

COLLEGE PARK CHURCH

FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2010 and 2009

COLLEGE PARK CHURCH

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5

INDEPENDENT AUDITORS' REPORT

Board of Elders
College Park Church
Indianapolis, Indiana

We have audited the accompanying statement of financial position of College Park Church (Church) (a nonprofit corporation) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Church's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The 2009 financial statements were reviewed by other accountants, and their report thereon, dated March 19, 2010, stated that they were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America except for prior period adjustments disclosed in Note 12.

As described in Note 12, the Church reported a prior period adjustment to decrease unrestricted assets and increase temporarily restricted net assets as of December 31, 2008. Also, a \$500,000 restricted contribution reported in 2009 was corrected and reported in 2010.



Greenwood, Indiana
May 27, 2011

COLLEGE PARK CHURCH

Statements of Financial Position

	December 31,	
	2010	2009
	(Audited)	(Reviewed)
ASSETS:		
Cash	\$ 3,021,731	\$ 2,819,738
Donated investments	55,114	-
Capitalized loan fees–net	33,067	-
Property and equipment, at cost–net	15,427,955	7,632,696
	<hr/>	<hr/>
Total Assets	<u>\$ 18,537,867</u>	<u>\$ 10,452,434</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 218,517	\$ 94,135
Building and retainage payable	1,326,769	-
Current portion of debt	39,157	41,135
Note payable–net current portion	183,853	189,134
Capital lease obligations–net current portion	90,329	18,115
	<hr/>	<hr/>
	1,858,625	342,519
Net assets:		
Unrestricted	14,577,595	8,284,220
Temporarily restricted	2,101,647	1,825,695
	<hr/>	<hr/>
	16,679,242	10,109,915
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 18,537,867</u>	<u>\$ 10,452,434</u>

See notes to financial statements

COLLEGE PARK CHURCH

Statements of Activities

	Year Ended December 31,					
	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
	(Audited)			(Reviewed)		
SUPPORT AND REVENUE:						
Support:						
Unrestricted contributions	\$ 4,390,129	\$ -	\$ 4,390,129	\$ 4,245,774	\$ -	\$ 4,245,774
Christmas offerings	-	543,767	-	-	548,006	548,006
Restricted contributions	-	8,901,446	8,901,446	-	2,728,132	2,728,132
	4,390,129	9,445,213	13,835,342	4,245,774	3,276,138	7,521,912
Revenue:						
Registration and sales	221,897	-	221,897	117,186	-	117,186
Media revenue	3,277	-	3,277	5,678	-	5,678
Interest income	7,730	-	7,730	2,303	-	2,303
	232,904	-	232,904	125,167	-	125,167
Total Support and Revenue	4,623,033	9,445,213	14,068,246	4,370,941	3,276,138	7,647,079
RECLASSIFICATIONS:						
Net assets released by satisfaction of purpose restrictions	9,169,261	(9,169,261)	-	2,468,275	(2,468,275)	-
EXPENSES:						
Operating	930,700	-	930,700	958,304	-	958,304
Staffing	3,002,730	-	3,002,730	2,559,556	-	2,559,556
Ministries	747,779	-	747,779	769,554	-	769,554
Outreach	1,461,748	-	1,461,748	1,443,730	-	1,443,730
Support	348,565	-	348,565	333,706	-	333,706
Blessing	213,890	-	213,890	157,481	-	157,481
Benevolent	154,969	-	154,969	190,740	-	190,740
Interest	14,293	-	14,293	14,642	-	14,642
Depreciation	419,563	-	419,563	333,515	-	333,515
Write-off abandoned asset	204,682	-	204,682	446,407	-	446,407
Total Expenses	7,498,919	-	7,498,919	7,207,635	-	7,207,635
Change in Net Assets	6,293,375	275,952	6,569,327	(368,419)	807,863	439,444
Net Assets, Beginning of Year:						
As originally reported	8,284,220	1,825,695	10,109,915	9,670,471	-	9,670,471
Prior period adjustment	-	-	-	(1,017,832)	1,017,832	-
As restated	8,284,220	1,825,695	10,109,915	8,652,639	1,017,832	9,670,471
Net Assets, End of Year	\$ 14,577,595	\$ 2,101,647	\$ 16,679,242	\$ 8,284,220	\$ 1,825,695	\$ 10,109,915

See notes to financial statements

COLLEGE PARK CHURCH

Statements of Cash Flows

	Year Ended December 31,	
	2010	2009
	(Audited)	(Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,569,327	\$ 439,444
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	419,563	333,515
Loss on abandoned assets	204,682	446,407
Gain on bargain purchase of assets	150,000	-
Noncash contributions	(363,876)	-
Building cash contributions	(7,137,164)	(1,371,699)
Change in:		
Accounts payable and accrued expenses	124,382	(7,275)
Net Cash Used by Operating Activities	(33,086)	(159,608)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of donated investments	308,762	-
Purchases of property and equipment	(7,125,505)	(348,098)
Net Cash Used by Investing Activities	(6,816,743)	(348,098)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(4,905)	(4,554)
Payments on capital lease obligations	(47,370)	(36,230)
Capitalized loan closing costs	(33,067)	-
Building and land fund cash contributions	7,137,164	1,371,699
Net Cash Provided by Financing Activities	7,051,822	1,330,915
Change in Cash	201,993	823,209
Cash, Beginning of Year	2,819,738	1,996,529
Cash, End of Year	\$ 3,021,731	\$ 2,819,738
SUPPLEMENTAL INFORMATION:		
Noncash activities:		
Property and equipment financed from payables	\$ 1,326,769	\$ -
Property and equipment financed through capital lease	\$ 135,494	\$ -
Cash paid for interest—none capitalized	\$ 14,293	\$ 14,642

See notes to financial statements

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2010 and 2009

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

The Church is dedicated to reaching the lost. Over the years, obstacles such as distance and language have been overcome with the addition of ministries that have become their own entities (but not legal entities) within the Church family. These include the Hispanic Church, Arabic Church, Deaf Church, and our church plants in Columbus, Indiana and New Palestine, Indiana. The Hispanic Church, Arabic Church, and Deaf Church all meet in the College Park Ministry Center. During 2010 the Church purchased a building to be used to begin the Brookside Initiative. Brookside Initiative is partnering with a network of local Indianapolis agencies and 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, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECLASSIFICATIONS

Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

CASH AND CREDIT RISK AND DONOR ADVISED FUND

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. Also, the Church had funds held in a donor advised fund at Hoosier Christian Foundation (HCF) that are not insured. These funds are not recorded on the Church's trial balance because variance power resides with HCF. These funds totaled approximately \$1,700 and \$500,000 as of December 31, 2010 and 2009, respectively.

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, 2010 and 2009, donated investments consisted of approximately \$55,000 and \$-0-, respectively, of various common stocks, which consist of input Level 1 fair value.

CAPITALIZED LOAN FEES

Capitalized loan fees will be amortized on a straight-line basis over the life of the loan. Amortization of these fees will begin in 2011.

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 30 years.

NET ASSETS

Unrestricted net assets are those currently available for use in the Church under the direction of the board 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 Financial Statements

December 31, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, 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. 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.

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. The Church incurred no fundraising expenses; therefore, there were no joint costs for the years ended December 31, 2010 and 2009. 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,	
	2010	2009
	(Audited)	(Reviewed)
Expenses:		
Program services:		
Ministry (weekly worship, pastoral services, and other)	\$ 4,113,381	\$ 3,850,736
Missions	1,938,608	1,934,917
Benevolent	154,969	190,740
	<u>6,206,958</u>	<u>5,976,393</u>
Supporting activities:		
Management and general	1,260,523	1,198,238
Fund-raising	31,438	33,004
	<u>1,291,961</u>	<u>1,231,242</u>
	<u>\$ 7,498,919</u>	<u>\$ 7,207,635</u>

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2010 and 2009

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 statement of activities. As of December 31, 2010, the Church had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

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

Property and equipment consists of:

	December 31,	
	2010 (Audited)	2009 (Reviewed)
Land and land improvements	\$ 1,858,740	\$ 1,831,440
Building and improvements	8,637,831	8,515,132
Furniture and equipment	281,571	156,961
Parking lot	186,619	186,619
	10,964,761	10,690,152
Less accumulated depreciation	(3,747,919)	(3,355,088)
	7,216,842	7,335,064
Construction in progress (Note 9)	8,211,113	297,632
	\$ 15,427,955	\$ 7,632,696

Net investment in property and equipment consists of:

	December 31,	
	2010 (Audited)	2009 (Reviewed)
Property and equipment at cost-net	\$ 15,427,955	\$ 7,632,696
Capitalized loan fees-net	33,067	-
	15,461,022	7,632,696
Related debt (Note 4)	(313,339)	(248,384)
Building and retainage payable	(1,326,769)	-
	\$ 13,820,914	\$ 7,384,312

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2010 and 2009

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 is payable with monthly payments of \$1,600 through October 2028. The monthly payments include principle and interest at a fixed annual rate of 7.45 percent.

CAPITAL LEASE

The Church has acquired certain office equipment through capital lease arrangements. 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 NATIONAL BANK OF INDIANAPOLIS

During 2010 the Church entered into a \$8,000,000 construction loan converting to an amortizing \$5,000,000 term loan from The National Bank of Indianapolis. The interest rate on the loan as of December 31, 2010, was 4.25 percent. As of December 31, 2010, the Church had not drawn from the construction loan.

	December 31,	
	2010 (Audited)	2009 (Reviewed)
Butler house bank mortgage	\$ 189,136	\$ 194,039
Capital lease	124,203	54,345
The National Bank of Indianapolis	-	-
	\$ 313,339	\$ 248,384

Debt is estimated to mature as follows:

Years Ending December 31,	
2011	\$ 39,157
2012	39,564
2013	40,003
2014	29,183
2015	7,111
Thereafter	158,321
	\$ 313,339

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2010 and 2009

4. DEBT, continued:

CAPITAL LEASE DISCLOSURE

The net book value of the capital lease property is classified as follows:

	December 31,	
	2010	2009
	(Audited)	(Reviewed)
Equipment	\$ 135,494	\$ 108,690
Less accumulated depreciation	(9,003)	(27,173)
	<u>\$ 126,491</u>	<u>\$ 81,517</u>

5. UNRESTRICTED NET ASSETS:

Unrestricted net assets consist of:

	December 31,	
	2010	2009
	(Audited)	(Reviewed)
Undesignated	\$ 756,681	\$ 899,908
Net investment in property and equipment	13,820,914	7,384,312
	<u>\$ 14,577,595</u>	<u>\$ 8,284,220</u>

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2010 and 2009

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted activities consist of:

	December 31,			
	2009 (Reviewed)	Support	Reclassifications	2010 (Audited)
Global outreach fund	\$ 125,175	\$ 1,222,008	\$ (1,175,894)	\$ 171,289
Global outreach fund–Christmas offerings	720,348	543,767	(602,844)	661,271
Local outreach fund	(75,822)	155,174	(108,452)	(29,100)
Local outreach fund–Christmas offerings	223,807	-	(180,200)	43,607
Benevolent fund	171,326	207,665	(185,746)	193,245
Building and land fund–Mission Expansion Project	648,361	6,680,435	(6,288,885)	1,039,911
Building and land fund–other	-	456,729	(456,729)	-
Columbus satellite church fund	12,500	179,435	(170,511)	21,424
	\$ 1,825,695	\$ 9,445,213	\$ (9,169,261)	\$ 2,101,647

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2010 and 2009

6. TEMPORARILY RESTRICTED NET ASSETS, continued:

	December 31,			
	2008 (Reviewed)	Support	Reclassifications	2009 (Reviewed)
Global outreach fund	\$ 35,361	\$ 831,106	\$ (741,292)	\$ 125,175
Global outreach fund–Christmas offerings	326,810	493,610	(100,072)	720,348
Local outreach fund	8,222	2,534	(86,578)	(75,822)
Local outreach fund–Christmas offerings	585,080	54,396	(415,669)	223,807
Benevolent fund	(7,578)	365,926	(187,022)	171,326
Building and land fund–Mission Expansion Project	56,494	1,240,000	(648,133)	648,361
Building and land fund–other	-	131,699	(131,699)	-
Columbus satellite church fund	13,443	156,867	(157,810)	12,500
	\$ 1,017,832	\$ 3,276,138	\$ (2,468,275)	\$ 1,825,695

7. EMPLOYEE BENEFITS:

TAX SHELTERED ANNUITY PLAN 403(b) PLAN

The Church has established a 403(b) plan for its employees. Church contributions were approximately \$53,000 and \$49,000 for the years ended December 31, 2010 and 2009, 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 \$479,000 and \$404,000 for the years ended December 31, 2010 and 2009, respectively.

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2010 and 2009

8. 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 are not reported as an asset or support until the Church receives payment from the donor.

Cumulative statements of intentions received as of December 31, 2010	\$ 14,608,000
Payments received on these intentions as of December 31, 2010	<u>7,452,000</u>
Outstanding statements of intentions as of December 31, 2010	<u>\$ 7,156,000</u>

9. BUILDING COMMITMENTS

The Church had an estimated project cost of \$19 million for the construction of a new 1,800 seat auditorium, and renovations to the junior high, children's area, adult education and College Park Church Institute, office and administration area, and counseling department. As of December 31, 2010 and 2009, the Church had building and retainage payable of approximately \$1,327,000 and \$-0- on the contracts. As of December 31, 2010, the Church had incurred commitments totaling \$16.1 million and had paid contract costs of approximately \$6.6 million; leaving approximately \$9.5 million of outstanding commitments on the building contracts.

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, 2010 and 2009, were approximately \$35,000 and \$49,000, respectively.

Operating leases are payable as follows:

Years Ending December 31,

2011	\$ 35,100
2012	33,200
2013	31,800
2014	30,800
2015	<u>27,800</u>
	<u>\$ 158,700</u>

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2010 and 2009

11. 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.

Subsequent to year end, the Church has taken draws against the National Bank of Indianapolis construction loan. Total draws as of the report date were \$2,375,000.

12. PRIOR PERIOD ADJUSTMENTS:

During the 2010 audit, it was determined that portions of the global outreach fund, local outreach fund, and benevolent fund (and all of the Columbus satellite church fund) should have been reported as temporarily restricted net assets as of December 31, 2009. As a result, temporarily restricted net assets were increased by \$1,017,832, while unrestricted net assets were decreased by these same amounts as of December 31, 2008 and the 2009 activities were restated.

Furthermore, the HCF donor advised fund disclosed in Note 2 was incorrectly reported as an asset and as an unrestricted contribution as of and for the year ended December 31, 2009. These assets were not under the control of the Church, which decreased the cash and cash equivalents and unrestricted net assets by \$500,000. These assets were contributed to the Church during the year ended December 31, 2010 and are reported as restricted contributions.