

CHICAGO CHURCH OF CHRIST

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.

Capin Crouse LLP

Naperville, Illinois
May 1, 2020

CHICAGO CHURCH OF CHRIST

Statements of Financial Position

	December 31,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 2,161,720	\$ 1,555,877
Receivables	18,370	20,104
Prepaid expenses	113,889	97,297
Deposits	46,231	50,389
Fixed assets, net	184,556	171,715
Total Asset	\$ 2,524,766	\$ 1,895,382
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 114,995	\$ 94,550
Net assets:		
Net assets without donor restrictions	2,290,228	1,728,953
Net assets with donor restrictions	119,543	71,879
	2,409,771	1,800,832
Total Liabilities and Net Assets	\$ 2,524,766	\$ 1,895,382

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE:						
Contributions:						
Weekly contributions	\$ 4,364,978	\$ -	\$ 4,364,978	\$ 4,262,229	\$ -	\$ 4,262,229
Missions contributions - international	677,221	-	677,221	656,839	-	656,839
Charity and relief contributions	100,223	-	100,223	88,454	-	88,454
Missions contributions - domestic	116,616	35,864	152,480	136,074	20,926	157,000
Other donations	147,525	11,800	159,325	-	-	-
	5,406,563	47,664	5,454,227	5,143,596	20,926	5,164,522
Revenues:						
Special events revenue	508,708	-	508,708	275,736	-	275,736
Other revenue	126,172	-	126,172	199,553	-	199,553
	634,880	-	634,880	475,289	-	475,289
 Total support and revenue	 6,041,443	 47,664	 6,089,107	 5,618,885	 20,926	 5,639,811
RECLASSIFICATIONS:						
Net assets released from restriction upon satisfaction of purpose	-	-	-	-	-	-
EXPENSES:						
Program services:						
Ministry	4,415,721	-	4,415,721	4,356,060	-	4,356,060
Missions	735,679	-	735,679	798,355	-	798,355
	5,151,400	-	5,151,400	5,154,415	-	5,154,415
Supporting activities - general and administrative	328,768	-	328,768	306,985	-	306,985
	5,480,168	-	5,480,168	5,461,400	-	5,461,400
Change in Net Assets	561,275	47,664	608,939	157,485	20,926	178,411
Net Assets, Beginning of Year	1,728,953	71,879	1,800,832	1,571,468	50,953	1,622,421
Net Assets, End of Year	\$ 2,290,228	\$ 119,543	\$ 2,409,771	\$ 1,728,953	\$ 71,879	\$ 1,800,832

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Functional Expenses

	Year Ended December 31,							
	2019				2018			
	Ministry	Missions	General and Administrative	Total	Ministry	Missions	General and Administrative	Total
Staff salaries & related expenses	\$ 2,753,130	\$ -	\$ 244,457	\$ 2,997,587	\$ 2,842,400	\$ -	\$ 235,927	\$ 3,078,327
Facilities	832,112	-	24,540	856,652	762,220	125	22,177	784,522
Support to affiliates: EMS	-	595,416	-	595,416	-	651,099	-	651,099
Food	223,759	10,742	1,225	235,726	215,181	7,903	327	223,411
Donation to affiliates: MMA	-	111,250	-	111,250	-	131,250	-	131,250
Transportation & lodging	147,943	14,830	3,615	166,388	183,484	15,652	2,376	201,512
Charity & relief	161,324	-	-	161,324	126,821	-	-	126,821
Supplies, equipment & other	106,336	-	9,550	115,886	63,412	-	2,233	65,645
Technology	57,780	327	2,579	60,686	28,079	733	3,346	32,158
Telephone & utilities	19,617	-	11,196	30,813	21,422	-	9,523	30,945
Staff training: tuition & fees	21,459	-	318	21,777	15,532	-	374	15,906
Professional fees	-	-	15,901	15,901	1,000	-	15,284	16,284
Books, materials, & resources	20,630	2,925	221	23,776	15,322	2,925	464	18,711
Honoraria	17,435	-	-	17,435	12,036	-	-	12,036
Maintenance & insurance	8,867	-	11,797	20,664	13,120	-	8,953	22,073
Postage & printing	14,840	7	1,270	16,117	12,763	-	1,904	14,667
Depreciation	10,327	-	-	10,327	487	-	1,855	2,342
Other	20,162	182	2,099	22,443	42,781	(11,332)	2,242	33,691
Total Expenses	\$ 4,415,721	\$ 735,679	\$ 328,768	\$ 5,480,168	\$ 4,356,060	\$ 798,355	\$ 306,985	\$ 5,461,400

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 608,939	\$ 178,411
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,327	2,342
Change in:		
Receivables	1,734	19,055
Prepaid expenses	(16,592)	(23,803)
Deposits	4,158	700
Accounts payable and accrued expenses	20,445	(11,372)
Net Cash Provided by Operating Activities	629,011	165,333
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(23,168)	(174,057)
Net Cash Used by Operating Activities	(23,168)	(174,057)
Net Change in Cash and Cash Equivalents	605,843	(8,724)
Cash and Cash Equivalents, Beginning of Year	1,555,877	1,564,601
Cash and Cash Equivalents, End of Year	\$ 2,161,720	\$ 1,555,877

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, the Church's cash balances exceeded federally insured limits by \$1,841,736 and \$1,274,135, 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 thirty years.

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements
December 31, 2019 and 2018

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

Expenses are recorded when incurred. The costs of providing various program services and supporting activities have been presented on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited on the statements of activities. These expenses include depreciation, facilities and salaries and benefits. Depreciation and facilities are based on square footage basis and salaries and benefits are based on estimates of time and effort.

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements
December 31, 2019 and 2018

3. FIXED ASSETS:

Fixed assets consist of the following:

	December 31,	
	2019	2018
Land	\$ 21,191	\$ 21,191
Building and improvements	206,545	198,485
Office furniture and equipment	273,869	258,762
	<u>501,605</u>	<u>478,438</u>
Less accumulated depreciation	<u>(317,049)</u>	<u>(306,723)</u>
	<u>\$ 184,556</u>	<u>\$ 171,715</u>

4. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	December 31,	
	2019	2018
Midwest Missions Alliance	\$ 73,743	\$ 37,879
Building fund	41,800	30,000
Ministers in training	4,000	4,000
	<u>\$ 119,543</u>	<u>\$ 71,879</u>

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 2019 and 2018, was \$266,743 and \$270,720, respectively. The portion contributed by the Church was \$166,055 and \$169,498 for the years ended December 31, 2019 and 2018, respectively.

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements
December 31, 2019 and 2018

6. OPERATING LEASES:

The Church leases multiple locations for meetings and administrative space. At December 31, 2019, 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, 2019 and 2018, was \$501,131 and \$556,482, respectively. The aggregate future minimum rental commitment is \$161,403 for the year ending December 31, 2019.

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, 2019 and 2018, the Church incurred donation expense of \$575,000 and \$651,099, 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, 2019 and 2018, 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,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 2,161,720	\$ 1,555,877
Receivables	18,370	20,104
Financial assets, at year-end	2,180,090	1,575,981
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed purpose restrictions	(119,543)	(71,879)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,060,547	\$ 1,504,102

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.

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements
December 31, 2019 and 2018

9. SUBSEQUENT EVENTS:

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global economic activity and contributed to significant declines and volatility in financial markets, in addition to significant job loss. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Church and its financial results.

Subsequent events have been evaluated through May 1, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.