



Consolidated Financial Statements  
With Independent Auditors' Report

December 31, 2015 and 2014

# 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, 2015 and 2014, 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, 2015 and 2014, 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.



Greenwood, Indiana  
May 18, 2016

# COLLEGE PARK CHURCH

## Consolidated Statements of Financial Position

	December 31,	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Cash	\$ 4,033,912	\$ 2,893,551
Donated investments	27,550	27,667
Prepaid and other assets	74,596	70,576
Property and equipment, at cost–net	<u>23,968,381</u>	<u>24,157,472</u>
Total Assets	<u>\$ 28,104,439</u>	<u>\$ 27,149,266</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 190,383	\$ 165,431
Accrued expenses	117,372	44,572
Capital lease obligations	56,301	96,867
Notes payable	<u>127,302</u>	<u>142,242</u>
	<u>491,358</u>	<u>449,112</u>
Net assets:		
Unrestricted	24,568,996	24,178,823
Temporarily restricted	<u>3,044,085</u>	<u>2,521,331</u>
	<u>27,613,081</u>	<u>26,700,154</u>
Total Liabilities and Net Assets	<u>\$ 28,104,439</u>	<u>\$ 27,149,266</u>

See notes to consolidated financial statements

# COLLEGE PARK CHURCH

## Consolidated Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Support:						
Unrestricted contributions	\$ 8,498,817	\$ -	\$ 8,498,817	\$ 7,469,123	\$ -	\$ 7,469,123
Christmas offerings	-	1,133,231	1,133,231	-	1,086,554	1,086,554
Restricted contributions	-	1,659,883	1,659,883	-	2,030,898	2,030,898
	8,498,817	2,793,114	11,291,931	7,469,123	3,117,452	10,586,575
Revenue	192,818	-	192,818	158,932	-	158,932
Total Support and Revenue	8,691,635	2,793,114	11,484,749	7,628,055	3,117,452	10,745,507
<b>RECLASSIFICATIONS:</b>						
Net assets released by satisfaction of purpose restrictions:						
Capital expenditures	672,823	(672,823)	-	955,810	(955,810)	-
Operating expenses	1,597,537	(1,597,537)	-	1,649,908	(1,649,908)	-
	2,270,360	(2,270,360)	-	2,605,718	(2,605,718)	-
<b>EXPENSES:</b>						
Staffing	4,725,953	-	4,725,953	4,013,917	-	4,013,917
Outreach	1,432,716	-	1,432,716	1,373,078	-	1,373,078
Operating	1,292,280	-	1,292,280	1,001,006	-	1,001,006
Ministries	1,104,125	-	1,104,125	902,444	-	902,444
Support	651,112	-	651,112	518,900	-	518,900
Benevolent	164,181	-	164,181	214,388	-	214,388
Blessing	104,065	-	104,065	196,332	-	196,332
Interest	20,590	-	20,590	52,897	-	52,897
Depreciation and amortization	1,076,800	-	1,076,800	1,000,058	-	1,000,058
Total Expenses	10,571,822	-	10,571,822	9,273,020	-	9,273,020
Change in Net Assets	390,173	522,754	912,927	960,753	511,734	1,472,487
Net Assets, Beginning of Year	24,178,823	2,521,331	26,700,154	23,218,070	2,009,597	25,227,667
Net Assets, End of Year	\$ 24,568,996	\$ 3,044,085	\$ 27,613,081	\$ 24,178,823	\$ 2,521,331	\$ 26,700,154

See notes to consolidated financial statements

# COLLEGE PARK CHURCH

## Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 912,927	\$ 1,472,487
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,076,800	1,000,058
Building fund cash contributions	(332,658)	(895,859)
Net loss on disposal of assets	6,783	27,990
Donated investments held at end of year	(27,550)	(27,667)
Proceeds from sale of donated investments	27,667	-
Change in:		
Prepaid and other assets	(4,020)	(70,576)
Accounts payable	24,952	(105,430)
Accrued expenses	72,800	(103,269)
Net Cash Provided by Operating Activities	1,757,701	1,297,734
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(894,492)	(299,891)
Net Cash Used by Investing Activities	(894,492)	(299,891)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on debt	(55,506)	(2,339,510)
Building fund cash contributions	332,658	895,859
Net Cash Provided (Used) by Financing Activities	277,152	(1,443,651)
Change in Cash	1,140,361	(445,808)
Cash, Beginning of Year	2,893,551	3,339,359
Cash, End of Year	\$ 4,033,912	\$ 2,893,551
<b>SUPPLEMENTAL INFORMATION:</b>		
Property and equipment included in accounts payable	\$ -	\$ 25,421
Noncash donations of stock	\$ 158,947	\$ 224,237
Noncash donations of property	\$ 229,209	\$ -
Cash paid for interest (none capitalized)	\$ 20,590	\$ 52,897

See notes to consolidated financial statements

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

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 Church operates two campuses, one in North Indianapolis and the other in Fishers. 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.

### AFFILIATE CHURCHES

The Church is dedicated to reaching the lost and has formed and partnered with affiliate churches to reach different demographic groups and cultures around the city of Indianapolis, Indiana. During 2013, Nehemiah Bible Church in the Brookside area of Indianapolis, 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 churches operate autonomously as separate legal entities, including maintaining their own financial records. They continue to consult with College Park Church’s Elder Board as a resource, but College Park Church does not have effective control over any of these affiliate churches; therefore, these churches are not consolidated with College Park Church's financial activity. Significant related party transactions with these affiliate churches are disclosed in Note 10.

La Vid Verdadera, a Hispanic Church, operates as an extension of College Park Church’s local outreach ministry and is not a separate legal entity. Its financial activity is included within College Park Church’s financial records.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

### 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 in Indiana.

#### 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, 2015 and 2014, donated investments consisted of \$27,550 and \$27,667, respectively, of various common stocks, which are classified as Level 1 in the fair value hierarchy.

#### 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.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

#### 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 advertising costs or joint costs for the years ended December 31, 2015 and 2014. 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,	
	2015	2014
Expenses:		
Program services:		
Ministry (weekly worship, pastoral services, and other)	\$ 6,227,374	\$ 5,271,316
Missions	2,187,893	2,088,310
Benevolent	164,181	214,388
	<u>8,579,448</u>	<u>7,574,014</u>
Supporting activities:		
Management and general	1,992,374	1,699,006
Fund-raising	-	-
	<u>1,992,374</u>	<u>1,699,006</u>
	<u>\$ 10,571,822</u>	<u>\$ 9,273,020</u>

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

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, 2015 and 2014, 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,	
	2015	2014
Land and land improvements	\$ 1,786,962	\$ 1,735,175
Building and improvements	28,683,924	28,264,547
Furniture and equipment	1,456,354	956,668
	<u>31,927,240</u>	<u>30,956,390</u>
Construction in progress	-	113,357
Less accumulated depreciation	<u>(7,958,859)</u>	<u>(6,912,275)</u>
Property and equipment, at cost–net	<u>\$ 23,968,381</u>	<u>\$ 24,157,472</u>

Net investment in property and equipment consists of:

	December 31,	
	2015	2014
Property and equipment at cost–net	\$ 23,968,381	\$ 24,157,472
Related debt (Note 4)	(183,603)	(239,109)
Property and equipment included in accounts payable	<u>-</u>	<u>(25,421)</u>
Net investment in property and equipment (Note 5)	<u>\$ 23,784,778</u>	<u>\$ 23,892,942</u>

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

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. There are no restrictive debt covenants associated with this mortgage.

**CAPITAL LEASE OBLIGATIONS**

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.

Debt consists of:

	December 31,	
	2015	2014
Butler house bank mortgage	\$ 127,302	\$ 142,242
Capital lease obligations	56,301	96,867
	\$ 183,603	\$ 239,109

Debt is estimated to mature as follows:

Year Ending December 31,	
2016	\$ 62,793
2017	23,768
2018	15,960
2019	16,536
2020	17,126
Thereafter	47,420
	\$ 183,603

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

4. DEBT, continued:

CAPITAL LEASES DISCLOSURE

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

	December 31,	
	2015	2014
Equipment	\$ 138,964	\$ 138,964
Less accumulated depreciation	(95,651)	(70,946)
	\$ 43,313	\$ 68,018

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. The Church fully paid off this internal note payable during the year ended December 31, 2015.

5. UNRESTRICTED NET ASSETS:

Unrestricted net assets consist of:

	December 31,	
	2015	2014
Undesignated	\$ 465,501	\$ 47,004
Board designated:		
Global outreach fund	91,480	42,577
Local outreach fund	97,168	71,854
Benevolent fund	47,498	47,498
Building and land fund	82,571	76,948
	318,717	238,877
Net investment in property and equipment (Note 3)	23,784,778	23,892,942
	\$ 24,568,996	\$ 24,178,823

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted activities consist of:

	December 31,			
	2014	Support	Reclassifications	2015
Global outreach fund	\$ -	\$ 687,152	\$ (687,152)	\$ -
Global outreach fund–Christmas offerings	2,355,482	1,133,231	(489,542)	2,999,171
Local outreach fund	-	157,482	(157,482)	-
Local outreach fund–Christmas offerings	150,610	-	(99,180)	51,430
Benevolent fund	-	182,665	(164,181)	18,484
Building and land fund–Mission Expansion Project	-	139,688	(139,688)	-
Building and land fund–other	-	192,970	(217,970)	(25,000)
Next Door fund	12,841	285,051	(297,892)	-
Restricted grant funds	2,398	14,875	(17,273)	-
	<u>\$ 2,521,331</u>	<u>\$ 2,793,114</u>	<u>\$ (2,270,360)</u>	<u>\$ 3,044,085</u>

	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
	<u>\$ 2,009,597</u>	<u>\$ 3,117,452</u>	<u>\$ (2,605,718)</u>	<u>\$ 2,521,331</u>

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

7. REVENUE:

Revenue consists of the following:

	Year Ended December 31,	
	2015	2014
Registration and sales	\$ 190,242	\$ 172,003
Insurance proceeds	-	11,785
Other income	9,359	3,134
Loss on disposal of assets	(6,783)	(27,990)
	<u>\$ 192,818</u>	<u>\$ 158,932</u>

8. EMPLOYEE BENEFITS:

**TAX SHELTERED ANNUITY PLAN 403(b) PLAN**

The Church has established a 403(b) plan for all regular full-time employees and part-time employees who regularly work at least twenty hours per week. The Church matches all employee contributions up to 5 percent of an employee's gross salary. Church contributions were approximately \$131,000 and \$107,000 for the years ended December 31, 2015 and 2014, respectively.

**PARTIALLY SELF-INSURED MEDICAL PLAN**

Starting in 2015, the Church provides major medical benefits through a partially self-insured plan, which covers substantially all active full-time staff. The stop-loss insurance covers aggregate claims in excess of \$305,795 per year. Total expenses under this plan were approximately \$603,000 for the year ended December 31, 2015. Accrued claims payable of approximately \$55,000 are reported within accrued expenses as of December 31, 2015.

**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 (replaced in 2015 by the partially self-insured medical plan). A more complete description of the benefit provisions can be found in the respective plan agreements. Church expenses for these other benefits were approximately \$42,000 and \$400,000 for the years ended December 31, 2015 and 2014, respectively.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

9. OPERATING LEASES:

Operating leases consist of payments for use of modular trailers, a mailing machine, and building space for the Fishers campus. Lease payments for the years ended December 31, 2015 and 2014, were approximately \$61,600 and \$14,300, respectively. Operating leases are payable as follows:

<u>Year Ending December 31,</u>	
2016	\$ 54,144
2017	4,119
2018	4,119
2019	686
	<hr/>
	\$ 63,068
	<hr/>

10. RELATED PARTY TRANSACTIONS:

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, 2015 and 2014, the Church granted \$52,000 and \$63,500 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 Covenant Community House (a nonprofit organization). During the year ended December 31, 2015, the Church granted \$53,000 to Covenant Community House to fund housing projects.

A member of the Board of Elders at the Church also holds a position of influence with Purposeful Design (a nonprofit organization). During the year ended December 31, 2015, the Church granted \$54,000 to Purposeful Design to fund furniture projects to rebuild lives. Additionally, the Church paid \$11,380 for art panels that were used during the Christmas time of year.

A Pastor at the Church also holds a position of influence with Midwest Food Bank (a nonprofit organization). During the year ended December 31, 2015, the Church granted \$34,066 to Midwest Food Bank to fund food and packaging projects along with an overseas shipment of food.

A member of the Board of Elders and a Pastor at the Church hold positions of influence with Heart Change (a nonprofit organization). During the year ended December 31, 2015, the Church granted \$75,547 to Heart Change to fund projects for mothers in crisis.

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, Indiana. During the years ended December 31, 2015 and 2014, the Church granted approximately \$40,000 and \$80,000, respectively, to these churches. At December 31, 2015 and 2014, Nehemiah Bible Church owed the Church \$10,453 and \$29,580, respectively, for payroll related costs. This is included in prepaid and other assets in the consolidated statements of financial position.

# COLLEGE PARK CHURCH

## Notes to Consolidated Financial Statements

December 31, 2015 and 2014

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.