restriction	With Donor restriction	Total	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE:						
Contributions:						
Weekly contributions	\$ 4,262,229	\$ -	\$ 4,262,229	\$ 4,245,281	\$ -	\$ 4,245,281
Missions contributions - international	656,839	-	656,839	687,882	-	687,882
Charity and relief contributions	88,454	-	88,454	94,044	-	94,044
Missions contributions - domestic	136,074	20,926	157,000	117,961	16,953	134,914
Other donations	-	-	-	-	10,000	10,000
	5,143,596	20,926	5,164,522	5,145,168	26,953	5,172,121
Revenues:						
Special events revenue	275,736	-	275,736	627,546	-	627,546
Other revenue	199,553	-	199,553	153,641	-	153,641
	475,289	-	475,289	781,187	-	781,187
 Total support and revenue	5,618,885	20,926	5,639,811	5,926,355	26,953	5,953,308
RECLASSIFICATIONS:						
Net assets released from restriction upon satisfaction of purpose	-	-	-	47,754	(47,754)	-
	-	-	-	47,754	(47,754)	-
EXPENSES:						
Program services:						
Ministry	4,356,060	-	4,356,060	4,716,273	-	4,716,273
Missions	798,355	-	798,355	853,596	-	853,596
	5,154,415	-	5,154,415	5,569,869	-	5,569,869
Supporting activities - general and administrative	306,985	-	306,985	318,779	-	318,779
	306,985	-	306,985	318,779	-	318,779
 Total expenses	5,461,400	-	5,461,400	5,888,648	-	5,888,648
 Change in Net Assets	157,485	20,926	178,411	85,461	(20,801)	64,660
Net Assets, Beginning of Year	1,571,468	50,953	1,622,421	1,486,007	71,754	1,557,761
Net Assets, End of Year	\$ 1,728,953	\$ 71,879	\$ 1,800,832	\$ 1,571,468	\$ 50,953	\$ 1,622,421

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Functional Expenses

	Year Ended December 31,							
	2018				2017			
	Ministry	Missions	General and Administrative	Total	Ministry	Missions	General and Administrative	Total
Staff salaries & related expenses	\$ 2,842,400	\$ -	\$ 235,927	\$ 3,078,327	\$ 2,831,855	\$ -	\$ 228,781	\$ 3,060,636
Facilities	762,220	125	22,177	784,522	1,047,667	1,929	24,702	1,074,298
Support to Affiliates: EMS	-	651,099	-	651,099	-	650,000	-	650,000
Food	215,181	7,903	327	223,411	227,170	9,944	-	237,114
Donation to Affiliates: MMA	-	131,250	-	131,250	-	164,557	-	164,557
Transportation & lodging	183,484	15,652	2,376	201,512	141,381	14,883	1,895	158,159
Charity & Relief	126,821	-	-	126,821	151,980	-	-	151,980
Supplies, equipment & other	63,412	-	2,233	65,645	108,821	-	3,107	111,928
Technology	28,079	733	3,346	32,158	59,879	620	9,779	70,278
Telephone & Utilities	21,422	-	9,523	30,945	23,412	-	8,796	32,208
Staff Training: Tuition & fees	15,532	-	374	15,906	24,791	-	-	24,791
Professional fees	1,000	-	15,284	16,284	18,751	-	-	18,751
Books, Materials, & Resources	15,322	2,925	464	18,711	15,963	389	-	16,352
Honoraria	12,036	-	-	12,036	16,079	-	-	16,079
Maintenance & Insurance	13,120	-	8,953	22,073	2,752	-	12,437	15,189
Postage & Printing	12,763	-	1,904	14,667	9,047	-	4,112	13,159
Depreciation	487	-	1,855	2,342	802	-	917	1,719
Other	42,781	(11,332)	2,242	33,691	35,923	11,274	24,253	71,450
Total Expenses	\$ 4,356,060	\$ 798,355	\$ 306,985	\$ 5,461,400	\$ 4,716,273	\$ 853,596	\$ 318,779	\$ 5,888,648

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 178,411	\$ 64,660
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,341	1,718
Change in:		
Receivables	19,055	(18,446)
Prepaid expenses	(23,803)	4,846
Deposits	700	3,761
Accounts payable and accrued expenses	(11,372)	(20,643)
Net Cash Provided by Operating Activities	<u>165,332</u>	<u>35,896</u>
Net Change in Cash and Cash Equivalents	(8,724)	35,896
Cash and Cash Equivalents, Beginning of Year	<u>1,564,601</u>	<u>1,528,705</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,555,877</u>	<u>\$ 1,564,601</u>

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements
December 31, 2018 and 2017

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, 2018 and 2017, the Church's cash balances exceeded federally insured limits by \$1,274,135 and \$1,214,675, 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, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

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

Net assets without donor restrictions are those currently available for ministry purposes under the direction of the Board and those invested in fixed assets.

Net assets with donor restrictions 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 contributions with donor restrictions 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.

FUNCTIONAL 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, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Church adopted the provisions of this new standard in the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources (Note 8) and disclosures related to functional allocation of expenses were expanded (Note 2 and statement of functional expenses).

3. FIXED ASSETS:

Fixed assets consist of the following:

	December 31,	
	2018	2017
Land	\$ 21,191	\$ -
Building and improvements	198,485	50,000
Office furniture and equipment	258,762	254,381
	478,438	304,381
Less accumulated depreciation	(306,723)	(304,381)
	\$ 171,715	\$ -

4. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	December 31,	
	2018	2017
Midwest Missions Alliance	\$ 37,879	\$ 16,953
Building fund	30,000	30,000
Ministers in training	4,000	4,000
	\$ 71,879	\$ 50,953

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 2018 and 2017, was \$270,720 and \$234,930, respectively. The portion contributed by the Church was \$169,498 and \$152,380 for the years ended December 31, 2018 and 2017, respectively.

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements
December 31, 2018 and 2017

6. OPERATING LEASES:

The Church leases multiple locations for meetings and administrative space. At December 31, 2018, 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, 2018 and 2017, was \$556,482 and \$616,102, respectively. The aggregate future minimum rental commitment is \$156,422 for the year ending December 31, 2018.

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, 2018 and 2017, the Church incurred donation expense of \$651,099 and \$650,000, respectively, to the European Missions Society.

8. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Church's financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, contractual or donor-imposed restrictions, or because the governing board has set aside the funds for specific contingency reserves and projects. These board designations could be drawn upon if the board approves such action.

	December 31,	
	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 1,555,877	\$ 1,564,601
Receivables	20,104	39,159
Financial assets, at year-end	<u>1,575,981</u>	<u>1,603,760</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,575,981</u>	<u>\$ 1,603,760</u>

The Church structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The funds are immediately available to fund operating and funding requirements.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 30, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.