COLLEGE PARK CHURCH

Financial Statements
With Independent Auditors' Report

December 31, 2012 and 2011

CAPINCROUSE LLP
Certified Public Accountants

COLLEGE PARK CHURCH

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INDEPENDENT AUDITORS' REPORT

Board of Elders
College Park Church
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of College Park Church, which comprise the statements of financial position as of December 31, 2012 and 2011, 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, 2012 and 2011, 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.

Emphasis of Matter

As disclosed in Note 12 to the financial statements, a reclassification was made to unrestricted and temporarily restricted net asset balances as of December 31, 2010 and 2011. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Greenwood, Indiana
April 10, 2013

COLLEGE PARK CHURCH

Statements of Financial Position

	December 31, 2012	December 31, 2011
ASSETS:		
Cash	$ 2,678,979	$ 2,302,987
Donated investments	51,878	130,215
Capitalized loan fees–net	11,022	22,045
Property and equipment, at cost–net	25,573,342	24,859,238
Total Assets	$ 28,315,221	$ 27,314,485
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 119,295	$ 104,615
Accrued expenses	164,833	122,765
Building and retainage payable	-	652,896
Capital lease obligations	75,008	116,118
Note payable	4,873,131	5,978,821
	5,232,267	6,975,215
Net assets:		
Unrestricted	21,684,345	19,487,515
Temporarily restricted	1,398,609	851,755
	23,082,954	20,339,270
Total Liabilities and Net Assets	$ 28,315,221	$ 27,314,485

See notes to financial statements

COLLEGE PARK CHURCH

Statements of Activities

	Year Ended December 31,					
	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Unrestricted contributions	$ 6,063,488	$ -	$ 6,063,488	$ 5,646,099	$ -	$ 5,646,099
Christmas offerings	-	709,843	709,843	-	633,493	633,493
Restricted contributions	-	3,951,254	3,951,254	-	4,543,105	4,543,105
	6,063,488	4,661,097	10,724,585	5,646,099	5,176,598	10,822,697
Revenue	193,945	-	193,945	176,401	-	176,401
Total Support and Revenue	6,257,433	4,661,097	10,918,530	5,822,500	5,176,598	10,999,098
RECLASSIFICATIONS:						
Net assets released by satisfaction of purpose restrictions:						
Capital expenditures	2,517,474	(2,517,474)	-	4,422,589	(4,422,589)	-
Operating expenses	1,596,769	(1,596,769)	-	1,755,358	(1,755,358)	-
	4,114,243	(4,114,243)	-	6,177,947	(6,177,947)	-
EXPENSES:						
Staffing	3,455,357	-	3,455,357	3,034,114	-	3,034,114
Outreach	1,244,069	-	1,244,069	1,332,754	-	1,332,754
Operating	937,255	-	937,255	998,585	-	998,585
Ministries	867,692	-	867,692	776,064	-	776,064
Support	398,315	-	398,315	423,105	-	423,105
Blessing	195,822	-	195,822	173,638	-	173,638
Benevolent	177,379	-	177,379	175,430	-	175,430
Interest	13,505	-	13,505	13,913	-	13,913
Depreciation and amortization	885,452	-	885,452	531,269	-	531,269
Total Expenses	8,174,846	-	8,174,846	7,458,872	-	7,458,872
Change in Net Assets	2,196,830	546,854	2,743,684	4,541,575	(1,001,349)	3,540,226
Net Assets, Beginning of Year:						
As originally stated	19,487,515	851,755	20,339,270	14,697,397	2,101,647	16,799,044
Prior period adjustment	-	-	-	248,543	(248,543)	-
As Restated	19,487,515	851,755	20,339,270	14,945,940	1,853,104	16,799,044
Net Assets, End of Year	$ 21,684,345	$ 1,398,609	$ 23,082,954	$ 19,487,515	$ 851,755	$ 20,339,270

See notes to financial statements

COLLEGE PARK CHURCH

Statements of Cash Flows

	Year Ended December 31, 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,743,684	$ 3,540,226
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	885,452	531,269
Noncash stock contributions	(268,266)	(306,290)
Building cash contributions	(2,543,142)	(3,382,678)
Change in:		
Accounts payable	14,680	10,481
Accrued expenses	42,068	(1,618)
Net Cash Provided by Operating Activities	874,476	391,390
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of donated investments	346,603	231,189
Proceeds from sale of property and equipment	-	31,300
Purchases of property and equipment	(2,241,429)	(10,536,901)
Net Cash Used by Investing Activities	(1,894,826)	(10,274,412)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	-	5,823,912
Principal payments on debt	(1,146,800)	(42,312)
Building and land fund cash contributions	2,543,142	3,382,678
Net Cash Provided by Financing Activities	1,396,342	9,164,278
Change in Cash	375,992	(718,744)
Cash, Beginning of Year	2,302,987	3,021,731
Cash, End of Year	$ 2,678,979	$ 2,302,987
SUPPLEMENTAL INFORMATION:		
Property and equipment reported as building and retainage payable	$ -	$ 652,896
Property and equipment financed through capital lease	$ -	$ 28,944
Cash paid for interest ($240,345 and $116,538 capitalized for 2012 and 2011, respectively)	$ 253,850	$ 130,451

See notes to financial statements

COLLEGE PARK CHURCH

Notes to Financial Statements

December 31, 2012 and 2011

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 a church plant in Columbus, Indiana. The Hispanic Church, Arabic Church, and Deaf Church all meet in the College Park Ministry Center. During 2012, College Park Church leadership initiated a church plant in the Brookside area of Indianapolis. The Nehemiah Bible Church is a distinct but affiliated ministry with College Park Church.

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.

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, 2012 and 2011, donated investments consisted of approximately $51,900 and $130,000, 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 $22,045 for the years ending December 2012 and 2011, 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 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.

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, 2012 and 2011. 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,	
	2012	2011
Expenses:		
Program services:		
Ministry (weekly worship, pastoral services, and other)	$ 4,677,622	$ 4,072,138
Missions	1,838,206	1,929,497
Benevolent	177,379	175,430
	6,693,207	6,177,065
Supporting activities:		
Management and general	1,481,639	1,281,807
Fund-raising	-	-
	1,481,639	1,281,807
	$ 8,174,846	$ 7,458,872

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, 2012 and 2011, 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, 2012	December 31, 2011
Land and land improvements	$ 1,735,175	$ 1,640,820
Building and improvements	27,949,910	25,401,935
Furniture and equipment	746,429	510,062
Parking lot	186,619	186,619
	30,618,133	27,739,436
Less accumulated depreciation	(5,044,791)	(4,170,361)
	25,573,342	23,569,075
Construction in progress	-	1,290,163
	$ 25,573,342	$ 24,859,238

Net investment in property and equipment consists of:

	December 31, 2012	December 31, 2011
Property and equipment at cost–net	$ 25,573,342	$ 24,859,238
Capitalized loan fees–net	11,022	22,045
	25,584,364	24,881,283
Related debt (Note 4)	(4,948,139)	(6,094,939)
Building and retainage payable	-	(652,896)
Net investment in property and equipment (Note 5)	$ 20,636,225	$ 18,133,448

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 principal and interest at a fixed annual rate of 7.45 percent.

CAPITAL LEASES
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. See Note 13 for changes to the leases subsequent to year end.

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. During October 2012, the minimum annual rate was reduced to 3.75 percent. The interest rate on the loan as of December 31, 2012 and 2011, was an annual rate of 3.75 and 4.25 percent, respectively. The Church began making draws on this loan during 2011. This loan was refinanced in January 2013. (See Note 13.)

	December 31,	
	2012	2011
Butler house bank mortgage	$ 168,163	$ 183,853
Capital leases	75,008	116,118
The National Bank of Indianapolis loan	4,704,968	5,794,968
	$ 4,948,139	$ 6,094,939

Debt using the refinanced terms as disclosed in Note 13 is estimated to mature as follows:

Years Ending December 31,	
2013	$ 620,835 *
2014	203,903
2015	183,753
2016	185,126
2017	191,424
Thereafter	3,563,098
	$ 4,948,139

* Includes early payments of $440,613 made by the Church in 2013.

As of December 31, 2012 and 2011, the Church was in compliance with, or obtained waivers for, all debt covenants. (See Note 13.)

4. DEBT, continued:

CAPITAL LEASES DISCLOSURE

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

	December 31, 2012	December 31, 2011
Equipment	$ 164,438	$ 164,438
Less accumulated depreciation	(90,338)	(57,451)
	$ 74,100	$ 106,987

5. UNRESTRICTED NET ASSETS:

Unrestricted net assets consist of:

	December 31, 2012	December 31, 2011
Undesignated	$ 527,023	$ 1,102,629
Board designated:		
Global outreach fund	74,897	92,922
Local outreach fund	69,900	56,118
Benevolent fund	177,883	84,930
Building and land fund	170,214	-
Columbus satellite church fund	28,203	17,468
	521,097	251,438
Net investment in property and equipment (Note 3)	20,636,225	18,133,448
	$ 21,684,345	$ 19,487,515

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted activities consist of:

	December 31, 2011	Support	Reclassifications	December 31, 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

	December 31, 2010	Support	Reclassifications	December 31, 2011
Global outreach fund	$ -	$ 805,796	$ (805,796)	$ -
Global outreach fund–Christmas offerings	661,271	633,493	(451,544)	843,220
Local outreach fund	-	160,148	(160,148)	-
Local outreach fund–Christmas offerings	43,607	-	(43,358)	249
Benevolent fund	108,315	148,039	(248,068)	8,286
Building and land fund–Mission Expansion Project	1,039,911	3,044,278	(4,084,189)	-
Building and land fund–other	-	338,400	(338,400)	-
Columbus satellite church fund	-	46,444	(46,444)	-
	$ 1,853,104	$ 5,176,598	$ (6,177,947)	$ 851,755

7. REVENUE

Revenue consists of the following:

	Year ended December 31, 2012	2011
Registration and sales	$ 189,722	$ 159,686
Media revenue	2,261	2,309
Interest income and gain on sale of assets	1,962	14,406
	$ 193,945	$ 176,401

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 $75,000 and $60,000 for the years ended December 31, 2012 and 2011, 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 $515,000 and $478,000 for the years ended December 31, 2012 and 2011, 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 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, 2012	$ 14,124,116
Payments received on these intentions through December 31, 2012	(12,058,495)
Outstanding statements of intentions as of December 31, 2012	$ 2,065,621

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, 2012 and 2011, were approximately $31,000 and $35,000, respectively.

Operating leases are payable as follows:

Years Ending December 31,		
2013	$	14,148
2014		13,161
2015		10,200
	$	37,509

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, 2012 and 2011, the Church paid $76,000 and $2,000 to Overseas Council, Inc., respectively.

12. PRIOR PERIOD ADJUSTMENT

As a result of clarifying information, a reclassification was made to correct the reporting of board designated and temporarily restricted net assets. The following describes the effect of this reclassification. The December 31, 2011, beginning net assets have been reclassified with a decrease in temporarily restricted net assets and an increase in unrestricted net assets of $248,543. Additionally, the 2011 temporarily restricted contributions decreased and the unrestricted contributions increased $621,423. The 2011 net assets released by satisfaction of purpose restriction increased $493,074. Overall, there was no net impact to total net assets.

13. SUBSEQUENT EVENTS:

In January 2013, the Columbus, Indiana and Arabic church plants became their own legal entities and are no longer a part of College Park Church. Approximately $28,000 and $11,000 of assets were transferred to the ministries, respectively.

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. Their loan is still subject to the financial and reporting debt covenants disclosed in Note 4.

In January 2013, the Church amended its current capital lease arrangements. The Church was not required to pay out the minimum lease obligation disclosed in Note 4 as the new lease incorporated the previous leases. The Church is required to make monthly payments of $4,550 for the next 48 months, with a total liability of $218,400.

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.