

**Community
Christian Church**

**Financial Statements
and
Independent Auditor's Report
For the Year Ended
September 30, 2011**

Wolf & Company LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Leadership Commission
Community Christian Church

We have audited the accompanying statement of financial position of COMMUNITY CHRISTIAN CHURCH (a nonprofit organization) as of September 30, 2011, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Community Christian Church as of September 30, 2011, 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.

Oakbrook Terrace, Illinois
December 14, 2011

Wolf & Company LLP

COMMUNITY CHRISTIAN CHURCH
STATEMENT OF FINANCIAL POSITION
September 30, 2011

A S S E T S

Current assets:		
Cash and cash equivalents	\$	489,572
Prepaid expenses		<u>51,685</u>
Total current assets		541,257
Property and equipment		<u>12,695,018</u>
Total assets	\$	<u><u>13,236,275</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Current portion of long-term debt	\$	295,992
Accounts payable and accrued expenses		84,427
Deferred revenue		<u>3,610</u>
Total current liabilities		384,029
Notes payable		<u>4,929,268</u>
Total liabilities		<u>5,313,297</u>
Net assets:		
Unrestricted		
Designated		6,000
Undesignated		<u>7,480,553</u>
		7,486,553
Temporarily restricted		<u>436,425</u>
Total net assets		<u>7,922,978</u>
Total liabilities and net assets	\$	<u><u>13,236,275</u></u>

See notes to financial statements.

COMMUNITY CHRISTIAN CHURCH
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Offerings and fees	\$ 6,675,163	\$ 1,099,146	\$ 7,774,309
Net assets released from restrictions	<u>843,912</u>	<u>(843,912)</u>	<u>-</u>
Total revenue and support	<u>7,519,075</u>	<u>255,234</u>	<u>7,774,309</u>
Expenses:			
Program services:			
Salaries and benefits	2,988,369	-	2,988,369
Ministry programs	1,316,801	-	1,316,801
Facilities	1,225,779	-	1,225,779
Repairs and maintenance	114,739	-	114,739
New initiatives	370,515	-	370,515
Depreciation	659,927	-	659,927
Miscellaneous	<u>3,225</u>	<u>-</u>	<u>3,225</u>
Total program services	6,679,355	-	6,679,355
Supporting services:			
Administration	<u>807,406</u>	<u>-</u>	<u>807,406</u>
Total expenses	<u>7,486,761</u>	<u>-</u>	<u>7,486,761</u>
Change in net assets	32,314	255,234	287,548
Interfund transfers	38,886	(38,886)	-
Net assets, beginning of year	<u>7,415,353</u>	<u>220,077</u>	<u>7,635,430</u>
Net assets, end of year	<u>\$ 7,486,553</u>	<u>\$ 436,425</u>	<u>\$ 7,922,978</u>

See notes to financial statements.

COMMUNITY CHRISTIAN CHURCH
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2011

Cash flows from operating activities:	
Change in net assets	\$ 287,548
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	659,927
Decrease in prepaid expenses	29,213
Decrease in accounts payable	(181,503)
Decrease in accrued expenses	(2,567)
Decrease in deferred revenue	<u>(15,668)</u>
Net cash provided by operating activities	<u>776,950</u>
Cash used in investing activities:	
Purchase of property and equipment	<u>(258,251)</u>
Cash flows from financing activities:	
Proceeds from notes payable	25,000
Repayments of long-term debt	<u>(297,966)</u>
Net cash used in financing activities	<u>(272,966)</u>
Net change in cash and cash equivalents	245,733
Cash and cash equivalents, beginning of year	<u>243,839</u>
Cash and cash equivalents, end of year	<u>\$ 489,572</u>
<u>Supplemental disclosure of cash flow information:</u>	
Interest paid	<u>\$ 270,798</u>

See notes to financial statements.

COMMUNITY CHRISTIAN CHURCH
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

Community Christian Church (CCC) was established in 1989. CCC's primary mission is to "help people find their way back to God" and is realized by Reaching people who are far from God, Restoring communities to the dream of God, and Reproducing that mission in others.

Community is a multi-site church and services are currently held at the following campuses:

- In Naperville at two locations (Ogden & Rickert facility and Wentz Hall at North Central College)
- In Romeoville in the Highpoint Community
- In Plainfield at two locations (Carillon Clubhouse and Plainfield Small Business Park)
- In Montgomery at 131 Montgomery Road
- In Shorewood at Trinity Christian School
- In Yorkville in the Yorkville Home Design Center
- In East Aurora at the Lighthouse on LaSalle Street
- In Lemont at 102 Stephen Street
- In Chicago at two locations (Chappell Elementary in Lincoln Square and The Edge Gallery in Edgewater)
- In Huntley at the PNC Bank

Oversight of the direction of CCC is provided by a Leadership Commission selected from among the lay leaders which function as the elders of the church. Financial support for ministry comes solely from donor contributions. CCC is an independent, nondenominational church.

CCC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 and CCC state law. Contributions by the public are tax deductible within the limitations prescribed by the Code. As a church, CCC is also exempt from filing annual reports on Form 990.

2. Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of CCC have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – In accordance with generally accepted accounting principles for not-for-profit organizations, CCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, CCC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Designation of Unrestricted Net Assets – It is the policy of the Leadership Commission to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

COMMUNITY CHRISTIAN CHURCH
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (Cont.)

Donated Assets – Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Consolidated Statements – The accompanying financial statements include the accounts of CCC and its affiliated not-for-profit organizations, Community 4:12 and Newthing, NFP. Inter-organization transactions and balances have been eliminated in consolidation.

Donated Property and Equipment – Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, CCC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CCC reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services – No amounts have been reflected in the financial statements for donated services. CCC generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist CCC with specific needs and various programs. During 2011, there were approximately 2,500 volunteers spending an estimated 260,000 hours in ministry including children's programming, youth work, music, drama, teaching, organization, food preparation and service, and other related tasks.

Restricted and Unrestricted Revenue – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Promises to Give – Unconditional promises to give are recognized as revenues or gains in the period during which payment is received. Generally accepted accounting principles require that contributions be recognized as revenue when a verifiable promise to give has been made or upon collection, whichever occurs first. There were no material promises to give during the current year. Consequently, the cash method of recognizing contributions complies with generally accepted accounting principles in all material respects.

Property and Equipment – All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Income Taxes – CCC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Under this section, income from a regularly carried-on trade or business that does not further the organization's exempt purposes, as defined, is subject to federal and state income taxes. CCC recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

COMMUNITY CHRISTIAN CHURCH
NOTES TO FINANCIAL STATEMENTS

3. Property and Equipment

Property and equipment consist of the following:

	Amount	Depreciable Lives
Land	\$ 1,890,000	
Buildings and improvements	12,797,839	15-40 years
Furniture and equipment	2,418,238	3-7 years
	17,106,077	
Less: accumulated depreciation and amortization	4,411,059	
	\$ 12,695,018	

4. Restricted Net Assets

Temporarily restricted net assets are summarized as follows:

Expansion	\$ 155,716
Chicago Expansion	150,499
Benevolence	6,261
Community 4:12	60,636
Epic Theatre	12,855
New Thing Networks	33,158
New Thing Residents	10,255
JUST Embrace	7,045

5. Notes Payable

CCC's obligations under notes payable consist of the following:

5.10% note payable, due in monthly installments of \$39,447, including interest, through August 11, 2015; collateralized by a Mortgage, an Assignment of Rents, and a Commercial Security Agreement on all assets.	\$ 5,126,460
Unsecured non-interest bearing loan dated September 5, 2010, due in 24 monthly installments of \$4,167, due September 30, 2012.	50,000
Unsecured non-interest bearing loan dated September 11, 2007, due in 36 monthly installments of \$1,400, due August 11, 2013.	32,200
Unsecured non-interest bearing loan dated August 24, 2011, due in 36 monthly installments of \$1,400, due March 24, 2014.	16,600
	\$ 5,225,260

COMMUNITY CHRISTIAN CHURCH
NOTES TO FINANCIAL STATEMENTS

5. Notes Payable (Cont.)

The future scheduled maturities of long-term debt are as follows:

Year Ending September 30	Amount
2012	\$ 295,992
2013	239,982
2014	236,474
2015	4,452,812
	\$ 5,225,260

Interest costs incurred during the current year totaled \$270,798.

6. Operating Leases

CCC has several noncancelable operating leases for certain facilities and equipment that expire at various dates through September 30, 2015. Rental expenses for those leases totaled \$596,826 for the year ended September 30, 2011.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of September 30, 2011 are as follows:

Year Ending September 30	Amount
2012	\$ 698,156
2013	558,594
2014	399,068
2015	286,360
	\$ 1,942,178

CCC leases parking space to a tenant under a noncancelable operating lease with a term of one year. Annual lease payments received under this lease totaled \$6,000. This lease is renewable.

7. Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

CCC maintains the majority of its cash balances in one financial institution. These balances sometimes exceed the Federal Deposit Insurance Corporation insurance limits.

8. Subsequent Events

Subsequent events have been evaluated through December 14, 2011, the date which the financial statements were available to be issued.