



COLLEGE PARK CHURCH

COLLEGE PARK CHURCH

Consolidated Financial Statements  
With Independent Auditors' Report

March 31, 2018

# COLLEGE PARK CHURCH

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## INDEPENDENT AUDITORS' REPORT

Board of Elders  
College Park Church  
Indianapolis, Indiana

We have audited the accompanying consolidated financial statements of College Park Church, which comprise the consolidated statement of financial position as of March 31, 2018, and the related consolidated statements of activities and cash flows for the fifteen months then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of College Park Church as of March 31, 2018, and the changes in its consolidated net assets and cash flows for the fifteen months then ended in accordance with accounting principles generally accepted in the United States of America.



Greenwood, Indiana  
June 28, 2018

# COLLEGE PARK CHURCH

## Consolidated Statement of Financial Position

March 31, 2018

### ASSETS:

Cash	\$ 4,566,676
Prepaid expenses and other assets	92,537
Property and equipment, at cost-net	25,970,788

Total Assets \$ 30,630,001

### LIABILITIES AND NET ASSETS:

#### Liabilities:

Accounts payable	\$ 178,849
Accrued expenses	181,299
Capital lease obligation	53,939
Bank loans payable	491,690

#### Net assets:

Unrestricted	26,328,493
Temporarily restricted	3,395,731

Total Liabilities and Net Assets \$ 30,630,001

See notes to consolidated financial statements

# COLLEGE PARK CHURCH

## Consolidated Statement of Activities

Fifteen Months Ended March 31, 2018

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Support:			
Unrestricted contributions	\$ 12,406,824	\$ -	\$ 12,406,824
Donated land, property, and equipment	1,452,100	-	1,452,100
Christmas offerings	-	1,222,420	1,222,420
Restricted contributions	-	2,545,473	2,545,473
	<u>13,858,924</u>	<u>3,767,893</u>	<u>17,626,817</u>
 Revenue	<u>297,334</u>	<u>-</u>	<u>297,334</u>
 Total Support and Revenue	<u>14,156,258</u>	<u>3,767,893</u>	<u>17,924,151</u>
 <b>RECLASSIFICATIONS:</b>			
Net assets released by satisfaction of purpose restrictions:			
Capital expenditures	1,386,864	(1,386,864)	-
Operating expenses	1,927,130	(1,927,130)	-
	<u>3,313,994</u>	<u>(3,313,994)</u>	<u>-</u>
 <b>EXPENSES:</b>			
Program services:			
Ministry (worship, pastoral services, and other)	9,640,928	-	9,640,928
Local outreach (including benevolence)	1,049,433	-	1,049,433
Global outreach	2,110,408	-	2,110,408
Supporting activities:			
Management and general	2,956,628	-	2,956,628
Fundraising	-	-	-
	<u>15,757,397</u>	<u>-</u>	<u>15,757,397</u>
 Total Expenses	<u>15,757,397</u>	<u>-</u>	<u>15,757,397</u>
 Change in Net Assets	<u>1,712,855</u>	<u>453,899</u>	<u>2,166,754</u>
 Net Assets, Beginning of Period	<u>24,615,638</u>	<u>2,941,832</u>	<u>27,557,470</u>
 Net Assets, End of Period	<u>\$ 26,328,493</u>	<u>\$ 3,395,731</u>	<u>\$ 29,724,224</u>

See notes to consolidated financial statements

# COLLEGE PARK CHURCH

## Consolidated Statements of Cash Flows

Fifteen Months Ended March 31, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 2,166,754
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	1,630,051
Donated land, property, and equipment	(1,452,100)
Building fund cash contributions	(591,772)
Net gain on disposal of assets	(20,598)
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	(20,179)
Accounts payable	17,377
Accrued expenses	42,303
Deferred revenue	(34,178)
Net Cash Provided by Operating Activities	<u>1,737,658</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of property and equipment	60,050
Purchases of property and equipment	(2,890,256)
Net Cash Used by Investing Activities	<u>(2,830,206)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

New borrowing on debt	1,000,000
Principal payments on debt	(630,036)
Building fund cash contributions	591,772
Net Cash Provided by Financing Activities	<u>961,736</u>

Change in Cash (130,812)

Cash, Beginning of Period 4,697,488

Cash, End of Period \$ 4,566,676

### SUPPLEMENTAL INFORMATION:

Equipment acquired via capital lease arrangement	<u>\$ 60,721</u>
Cash paid for interest	<u>\$ 43,372</u>

See notes to consolidated financial statements

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

1. NATURE OF ORGANIZATION:

College Park Church (Church) is incorporated in the state of Indiana and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (code). The Church is classified as a publicly supported organization rather than a private foundation under Section 509(a)(1) of the code. Contributions to the Church are deductible for income tax purposes.

The Church is a nondenominational, Christian fellowship that exists to “ignite a passion to follow Jesus.” The Church operates three congregations: North Indianapolis, Fishers, and Castleton. The programs and opportunities available through the Church are varied. They are aimed at every age and need whether spiritual, relational, emotional, or physical. It is the Church’s intent to meet each individual at the point of their most urgent need and gently lead them to enjoy the exciting life God has made available to them by exalting Christ, experiencing community, and embracing a calling.

All functions, programs, and activities of the Church serve to enhance, reinforce, further, or otherwise contribute to the Church’s purpose. Therefore, all functions, programs, activities, and teachings are to be consistent with Biblical truth and guidelines whenever and wherever applicable. In the event Biblical guidelines do not address a specific matter, the Church must adhere to the highest possible spiritual and moral standards.

The Church is a multi-ministry outreach with ministry emphasis in the areas of outreach and missions; worship and arts; children and youth programs and activities; small group programs, special events, and other activities; and other pastoral services.

La Vid Verdadera, a Hispanic Church, operates as an extension of College Park Church’s local outreach ministry and is not a separate legal entity. Its financial activity is included within College Park Church’s financial records.

Gladstone Property, LLC (Gladstone), is a limited liability company organized under Indiana law on September 22, 2014. Gladstone is a wholly owned subsidiary of the Church. The purpose of Gladstone is to own property that is granted by the Church. The property is currently being rented to another nonprofit organization at no charge.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader.

### CONCENTRATION OF SUPPORT RISK

Support for the Church comes primarily from donor contributions from members, who are primarily residents of Marion and Hamilton counties in Indiana.

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial activities of College Park Church and its wholly owned subsidiary, Gladstone Property, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

### CASH AND CREDIT RISK

For purposes of the consolidated financial statements, cash includes cash on hand, checking accounts, and money market accounts. While the Church's cash balances may at times exceed federally insured limits, it has not experienced any losses in such accounts. The Church believes it is not exposed to any significant credit risk on these accounts. As of March 31, 2018, approximately \$4,317,000 was in excess of federally insured limits.

### DONATED INVESTMENTS

Donated investments are initially reported at quoted value on the date of the gift and thereafter reported at fair value using quoted prices in active markets for identical assets. The Church's policy is to liquidate any donated investments shortly after original gift date.

### PROPERTY, EQUIPMENT, AND DEPRECIATION

Items capitalized as property and equipment are reported at cost or, if donated, at fair market value on the date of donation. The Church reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The capitalization policy is \$5,000. Building and equipment are depreciated on the straight-line method over their estimated useful lives ranging from 5 to 40 years.



# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

### NET ASSETS

*Unrestricted net assets* are those currently available for use in the Church under the direction of the Board of Elders and those resources invested in property and equipment-net. See Note 5.

*Temporarily restricted net assets* are those stipulated by donors for specific operating purposes or those not currently available for use until commitments regarding their use have been fulfilled. See Note 6.

### SUPPORT, REVENUE, CONTRIBUTED SERVICES, AND RECLASSIFICATIONS

Contributions are reported when made, which is generally when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Church. Bequests are reported as support at the time the Church has an established right to the bequest and proceeds are measurable. The Church's ministry could not be fully achieved without the dedicated efforts of many volunteers. These contributed services are not reported as they do not meet the "specialized skills" requirement under current accounting standards. Revenues are reported as income when earned.

Reclassifications represent funds released to the unrestricted funds from temporarily restricted funds when expenses have been incurred in satisfaction of those donor restrictions.

### EXPENSES

Expenses are reported when incurred. There were no advertising costs or joint costs for the fifteen months ended March 31, 2018. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and office and occupancy, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

### 3. PROPERTY AND EQUIPMENT AND NET INVESTMENT IN PROPERTY AND EQUIPMENT:

Property and equipment, consists of:

Land and improvements	\$ 4,680,558
Building and improvements	29,553,049
Furniture and equipment	<u>2,263,045</u>
	36,496,652
Less accumulated depreciation	<u>(10,710,631)</u>
	25,786,021
Construction in process (Note 9)	<u>184,767</u>
Property and equipment, at cost-net	<u><u>\$ 25,970,788</u></u>

Net investment in property and equipment, consists of:

Property and equipment at cost-net	\$ 25,970,788
Related debt (Note 4)	<u>(545,629)</u>
Net investment in property and equipment (Note 5)	<u><u>\$ 25,425,159</u></u>

### 4. DEBT:

#### BANK LOAN PAYABLE

During June 2017, the Church entered into an \$1,000,000 bank loan with a maturity date of May 31, 2018. The loan is secured by related land and negative pledge on property. The interest rate is the prime rate, as published in the Money Rates section of the Wall Street Journal as the prime rate. As of March 31, 2018, the interest rate was 4.75%. Monthly payments are interest only. The Church modified the terms of this loan on May 31, 2018, as described in Note 11.

#### BUTLER HOUSE BANK MORTGAGE LOAN

The Church owns a home in Indianapolis which is used for missionary residency and outreach to the students of Butler University. The mortgage is payable to a bank, with monthly payments of \$1,600 through April 2023. The monthly payments include principal and interest at a fixed annual rate of 3.5%.

#### CAPITAL LEASE OBLIGATION

The Church acquired two copiers through a capital lease arrangement. The present value of the future minimum lease payments required by the lease and the corresponding liability have been reported as property and equipment, and debt, respectively. The Church is required to make monthly payments of \$1,314 through August 2022.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

4. DEBT, continued:

Debt, consists of:

Bank loan payable	\$ 400,000
Butler house bank mortgage loan	91,690
Capital lease obligation	53,939
	<hr/>
	\$ 545,629
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Debt is estimated to mature as follows:

<u>Year Ending March 31,</u>	
2019	\$ 426,398
2020	28,174
2021	30,126
2022	32,251
2023	23,715
Thereafter	4,965
	<hr/>
	\$ 545,629
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### DEBT COVENANTS

The Church was in compliance with all financial and reporting debt covenants as of March 31, 2018.

### CAPITAL LEASE DISCLOSURE

The net book value of the assets associated with the capital lease, are:

Equipment	\$ 60,721
Less accumulated depreciation	(8,096)
	<hr/>
	\$ 52,625
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### INTERNAL NOTE PAYABLE

The Church has recorded an internal note payable to the global Christmas offering funds. Temporarily restricted funds in the amount of \$750,000 were internally borrowed to avoid additional external debt during the fifteen months ended March 31, 2018. The internal principal balance was \$750,000 at March 31, 2018. Interest is not charged on the note and minimum monthly payments of \$45,000 are due beginning November 2018. The internal note is due in full in March 2020. This internal payable is eliminated in the consolidated financial statements.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

5. UNRESTRICTED NET ASSETS:

Unrestricted net assets consist of:

Undesignated	\$ 62,673
Board designated:	
North Indy congregation:	
Global outreach fund	59,623
Local outreach fund	65,260
Benevolent fund	47,498
Building and land fund	2,465
Next Door fund	485,881
	<u>660,727</u>
Fishers congregation:	
Global outreach fund	27,471
Local outreach fund	48,269
Benevolent fund	12,722
Building and land fund	79,756
Next Door fund	500
	<u>168,718</u>
Castleton congregation:	
Global outreach fund	8,545
Local outreach fund	2,671
	<u>11,216</u>
Total board designated	<u>840,661</u>
Net investment in property and equipment (Note 3)	<u>25,425,159</u>
	<u>\$ 26,328,493</u>

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets and activities are as follows:

	Net Assets December 31, 2016	Temporary Restricted Contributions	Reclassifications	Net Assets March 31, 2018
North Indy congregation:				
Global outreach fund	\$ -	\$ 720,426	\$ (720,426)	\$ -
Global outreach fund–Christmas offerings	1,524,433	1,125,634	(213,062)	2,437,005
Local outreach fund	-	211,960	(211,960)	-
Local outreach fund–Christmas offerings	1,033,390	46,972	(760,690)	319,672
Benevolent fund	53,093	257,584	(297,678)	12,999
Building and land fund– Mission expansion project	-	100	(100)	-
Building and land fund–other	-	84,181	(84,181)	-
Next Door fund	272,165	657,013	(929,178)	-
Restricted grant funds	-	49,178	(49,178)	-
	<u>2,883,081</u>	<u>3,153,048</u>	<u>(3,266,453)</u>	<u>2,769,676</u>
Fishers congregation:				
Global outreach fund	-	36,216	(36,216)	-
Global outreach fund–Christmas offerings	-	49,694	-	49,694
Local outreach	3,318	11,327	(4,045)	10,600
Local outreach fund–Christmas offerings	41,288	120	-	41,408
Benevolent fund	3,906	6,872	(5,373)	5,405
Building and land fund	10,239	507,491	-	517,730
Next Door fund	-	577	(577)	-
	<u>58,751</u>	<u>612,297</u>	<u>(46,211)</u>	<u>624,837</u>
Castleton congregation:				
Global outreach fund	-	888	-	888
Local outreach	-	330	-	330
Benevolent fund	-	1,330	(1,330)	-
	<u>-</u>	<u>2,548</u>	<u>(1,330)</u>	<u>1,218</u>
	<u>\$ 2,941,832</u>	<u>\$ 3,767,893</u>	<u>\$ (3,313,994)</u>	<u>\$ 3,395,731</u>

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

7. REVENUE:

Revenue consists of the following:

Registration and sales	\$ 264,063
Other income	12,673
Gain on disposal of assets	<u>20,598</u>
	<u>\$ 297,334</u>

8. EMPLOYEE BENEFITS:

**TAX SHELTERED ANNUITY 403(b) PLAN**

The Church has established a 403(b) plan for all regular full-time employees and part-time employees who regularly work at least twenty hours per week. The Church matches all employee contributions up to 5 percent of an employee's gross salary. Church contributions were approximately \$206,000 for the fifteen months ended March 31, 2018.

**OTHER BENEFITS**

The Church also provides its full-time employees with the following benefits: group life insurance, group accidental and medical insurance, group long-term care, and employer paid medical insurance premiums. A more complete description of the benefit provisions can be found in the respective plan agreements. Church expenses for these other benefits were approximately \$1,077,000 for the fifteen months ended March 31, 2018.

9. COMMITMENTS:

**OPERATING LEASE**

The operating lease consists of payments for the use of a mailing machine. Lease payments for the fifteen months ended March 31, 2018, were approximately \$8,200. The operating lease is payable for \$3,432 for the year ending March 31, 2019.

**CONTRACT FOR ARCHITECTURE AND ENGINEERING SERVICES**

During 2016, the Church entered into a contract for professional architecture and engineering services for the Fishers congregation building. Costs estimated to be incurred under this contract approximate \$142,000 plus reimbursable expenses, of which approximately \$90,000 has been included as part of construction in process as of March 31, 2018.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

March 31, 2018

10. RELATED PARTY TRANSACTIONS:

A Pastor at the Church holds a position of influence with Covenant Community House (a nonprofit organization). During the fifteen months ended March 31, 2018, the Church granted \$362,000 to Covenant Community House to fund housing projects.

A member of the Board of Elders at the Church holds a position of influence with Purposeful Design (a nonprofit organization). During the fifteen months ended March 31, 2018, the Church granted \$349,000 to Purposeful Design to fund furniture projects, which in turn helps rebuild lives of individuals broken by addiction or homelessness by equipping them with valuable work skills and providing the gift of work.

A Pastor at the Church holds a position of influence with Midwest Food Bank (a nonprofit organization). During the fifteen months ended March 31, 2018, the Church granted \$60,000 to Midwest Food Bank to fund food and packaging projects along with an overseas shipment of food.

A member of the Board of Elders and a Pastor at the Church hold positions of influence with Heart Change (a nonprofit organization). During the fifteen month ended March 31, 2018, the Church granted \$68,000 to Heart Change to fund projects for mothers in crisis.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through June 28, 2018, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

In May 2018, the Church modified the terms of its \$1,000,000 bank loan. The modification extended the maturity date to August 31, 2018, primarily due to the Church's change in fiscal year end. A balloon payment of the remaining balance is due on August 31, 2018.

On June 21, 2018, a local church in Greenwood, Indiana, entered into an agreement with the Church to transfer and convey all of its real estate and related debt. As part of this agreement, the Church assumed all of the associated debt, which approximated \$1,115,000.