



COLLEGE PARK CHURCH

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2014 and 2013

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 statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years 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 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 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 December 31, 2014 and 2013, and the changes in its consolidated 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, 2015

COLLEGE PARK CHURCH

Consolidated Statements of Financial Position

	December 31,	
	2014	2013
ASSETS:		
Cash	\$ 2,893,551	\$ 3,339,359
Donated investments	27,667	-
Funds held for agency	-	37,911
Prepaid and other assets	70,576	-
Property and equipment, at cost-net	24,157,472	24,885,629
Total Assets	<u>\$ 27,149,266</u>	<u>\$ 28,262,899</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 165,431	\$ 270,861
Accrued expenses	44,572	147,841
Agency liability	-	37,911
Capital lease obligations	96,867	128,294
Notes payable	142,242	2,450,325
	<u>449,112</u>	<u>3,035,232</u>
Net assets:		
Unrestricted	24,178,823	23,218,070
Temporarily restricted	2,521,331	2,009,597
	<u>26,700,154</u>	<u>25,227,667</u>
Total Liabilities and Net Assets	<u>\$ 27,149,266</u>	<u>\$ 28,262,899</u>

See notes to consolidated financial statements

COLLEGE PARK CHURCH

Consolidated Statements of Activities

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Unrestricted contributions	\$ 7,469,123	\$ -	\$ 7,469,123	\$ 6,721,401	\$ -	\$ 6,721,401
Christmas offerings	-	1,086,554	1,086,554	-	1,076,020	1,076,020
Restricted contributions	-	2,030,898	2,030,898	-	2,960,889	2,960,889
	7,469,123	3,117,452	10,586,575	6,721,401	4,036,909	10,758,310
Revenue	158,932	-	158,932	418,832	-	418,832
Total Support and Revenue	7,628,055	3,117,452	10,745,507	7,140,233	4,036,909	11,177,142
RECLASSIFICATIONS:						
Net assets released by satisfaction of purpose restrictions:						
Capital expenditures	955,810	(955,810)	-	1,747,971	(1,747,971)	-
Operating expenses	1,649,908	(1,649,908)	-	1,677,950	(1,677,950)	-
	2,605,718	(2,605,718)	-	3,425,921	(3,425,921)	-
EXPENSES:						
Staffing	4,013,917	-	4,013,917	3,648,828	-	3,648,828
Outreach	1,373,078	-	1,373,078	1,445,702	-	1,445,702
Operating	1,001,006	-	1,001,006	1,053,854	-	1,053,854
Ministries	902,444	-	902,444	828,028	-	828,028
Support	518,900	-	518,900	426,604	-	426,604
Benevolent	214,388	-	214,388	282,321	-	282,321
Blessing	196,332	-	196,332	243,077	-	243,077
Interest	52,897	-	52,897	134,460	-	134,460
Depreciation and amortization	1,000,058	-	1,000,058	969,555	-	969,555
Total Expenses	9,273,020	-	9,273,020	9,032,429	-	9,032,429
Change in Net Assets	960,753	511,734	1,472,487	1,533,725	610,988	2,144,713
Net Assets, Beginning of Year	23,218,070	2,009,597	25,227,667	21,684,345	1,398,609	23,082,954
Net Assets, End of Year	\$ 24,178,823	\$ 2,521,331	\$ 26,700,154	\$ 23,218,070	\$ 2,009,597	\$ 25,227,667

See notes to consolidated financial statements

COLLEGE PARK CHURCH

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,472,487	\$ 2,144,713
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,000,058	969,555
Building cash contributions	(895,859)	(1,747,971)
Net (gain) loss on disposal	27,990	(22,750)
Change in:		
Prepaid and other assets	(70,576)	-
Accounts payable	(105,430)	151,566
Accrued expenses	(103,269)	(16,992)
Net Cash Provided by Operating Activities	1,325,401	1,478,121
CASH FLOWS FROM INVESTING ACTIVITIES:		
Donated investments held at end of year	(27,667)	-
Proceeds from sale of donated investments	-	51,878
Purchases of property and equipment	(299,891)	(163,479)
Net Cash Used by Investing Activities	(327,558)	(111,601)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(2,339,510)	(2,454,111)
Building and land fund cash contributions	895,859	1,747,971
Net Cash Used by Financing Activities	(1,443,651)	(706,140)
Change in Cash	(445,808)	660,380
Cash, Beginning of Year	3,339,359	2,678,979
Cash, End of Year	\$ 2,893,551	\$ 3,339,359
SUPPLEMENTAL INFORMATION:		
Property and equipment included in accounts payable	\$ 25,421	\$ 81,274
Property and equipment financed through capital lease	\$ -	\$ 84,591
Noncash donations of stock	\$ 224,237	\$ 648,530
Cash paid for interest (\$0 and \$240,345 capitalized for 2014 and 2013, respectively)	\$ 52,897	\$ 248,394

See notes to consolidated financial statements

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

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 church plants have all applied for their own 501(c)(3) status and continue to consult with College Park Church’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. (See Note 10.)

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 the membership, who are primarily residents of Marion and Hamilton counties.

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PRINCIPLES OF CONSOLIDATION

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

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, 2014 and 2013, donated investments consisted of \$27,667 and \$0, respectively, of various common stocks, which consist of input Level 1 fair value.

FUNDS HELD FOR AGENCY AND AGENCY LIABILITY

During the years ended December 31, 2014 and 2013, the Church received and disbursed cash for another entity. This activity is excluded from the consolidated statements of activities and the cash held for the entity at December 31, 2013, is reported on the consolidated statements of financial position.

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.

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CAPITALIZED LOAN FEES

Capitalized loan fees of \$33,067 are amortized on a straight-line basis over the life of the loan. Amortization expense for these fees was \$0 and \$11,022 for the years ending December 2014 and 2013, respectively. Capitalized loan fees were fully amortized as of December 31, 2013 and 2014.

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 joint costs for the years ended December 31, 2014 and 2013. The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

	Year Ended December 31,	
	2014	2013
Expenses:		
Program services:		
Ministry (weekly worship, pastoral services, and other)	\$ 5,271,316	\$ 5,008,850
Missions	2,088,310	2,115,383
Benevolent	214,388	282,321
	<u>7,574,014</u>	<u>7,406,554</u>
Supporting activities:		
Management and general	1,699,006	1,625,875
Fund-raising	-	-
	<u>1,699,006</u>	<u>1,625,875</u>
	<u>\$ 9,273,020</u>	<u>\$ 9,032,429</u>

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

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 consolidated 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 consolidated statements of activities. As of December 31, 2014 and 2013, the Church had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

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

Property and equipment consists of:

	December 31,	
	2014	2013
Land and land improvements	\$ 1,735,175	\$ 1,735,175
Building and improvements	28,264,547	28,240,210
Furniture and equipment	956,668	845,882
	<u>30,956,390</u>	<u>30,821,267</u>
Construction in progress	113,357	-
Less accumulated depreciation	<u>(6,912,275)</u>	<u>(5,935,638)</u>
	<u>\$ 24,157,472</u>	<u>\$ 24,885,629</u>

Net investment in property and equipment consists of:

	December 31,	
	2014	2013
Property and equipment at cost–net	\$ 24,157,472	\$ 24,885,629
Related debt (Note 4)	(239,109)	(2,578,619)
Property and equipment included in accounts payable	<u>(25,421)</u>	<u>(81,274)</u>
Net investment in property and equipment (Note 5)	<u>\$ 23,892,942</u>	<u>\$ 22,225,736</u>

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

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. Amortization of the asset has been included in depreciation expense in the consolidated statements of activities.

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. This loan was paid in full during the year ended December 31, 2014.

	December 31,	
	2014	2013
Butler house bank mortgage	\$ 142,242	\$ 156,649
Capital leases	96,867	128,294
The National Bank of Indianapolis loan	-	2,293,676
	\$ 239,109	\$ 2,578,619

Debt is estimated to mature as follows:

Year Ending December 31,	
2015	\$ 53,165
2016	62,793
2017	25,520
2018	15,960
2019	16,536
Thereafter	65,135
	\$ 239,109

As of December 31, 2014 and 2013, the Church was in compliance with all debt covenants.

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

4. DEBT, continued:

CAPITAL LEASES DISCLOSURE

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

	December 31,	
	2014	2013
Equipment	\$ 138,964	\$ 138,964
Less accumulated depreciation	(70,946)	(43,028)
	\$ 68,018	\$ 95,936

INTERNAL NOTE PAYABLE

The Church has recorded an internal note payable to the global Christmas offering funds. \$1,100,000 of temporarily restricted funds were internally borrowed to pay off external debt during the year ended December 31, 2014. The internal principal balance was \$616,221 at December 31, 2014. Interest is not charged on the note and minimum monthly payments of \$65,000 are due beginning January 2015. The internal note is due in full in June 2016. This internal payable is eliminated in the consolidated financial statements.

5. UNRESTRICTED NET ASSETS:

Unrestricted net assets consist of the following:

	December 31,	
	2014	2013
Undesignated	\$ 47,004	\$ 702,996
Board designated:		
Global outreach fund	42,577	70,220
Local outreach fund	71,854	33,642
Benevolent fund	47,498	110,148
Building and land fund	76,948	75,328
	238,877	289,338
Net investment in property and equipment (Note 3)	23,892,942	22,225,736
	\$ 24,178,823	\$ 23,218,070

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted activities consist of:

	December 31,			
	2013	Support	Reclassifications	2014
Global outreach fund	\$ -	\$ 707,057	\$ (707,057)	\$ -
Global outreach fund–Christmas offerings	1,737,602	1,086,554	(468,674)	2,355,482
Local outreach fund	-	249,739	(249,739)	-
Local outreach fund–Christmas offerings	223,310	-	(72,700)	150,610
Benevolent fund	-	151,738	(151,738)	-
Building and land fund–Mission Expansion Project	-	591,926	(591,926)	-
Building and land fund–other	-	303,933	(303,933)	-
Next Door fund	-	26,505	(13,664)	12,841
Restricted grant funds	48,685	-	(46,287)	2,398
	\$ 2,009,597	\$ 3,117,452	\$ (2,605,718)	\$ 2,521,331

	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

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

7. REVENUE:

Revenue consists of the following:

	Year Ended December 31,	
	2014	2013
Registration and sales	\$ 172,003	\$ 201,608
Insurance proceeds	11,785	189,431
Other income	3,134	5,043
Gain (loss) on disposal of assets	(27,990)	22,750
	\$ 158,932	\$ 418,832

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 \$107,000 and \$90,000 for the years ended December 31, 2014 and 2013, 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 \$400,000 and \$380,000 for the years ended December 31, 2014 and 2013, respectively.

9. OPERATING LEASES:

Operating leases consist of payments for use of modular trailers and a mailing machine. Lease payments for the years ended December 31, 2014 and 2013, were approximately \$14,300 and \$14,000, respectively. Operating leases are payable as follows:

Year Ending December 31,	
2015	\$ 4,119
2016	4,119
2017	4,119
2018	4,119
2019	686
	\$ 17,162

COLLEGE PARK CHURCH

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

10. 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, 2014 and 2013, the Church granted \$63,500 and \$21,000 to Overseas Council, Inc., respectively, to fund global mission projects.

A member of the Board of Elders at the Church also holds a position of influence with Wycliffe Bible Translators (a nonprofit organization). During the year ended December 31, 2014, the Church granted \$401,077 to Wycliffe Bible Translators to fund global mission projects.

As described in Note 1, the Church is affiliated with Nehemiah Bible Church in Brookside, the Arabic Church in Indianapolis, and Sovereign Christ Bible Fellowship Church in Columbus. During the years ended December 31, 2014 and 2013, the Church granted approximately \$80,000 and \$255,700, respectively, to these churches. At December 31, 2014, Nehemiah Bible Church owed the Church \$29,580 for payroll related costs. This is included in prepaid and other assets in the consolidated statements of financial position. At December 31, 2013, the Church held \$37,911 of cash for Nehemiah Bible Church and recorded a corresponding liability. This is reported as funds held for agency and agency liability in the consolidated statements of financial position.

11. SUBSEQUENT EVENTS:

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