

CHICAGO CHURCH OF CHRIST

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 13, 2021

CHICAGO CHURCH OF CHRIST

Statements of Financial Position

| | December 31, | |
|---|---------------------|---------------------|
| | 2020 | 2019 |
| ASSETS: | | |
| Cash and cash equivalents | \$ 3,377,415 | \$ 2,161,720 |
| Receivables | 11,456 | 18,370 |
| Prepaid expenses | 80,559 | 113,889 |
| Deposits | 52,305 | 46,231 |
| Fixed assets, net | 189,331 | 184,556 |
| Total Asset | \$ 3,711,066 | \$ 2,524,766 |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 49,860 | \$ 114,995 |
| Note payable | 611,800 | - |
| | <u>661,660</u> | <u>114,995</u> |
| Net assets: | | |
| Net assets without donor restrictions | 2,847,241 | 2,290,228 |
| Net assets with donor restrictions | 202,165 | 119,543 |
| | <u>3,049,406</u> | <u>2,409,771</u> |
| Total Liabilities and Net Assets | \$ 3,711,066 | \$ 2,524,766 |

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Activities

| | Year Ended December 31, | | | | | |
|--|------------------------------|---------------------------|---------------|------------------------------|---------------------------|---------------|
| | 2020 | | | 2019 | | |
| | Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
| SUPPORT AND REVENUE: | | | | | | |
| Contributions: | | | | | | |
| Weekly contributions | \$ 4,272,697 | \$ - | \$ 4,272,697 | \$ 4,364,978 | \$ - | \$ 4,364,978 |
| Missions contributions - international | 626,084 | - | 626,084 | 677,221 | - | 677,221 |
| Charity and relief contributions | 137,797 | 60,232 | 198,029 | 100,223 | - | 100,223 |
| Missions contributions - domestic | 151,206 | 19,890 | 171,096 | 116,616 | 35,864 | 152,480 |
| Other donations | 35,155 | 6,500 | 41,655 | 147,525 | 11,800 | 159,325 |
| | 5,222,939 | 86,622 | 5,309,561 | 5,406,563 | 47,664 | 5,454,227 |
| Revenues: | | | | | | |
| Special events revenue | 13,540 | - | 13,540 | 508,708 | - | 508,708 |
| Other revenue | 68,490 | - | 68,490 | 126,172 | - | 126,172 |
| | 82,030 | - | 82,030 | 634,880 | - | 634,880 |
| Total support and revenue | 5,304,969 | 86,622 | 5,391,591 | 6,041,443 | 47,664 | 6,089,107 |
| RECLASSIFICATIONS: | | | | | | |
| Net assets released from restriction upon satisfaction of purpose | 4,000 | (4,000) | - | - | - | - |
| EXPENSES: | | | | | | |
| Program services: | | | | | | |
| Ministry | 3,629,858 | - | 3,629,858 | 4,415,721 | - | 4,415,721 |
| Missions | 779,435 | - | 779,435 | 735,679 | - | 735,679 |
| | 4,409,293 | - | 4,409,293 | 5,151,400 | - | 5,151,400 |
| Supporting activities - general and administrative | 342,663 | - | 342,663 | 328,768 | - | 328,768 |
| | 4,751,956 | - | 4,751,956 | 5,480,168 | - | 5,480,168 |
| Change in Net Assets | 557,013 | 82,622 | 639,635 | 561,275 | 47,664 | 608,939 |
| Net Assets, Beginning of Year | 2,290,228 | 119,543 | 2,409,771 | 1,728,953 | 71,879 | 1,800,832 |
| Net Assets, End of Year | \$ 2,847,241 | \$ 202,165 | \$ 3,049,406 | \$ 2,290,228 | \$ 119,543 | \$ 2,409,771 |

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Functional Expenses

| | Year Ended December 31, | | | | | | | |
|-----------------------------------|-------------------------|-------------------|-------------------------------|---------------------|---------------------|-------------------|-------------------------------|---------------------|
| | 2020 | | | | 2019 | | | |
| | Ministry | Missions | General and Administrative | Total | Ministry | Missions | General and Administrative | Total |
| Staff salaries & related expenses | \$ 2,946,549 | \$ - | \$ 253,740 | \$ 3,200,289 | \$ 2,753,130 | \$ - | \$ 244,457 | \$ 2,997,587 |
| Facilities | 196,965 | - | 25,067 | 222,032 | 832,112 | - | 24,540 | 856,652 |
| Support to affiliates: EMS | - | 626,083 | - | 626,083 | - | 595,416 | - | 595,416 |
| Food | 45,344 | 1,637 | 272 | 47,253 | 223,759 | 10,742 | 1,225 | 235,726 |
| Donation to affiliates: MMA | - | 150,000 | - | 150,000 | - | 111,250 | - | 111,250 |
| Transportation & lodging | 46,534 | 1,559 | 940 | 49,033 | 147,943 | 14,830 | 3,615 | 166,388 |
| Charity & relief | 163,627 | - | - | 163,627 | 161,324 | - | - | 161,324 |
| Supplies, equipment & other | 79,348 | - | 7,072 | 86,420 | 106,336 | - | 9,550 | 115,886 |
| Technology | 49,439 | - | 12,877 | 62,316 | 57,780 | 327 | 2,579 | 60,686 |
| Telephone & utilities | 17,767 | 156 | 9,259 | 27,182 | 19,617 | - | 11,196 | 30,813 |
| Staff training: tuition & fees | 20,298 | - | 10 | 20,308 | 21,459 | - | 318 | 21,777 |
| Professional fees | 11,262 | - | 18,414 | 29,676 | - | - | 15,901 | 15,901 |
| Books, materials, & resources | 11,701 | - | 126 | 11,827 | 20,630 | 2,925 | 221 | 23,776 |
| Honoraria | 16,499 | - | - | 16,499 | 17,435 | - | - | 17,435 |
| Maintenance & insurance | 259 | - | 13,222 | 13,481 | 8,867 | - | 11,797 | 20,664 |
| Postage & printing | 3,636 | - | 866 | 4,502 | 14,840 | 7 | 1,270 | 16,117 |
| Depreciation | 14,885 | - | - | 14,885 | 10,327 | - | - | 10,327 |
| Other | 5,745 | - | 798 | 6,543 | 20,162 | 182 | 2,099 | 22,443 |
| Total Expenses | \$ 3,629,858 | \$ 779,435 | \$ 342,663 | \$ 4,751,956 | \$ 4,415,721 | \$ 735,679 | \$ 328,768 | \$ 5,480,168 |

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Statements of Cash Flows

| | Year Ended December 31, | |
|---|-------------------------|--------------|
| | 2020 | 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 639,635 | \$ 608,939 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 14,885 | 10,327 |
| Change in: | | |
| Receivables | 6,914 | 1,734 |
| Prepaid expenses | 33,330 | (16,592) |
| Deposits | (6,074) | 4,158 |
| Accounts payable and accrued expenses | (65,135) | 20,445 |
| Net Cash Provided by Operating Activities | 623,555 | 629,011 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of fixed assets | (19,660) | (23,168) |
| Net Cash Used by Operating Activities | (19,660) | (23,168) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from note payable | 611,800 | - |
| Net Cash Provided by Financing Activities | 611,800 | - |
| Net Change in Cash and Cash Equivalents | 1,215,695 | 605,843 |
| Cash and Cash Equivalents, Beginning of Year | 2,161,720 | 1,555,877 |
| Cash and Cash Equivalents, End of Year | \$ 3,377,415 | \$ 2,161,720 |

See notes to financial statements

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019, the Church's cash balances exceeded federally insured limits by \$3,012,892 and \$1,841,736, 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, 2020 and 2019

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, 2020 and 2019

3. FIXED ASSETS:

Fixed assets consist of the following:

| | December 31, | |
|--------------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| Land | \$ 21,191 | \$ 21,191 |
| Building and improvements | 212,045 | 206,545 |
| Office furniture and equipment | 288,029 | 273,869 |
| | <u>521,265</u> | <u>501,605</u> |
| Less accumulated depreciation | <u>(331,934)</u> | <u>(317,049)</u> |
| | <u>\$ 189,331</u> | <u>\$ 184,556</u> |

4. NOTE PAYABLE:

Note payable consist of the following:

| | December 31, | |
|--|-------------------|-------------|
| | 2020 | 2019 |
| As part of the response to the impact of COVID-19, the Church applied for a Paycheck Protection Program (PPP) loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. The Church was approved for a loan in the amount of \$611,800 on May 3, 2020. The PPP loan provides for potential loan forgiveness up to the full amount of the loan provided the Church overcomes (meets) certain loan stipulations. If the loan is not forgiven, it bears annual interest of 1% and repayment is due in full on May 3, 2022. | \$ 611,800 | \$ - |
| | <u>\$ 611,800</u> | <u>\$ -</u> |

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements

December 31, 2020 and 2019

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

| | December 31, | |
|---------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| Midwest Missions Alliance | \$ 93,633 | \$ 73,743 |
| Building fund | 48,300 | 41,800 |
| COVID-19/Benevolence | 60,232 | - |
| Ministers in training | - | 4,000 |
| | <u>\$ 202,165</u> | <u>\$ 119,543</u> |

6. 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 2020 and 2019, was \$261,790 and \$266,743, respectively. The portion contributed by the Church was \$163,050 and \$166,055 for the years ended December 31, 2020 and 2019, respectively.

7. OPERATING LEASES:

The Church leases multiple locations for meetings and administrative space. At December 31, 2020, 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, 2020 and 2019, was \$215,628 and \$501,131, respectively. The aggregate future minimum rental commitment is \$320,756 for the year ending December 31, 2020.

8. RELATED PARTY TRANSACTIONS:

The Church makes financial contributions to the European Missions Society, a 501(c)(3) organization. Four current employees and one Elder of the Church also serve as board members for the European Missions Society. During the years ended December 31, 2020 and 2019, the Church incurred donation expense of 626,083 and \$595,416, respectively, to the European Missions Society.

Approximately \$229,000 and \$223,000 of contribution revenue was received from related parties, including certain board members of the Board or Directors, for the year ended December 31, 2020 and 2019, respectively.

CHICAGO CHURCH OF CHRIST

Notes to Financial Statements

December 31, 2020 and 2019

9. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Church's financial assets as of December 31, 2020 and 2019, 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, | |
|--|---------------------|---------------------|
| | 2020 | 2019 |
| Financial assets: | | |
| Cash and cash equivalents | \$ 3,377,415 | \$ 2,161,720 |
| Receivables | 11,456 | 18,370 |
| Financial assets, at year-end | <u>3,388,871</u> | <u>2,180,090</u> |
| Less those unavailable for general expenditures within one year, due to: | | |
| Donor-imposed purpose restrictions | <u>(202,165)</u> | <u>(119,543)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 3,186,706</u> | <u>\$ 2,060,547</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.

10. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Church for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve. The Church was approved for a PPP loan as noted above in Note 4. The PPP loan program provides for potential loan forgiveness up to the full amount of the loan provided the Church overcomes (meets) certain loan stipulations.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 13, 2021, which represents the date the financial statements were available to be issued.