

COLLEGE PARK CHURCH

Financial Statements
With Independent Auditors' Report

December 31, 2011 and 2010

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 statements of financial position of College Park Church (Church) (a nonprofit corporation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years 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 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 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 audits provide 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11, an error resulting in an understatement of assets as of December 31, 2011 was discovered by the Church. Accordingly, the December 31, 2010 financial statements have been restated to correct the error.

Capin Crouse LLP

Greenwood, Indiana
May 14, 2012

COLLEGE PARK CHURCH

Statements of Financial Position

	December 31,	
	2011	2010
ASSETS:		
Cash	\$ 2,302,987	\$ 3,021,731
Donated investments	130,215	55,114
Capitalized loan fees–net	22,045	33,067
Property and equipment, at cost–net	24,859,238	15,547,757
	<u>27,314,485</u>	<u>18,657,669</u>
Total Assets	\$ 27,314,485	\$ 18,657,669
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 104,615	\$ 94,134
Accrued expenses	122,765	124,383
Building and retainage payable	652,896	1,326,769
Note payable	5,978,821	189,136
Capital lease obligations	116,118	124,203
	<u>6,975,215</u>	<u>1,858,625</u>
Net assets:		
Unrestricted	19,110,623	14,697,397
Temporarily restricted	1,228,647	2,101,647
	<u>20,339,270</u>	<u>16,799,044</u>
Total Liabilities and Net Assets	\$ 27,314,485	\$ 18,657,669

See notes to financial statements

COLLEGE PARK CHURCH

Statements of Activities

	Year Ended December 31,					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Unrestricted contributions	\$ 5,024,676	\$ -	\$ 5,024,676	\$ 4,390,129	\$ -	\$ 4,390,129
Christmas offerings	-	633,493	633,493	-	543,767	543,767
Restricted contributions	-	5,164,528	5,164,528	-	8,901,446	8,901,446
	5,024,676	5,798,021	10,822,697	4,390,129	9,445,213	13,835,342
Revenue:						
Registration and sales	159,686	-	159,686	221,897	-	221,897
Media revenue	2,309	-	2,309	3,277	-	3,277
Interest income and gain on sale of assets	14,406	-	14,406	7,730	-	7,730
	176,401	-	176,401	232,904	-	232,904
Total Support and Revenue	5,201,077	5,798,021	10,999,098	4,623,033	9,445,213	14,068,246
RECLASSIFICATIONS:						
Net assets released by satisfaction of purpose restrictions	6,671,021	(6,671,021)	-	9,169,261	(9,169,261)	-
EXPENSES:						
Operating	998,585	-	998,585	930,700	-	930,700
Staffing	3,034,114	-	3,034,114	3,002,730	-	3,002,730
Ministries	776,064	-	776,064	747,779	-	747,779
Outreach	1,332,754	-	1,332,754	1,461,748	-	1,461,748
Support	423,105	-	423,105	348,565	-	348,565
Blessing	173,638	-	173,638	213,890	-	213,890
Benevolent	175,430	-	175,430	154,969	-	154,969
Interest	13,913	-	13,913	14,293	-	14,293
Depreciation and amortization	531,269	-	531,269	419,563	-	419,563
Write-off abandoned assets	-	-	-	84,880	-	84,880
Total Expenses	7,458,872	-	7,458,872	7,379,117	-	7,379,117
Change in Net Assets	4,413,226	(873,000)	3,540,226	6,413,177	275,952	6,689,129
Net Assets, Beginning of Year:						
As originally reported	14,577,595	2,101,647	16,679,242	8,284,220	1,825,695	10,109,915
Prior period adjustment	119,802	-	119,802	-	-	-
As restated	14,697,397	2,101,647	16,799,044	8,284,220	1,825,695	10,109,915
Net Assets, End of Year	\$ 19,110,623	\$ 1,228,647	\$ 20,339,270	\$ 14,697,397	\$ 2,101,647	\$ 16,799,044

See notes to financial statements

COLLEGE PARK CHURCH

Statements of Cash Flows

	Year Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,540,226	\$ 6,689,129
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	531,269	419,563
Loss on abandoned assets	-	84,880
Gain on bargain purchase of assets	-	150,000
Noncash stock contributions	(306,290)	(363,876)
Building cash contributions	(3,382,678)	(7,137,164)
Change in:		
Accounts payable	10,481	-
Accrued expenses	(1,618)	124,383
Net Cash Provided (Used) by Operating Activities	391,390	(33,085)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of donated investments	231,189	308,762
Proceeds from sale of property and equipment	31,300	-
Purchases of property and equipment	(10,536,901)	(7,125,506)
Net Cash Used by Investing Activities	(10,274,412)	(6,816,744)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	5,823,912	-
Principal payments on notes payable	(5,283)	(4,905)
Payments on capital lease obligations	(37,029)	(47,370)
Capitalized loan closing costs	-	(33,067)
Building and land fund cash contributions	3,382,678	7,137,164
Net Cash Provided by Financing Activities	9,164,278	7,051,822
Change in Cash	(718,744)	201,993
Cash, Beginning of Year	3,021,731	2,819,738
Cash, End of Year	\$ 2,302,987	\$ 3,021,731
SUPPLEMENTAL INFORMATION:		
Noncash activities:		
Property and equipment reported as building and retainage payable	\$ 652,896	\$ 1,326,769
Property and equipment financed through capital lease	\$ 28,944	\$ 135,494
Cash paid for interest (\$116,538 and \$0 capitalized for 2011 and 2010, respectively)	\$ 130,451	\$ 14,293

See notes to financial statements

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2011 and 2010

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, 2011 and 2010

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, 2011 and 2010, donated investments consisted of approximately \$130,000 and \$55,000, respectively, of various common stocks, which consist of input Level 1 fair value.

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 and \$-0- for the years ending December 2011 and 2010, 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 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.)

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, 2011 and 2010

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 8.

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, 2011 and 2010. 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,	
	2011	2010
Expenses:		
Program services:		
Ministry (weekly worship, pastoral services, and other)	\$ 4,072,138	\$ 4,113,381
Missions	1,929,497	1,938,608
Benevolent	175,430	154,969
	<u>6,177,065</u>	<u>6,206,958</u>
Supporting activities:		
Management and general	1,281,807	1,140,721
Fund-raising	-	31,438
	<u>1,281,807</u>	<u>1,172,159</u>
	<u>\$ 7,458,872</u>	<u>\$ 7,379,117</u>

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECLASSIFICATIONS

Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

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, 2011 and 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,	
	2011	2010
Land and land improvements	\$ 1,640,820	\$ 1,672,121
Building and improvements	25,401,935	8,922,255
Furniture and equipment	510,062	183,765
Parking lot	186,619	186,619
	<u>27,739,436</u>	<u>10,964,760</u>
Less accumulated depreciation	(4,170,361)	(3,747,919)
	<u>23,569,075</u>	<u>7,216,841</u>
Construction in progress (Note 9)	1,290,163	8,330,916
	<u>\$ 24,859,238</u>	<u>\$ 15,547,757</u>

Net investment in property and equipment consists of:

	December 31,	
	2011	2010
Property and equipment at cost-net	\$ 24,859,238	\$ 15,547,757
Capitalized loan fees-net	22,045	33,067
	<u>24,881,283</u>	<u>15,580,824</u>
Related debt (Note 4)	(6,094,939)	(313,339)
Building and retainage payable (Note 8)	(652,896)	(1,326,769)
	<u>\$ 18,133,448</u>	<u>\$ 13,940,716</u>

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2011 and 2010

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 two 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 LOAN

During 2010 the Church entered into an \$8,000,000 construction loan converting to an amortizing \$5,000,000 term bank loan. The interest rate is variable with a minimum annual rate of 4.25 percent. The interest rate on the loan as of December 31, 2011 and 2010, was an annual rate of 4.25 percent. The Church began making draws on this loan during 2011.

	December 31,	
	2011	2010
Butler house bank mortgage	\$ 183,853	\$ 189,136
Capital leases	116,118	124,203
The National Bank of Indianapolis loan	5,794,968	-
	\$ 6,094,939	\$ 313,339

Debt is estimated to mature as follows:

Years Ending December 31,	
2012	\$ 46,800
2013	5,842,206
2014	36,421
2015	11,192
2016	7,659
Thereafter	150,661
	\$ 6,094,939

The Church is bound to certain covenants as part of its construction loan. The Church is in full compliance with or has received waivers for all restrictive covenants as of December 31, 2011.

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2011 and 2010

4. DEBT, continued:

CAPITAL LEASES DISCLOSURE

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

	December 31,	
	2011	2010
Equipment	\$ 164,438	\$ 135,494
Less accumulated depreciation	(57,451)	(9,003)
	<u>\$ 106,987</u>	<u>\$ 126,491</u>

5. UNRESTRICTED NET ASSETS:

Unrestricted net assets consist of:

	December 31,	
	2011	2010
Undesignated	\$ 977,175	\$ 756,681
Net investment in property and equipment (Note 3)	18,133,448	13,940,716
	<u>\$ 19,110,623</u>	<u>\$ 14,697,397</u>

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2011 and 2010

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted activities consist of:

	December 31,			
	2010	Support	Reclassifications	2011
Global outreach fund	\$ 171,289	\$ 1,314,612	\$ (1,392,979)	\$ 92,922
Global outreach fund–Christmas offerings	661,271	633,493	(451,544)	843,220
Local outreach fund	(29,100)	272,755	(187,537)	56,118
Local outreach fund–Christmas offerings	43,607	-	(43,358)	249
Benevolent fund	193,245	148,039	(248,068)	93,216
Building and land fund–Mission Expansion Project	1,039,911	3,044,278	(4,084,189)	-
Building and land fund–other	-	338,400	(195,478)	142,922
Columbus satellite church fund	21,424	46,444	(67,868)	-
	\$ 2,101,647	\$ 5,798,021	\$ (6,671,021)	\$ 1,228,647

	December 31,			
	2009	Support	Reclassifications	2010
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, 2011 and 2010

7. 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 \$60,000 and \$53,000 for the years ended December 31, 2011 and 2010, 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 \$478,000 and \$479,000 for the years ended December 31, 2011 and 2010, respectively.

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, 2011	\$ 14,580,075
Payments received on these intentions through December 31, 2011	<u>(10,283,274)</u>
Outstanding statements of intentions as of December 31, 2011	<u>\$ 4,296,801</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, 2011 and 2010, the Church had building and retainage payable of approximately \$653,000 and \$1,327,000 on the contracts. As of December 31, 2011 and 2010, the Church had incurred commitments totaling \$16.8 and \$16.1 million and had paid contract costs of approximately \$15.3 and \$6.6 million; leaving approximately \$1.5 and \$9.5 million of outstanding commitments on the building contracts, respectively.

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2011 and 2010

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, 2011 and 2010, were approximately \$35,000 and \$35,000, respectively.

Operating leases are payable as follows:

<u>Years Ending December 31,</u>	
2012	\$ 6,463
2013	3,948
2014	<u>2,961</u>
	<u>\$ 13,372</u>

11. PRIOR PERIOD ADJUSTMENT:

During 2011, it was determined that the loss on disposal of asset relating to a lease buyout during the year ended December 31, 2010 was overstated by \$119,802. This resulted in an increase in unrestricted net assets and fixed assets by \$119,802 as of December 31, 2010.

12. 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.