



COLLEGE PARK CHURCH

Financial Statements
With Independent Auditors' Report

December 31, 2013 and 2012

COLLEGE PARK CHURCH

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INDEPENDENT AUDITORS' REPORT

Board of Elders
College Park Church
Indianapolis, Indiana

We have audited the accompanying financial statements of College Park Church, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows 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 Elders
College Park Church
Indianapolis, Indiana

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College Park Church as of December 31, 2013 and 2012, 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

Greenwood, Indiana
April 16, 2014

COLLEGE PARK CHURCH

Statements of Financial Position

	December 31,	
	2013	2012
ASSETS:		
Cash	\$ 3,339,359	\$ 2,678,979
Donated investments	-	51,878
Funds held for agency	37,911	-
Capitalized loan fees-net	-	11,022
Property and equipment, at cost-net	24,885,629	25,573,342
	<u> </u>	<u> </u>
Total Assets	<u>\$ 28,262,899</u>	<u>\$ 28,315,221</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 270,861	\$ 119,295
Accrued expenses	147,841	164,833
Agency liability	37,911	-
Capital lease obligations	128,294	75,008
Note payable	2,450,325	4,873,131
	<u> </u>	<u> </u>
	3,035,232	5,232,267
Net assets:		
Unrestricted	23,218,070	21,684,345
Temporarily restricted	2,009,597	1,398,609
	<u> </u>	<u> </u>
	25,227,667	23,082,954
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 28,262,899</u>	<u>\$ 28,315,221</u>

See notes to financial statements

COLLEGE PARK CHURCH

Statements of Activities

	Year Ended December 31,					
	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Unrestricted contributions	\$ 6,721,401	\$ -	\$ 6,721,401	\$ 6,063,488	\$ -	\$ 6,063,488
Christmas offerings	-	1,076,020	1,076,020	-	709,843	709,843
Restricted contributions	-	2,960,889	2,960,889	-	3,951,254	3,951,254
	6,721,401	4,036,909	10,758,310	6,063,488	4,661,097	10,724,585
Revenue	418,832	-	418,832	193,945	-	193,945
Total Support and Revenue	7,140,233	4,036,909	11,177,142	6,257,433	4,661,097	10,918,530
RECLASSIFICATIONS:						
Net assets released by satisfaction of purpose restrictions:						
Capital expenditures	1,747,971	(1,747,971)	-	2,517,474	(2,517,474)	-
Operating expenses	1,677,950	(1,677,950)	-	1,596,769	(1,596,769)	-
	3,425,921	(3,425,921)	-	4,114,243	(4,114,243)	-
EXPENSES:						
Staffing	3,648,828	-	3,648,828	3,455,357	-	3,455,357
Outreach	1,445,702	-	1,445,702	1,244,069	-	1,244,069
Operating	1,053,854	-	1,053,854	937,255	-	937,255
Ministries	828,028	-	828,028	867,692	-	867,692
Support	426,604	-	426,604	398,315	-	398,315
Benevolent	282,321	-	282,321	177,379	-	177,379
Blessing	243,077	-	243,077	195,822	-	195,822
Interest	134,460	-	134,460	13,505	-	13,505
Depreciation and amortization	969,555	-	969,555	885,452	-	885,452
Total Expenses	9,032,429	-	9,032,429	8,174,846	-	8,174,846
Change in Net Assets	1,533,725	610,988	2,144,713	2,196,830	546,854	2,743,684
Net Assets, Beginning of Year	21,684,345	1,398,609	23,082,954	19,487,515	851,755	20,339,270
Net Assets, End of Year	\$ 23,218,070	\$ 2,009,597	\$ 25,227,667	\$ 21,684,345	\$ 1,398,609	\$ 23,082,954

See notes to financial statements

COLLEGE PARK CHURCH

Statements of Cash Flows

	Year Ended December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,144,713	\$ 2,743,684
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	969,555	885,452
Building cash contributions	(1,747,971)	(2,543,142)
Gain on capital lease retirement	(22,750)	-
Change in:		
Accounts payable	151,566	14,680
Accrued expenses	(16,992)	42,068
Net Cash Provided by Operating Activities	1,478,121	1,142,742
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of donated investments	51,878	78,337
Purchases of property and equipment	(163,479)	(2,241,429)
Net Cash Used by Investing Activities	(111,601)	(2,163,092)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(2,454,111)	(1,146,800)
Building and land fund cash contributions	1,747,971	2,543,142
Net Cash Provided (Used) by Financing Activities	(706,140)	1,396,342
Change in Cash	660,380	375,992
Cash, Beginning of Year	2,678,979	2,302,987
Cash, End of Year	\$ 3,339,359	\$ 2,678,979
SUPPLEMENTAL INFORMATION:		
Property and equipment included in accounts payable	\$ 81,274	\$ -
Property and equipment financed through capital lease	\$ 84,591	\$ -
Noncash donations of stock	\$ 648,530	\$ 268,266
Cash paid for interest (\$0 and \$240,345 capitalized for 2013 and 2012, respectively)	\$ 248,394	\$ 253,850

See notes to financial statements

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

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 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. Support for the Church comes primarily from members’ tithes and offerings.

OTHER COLLEGE PARK CHURCHES AND BROOKSIDE INITIATIVE

During 2013, Nehemiah Bible Church in Brookside, and the Arabic Church in Indianapolis became separate legal entities. Sovereign Christ Bible Fellowship Church in Columbus, Indiana became a separate legal entity in 2012. These three church plants have all applied for their own 501(c)(3) status and continue to consult with College Park’s Elder Board as a resource. College Park Church leadership continued its affiliation with the churches, but the churches are maintaining their own financial records. During 2013 the Church granted approximately \$255,700 of cash to these churches.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis. The preparation of the 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 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.

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CREDIT RISK

For purposes of the 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.

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. As of December 31, 2013 and 2012, donated investments consisted of \$0 and \$51,878, respectively, of various common stocks, which consist of input Level 1 fair value.

FUNDS HELD FOR AGENCY AND AGENCY LIABILITY

During the year ended December 31, 2013, the Church received and disbursed cash for another agency. This activity is excluded from the statements of activities and the cash held for the agency at December 31, 2013, is reported on the statements of financial position.

CAPITALIZED LOAN FEES

Capitalized loan fees of \$33,067 are amortized on a straight-line basis over the life of the loan. Amortization of these fees was \$11,022 for the years ending December 2013 and 2012, respectively.

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.

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.

CONCENTRATION OF SUPPORT RISK

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

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

The Church received indications of intent to support the building and land fund. The commitments are faith promises and subject to unilateral change by the donor. The commitments are not considered to be unconditional promises to give and are not reported prior to receipt of the contribution. Upon receipts, these funds are reported as temporarily restricted unbudgeted building and land fund offerings. See Note 9.

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 joint costs for the years ended December 31, 2013 and 2012. The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

	Year Ended December 31,	
	2013	2012
Expenses:		
Program services:		
Ministry (weekly worship, pastoral services, and other)	\$ 5,008,850	\$ 4,677,622
Missions	2,115,383	1,838,206
Benevolent	282,321	177,379
	<u>7,406,554</u>	<u>6,693,207</u>
Supporting activities:		
Management and general	1,625,875	1,481,639
Fund-raising	-	-
	<u>1,625,875</u>	<u>1,481,639</u>
	<u>\$ 9,032,429</u>	<u>\$ 8,174,846</u>

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2013 and 2012, the Church had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

NEW ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board (FASB) recently issued an accounting standards update to the *Statement of Cash Flows—Overall—Other Presentation Matters* topic of the Accounting Standards Codification (ASC). The amendments in this update require classification of cash receipts from the sale of donated financial assets (e.g., debt or equity instruments) by a not-for-profit that, upon receipt of the donated financial assets, are directed for sale without any limitations and are converted nearly immediately into cash as (1) operating cash flows, or (2) if the donor has restricted the use of the securities to a long-term purpose, as financing cash flows. The amendments require classification as investing cash flows of all other cash receipts resulting from the sale of debt and equity securities not meeting the foregoing conditions for classification within operating or financing cash flows. The amendments are effective for fiscal years beginning after June 15, 2013, with early adoption permitted. The Church has early adopted this update and has restated prior year financial statements for comparability. The effect of this restatement was to increase net cash provided by operating activities and decrease net cash used by investing activities by \$268,266 in the statements of cash flows for the year ended December 31, 2012.

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

Property and equipment consists of:

	December 31,	
	2013	2012
Land and land improvements	\$ 1,735,175	\$ 1,735,175
Building and improvements	28,053,591	27,949,910
Furniture and equipment	845,882	746,429
Parking lot	186,619	186,619
	<u>30,821,267</u>	<u>30,618,133</u>
Less accumulated depreciation	<u>(5,935,638)</u>	<u>(5,044,791)</u>
	<u>\$ 24,885,629</u>	<u>\$ 25,573,342</u>

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

3. PROPERTY AND EQUIPMENT AND NET INVESTMENT IN PROPERTY AND EQUIPMENT, continued:

Net investment in property and equipment consists of:

	December 31,	
	2013	2012
Property and equipment at cost–net	\$ 24,885,629	\$ 25,573,342
Capitalized loan fees–net	-	11,022
	24,885,629	25,584,364
Related debt (Note 4)	(2,578,619)	(4,948,139)
Property and equipment included in accounts payable	(81,274)	-
Net investment in property and equipment (Note 5)	\$ 22,225,736	\$ 20,636,225

4. DEBT:

BUTLER HOUSE BANK MORTGAGE

The Church owns a home in Indianapolis which is used for missionary residency and outreach to the students of Butler University. The home has a mortgage that was refinanced during the year ended December 31, 2013. It is payable with monthly payments of \$1,600 through April 2023. The monthly payments include principal and interest at a fixed annual rate of 3.5 percent.

CAPITAL LEASES

The Church had acquired certain office equipment through two capital lease arrangements. During the year ended December 31, 2013, the leases were consolidated into one lease, and two of the four pieces of equipment were exchanged. 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 \$4,550 through January 2017.

THE NATIONAL BANK OF INDIANAPOLIS LOAN

During 2010 the Church entered into an \$8,000,000 construction loan converting to an amortizing \$5,000,000 term bank loan. In January 2013, the bank loan was converted from a construction loan to a \$4,400,000 term loan with the National Bank of Indianapolis. The loan has a fixed interest rate of 2.95 percent and matures with a balloon payment February 2018. Principal and interest payments of \$24,402 are due monthly.

	December 31,	
	2013	2012
Butler house bank mortgage	\$ 156,649	\$ 168,163
Capital leases	128,294	75,008
The National Bank of Indianapolis loan	2,293,676	4,704,968
	\$ 2,578,619	\$ 4,948,139

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

4. DEBT, continued:

Debt is estimated to mature as follows:

Year Ending December 31,	
2014	\$ 212,761
2015	225,726
2016	240,260
2017	208,695
2018	1,608,950
Thereafter	82,227
	\$ 2,578,619

As of December 31, 2013 and 2012, the Church was in compliance with all debt covenants.

CAPITAL LEASES DISCLOSURE

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

	December 31,	
	2013	2012
Equipment	\$ 138,964	\$ 164,438
Less accumulated depreciation	(43,028)	(90,338)
	\$ 95,936	\$ 74,100

5. UNRESTRICTED NET ASSETS:

Unrestricted net assets consist of the following:

	December 31,	
	2013	2012
Undesignated	\$ 702,996	\$ 527,023
Board designated:		
Global outreach fund	70,220	74,897
Local outreach fund	33,642	69,900
Benevolent fund	110,148	177,883
Building and land fund	75,328	170,214
Columbus satellite church fund	-	28,203
	289,338	521,097
Net investment in property and equipment (Note 3)	22,225,736	20,636,225
	\$ 23,218,070	\$ 21,684,345

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted activities consist of:

	December 31,			
	2012	Support	Reclassifications	2013
Global outreach fund	\$ -	\$ 781,122	\$ (781,122)	\$ -
Global outreach fund—Christmas offerings	714,032	1,067,853	(44,283)	1,737,602
Local outreach fund	-	168,525	(168,525)	-
Local outreach fund—Christmas offerings	684,577	8,167	(469,434)	223,310
Benevolent fund	-	214,586	(214,586)	-
Building and land fund—Mission Expansion Project	-	1,613,995	(1,613,995)	-
Building and land fund—other	-	133,976	(133,976)	-
Restricted grant funds	-	48,685	-	48,685
	\$ 1,398,609	\$ 4,036,909	\$ (3,425,921)	\$ 2,009,597

	December 31,			
	2011	Support	Reclassifications	2012
Global outreach fund	\$ -	\$ 949,445	\$ (949,445)	\$ -
Global outreach fund—Christmas offerings	843,220	17,085	(146,273)	714,032
Local outreach fund	-	262,576	(262,576)	-
Local outreach fund—Christmas offerings	249	692,758	(8,430)	684,577
Benevolent fund	8,286	144,290	(152,576)	-
Building and land fund—Mission Expansion Project	-	2,201,518	(2,201,518)	-
Building and land fund—other	-	341,624	(341,624)	-
Columbus satellite church fund	-	51,801	(51,801)	-
	\$ 851,755	\$ 4,661,097	\$ (4,114,243)	\$ 1,398,609

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

7. REVENUE:

Revenue consists of the following:

	Year Ended December 31,	
	2013	2012
Registration and sales	\$ 201,608	\$ 189,722
Insurance proceeds	189,431	-
Other income	35,337	4,223
Loss on disposal of assets	(7,544)	-
	<u>\$ 418,832</u>	<u>\$ 193,945</u>

8. EMPLOYEE BENEFITS:

TAX SHELTERED ANNUITY PLAN 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 \$90,000 and \$75,000 for the years ended December 31, 2013 and 2012, respectively.

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 \$380,000 and \$515,000 for the years ended December 31, 2013 and 2012, respectively.

9. MISSION EXPANSION PROJECT CAPITAL CAMPAIGN AND INTENTIONS TO GIVE:

As part of its "Mission Expansion Project" capital campaign, Church members and attendees made intentions to give over and above regular tithes and offerings for the three years ending March 2013. These intentions received in the form of a commitment card were not reported as an asset or support until the Church receives payment from the donor. The campaign was closed during the year ended December 31, 2013, so there were no outstanding intentions to give at December 31, 2013.

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2013 and 2012

10. OPERATING LEASES:

Operating leases consist of payments for use of modular trailers and a mailing machine. Lease payments for the years ended December 31, 2013 and 2012, were approximately \$14,000 and \$31,000, respectively.

Operating leases are payable as follows:

<u>Year Ending December 31,</u>	
2014	\$ 13,161
2015	<u>10,200</u>
	<u>\$ 23,361</u>

11. RELATED PARTY TRANSACTION:

A member of the Board of Elders at the Church also holds a position of influence with Overseas Council, Inc. (a nonprofit organization). During the years ended December 31, 2013 and 2012, the Church granted \$21,000 and \$76,000 to Overseas Council, Inc., respectively, to fund global mission projects.

13. SUBSEQUENT EVENTS:

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