

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

CONSOLIDATED ANNUAL FINANCIAL REPORT



COMMUNITY
CHRISTIAN CHURCH

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

1

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position

4

Consolidated Statements of Activities

5

Consolidated Statements of Cash Flows

6

Notes to the Consolidated Financial Statements

7

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

January 19, 2022

Members of the Leadership Commission
Community Christian Church and Affiliates
Naperville, Illinois

We have audited the accompanying financial statements of the Community Christian Church and Affiliates (Community), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities cash flows, and functional expenses for the year 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 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 Community'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 Community'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Christian Church and Affiliates, as of September 30, 2021, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Community Christian Church and Affiliates' financial statements.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

CONSOLIDATED FINANCIAL STATEMENTS

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Consolidated Statements of Financial Position September 30, 2021

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 4,257,890
Accounts Receivable	497,000
Prepaid Expenses	5,384
Total Current Assets	<u>4,760,274</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	2,875,100
Depreciable	38,331,863
Accumulated Depreciation	<u>(13,159,736)</u>
Total Noncurrent Assets	<u>28,047,227</u>
Total Assets	<u><u>32,807,501</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	138,097
Current Portion of Long-Term Debt	<u>619,500</u>
Total Current Liabilities	<u>757,597</u>
Noncurrent Liabilities	
Notes Payable - Net	<u>21,894,312</u>
Total Liabilities	<u>22,651,909</u>
NET ASSETS	
With Donor Restrictions	-
Without Donor Restrictions	<u>10,155,592</u>
Total Net Assets	<u>10,155,592</u>
Total Liabilities and Net Assets	<u><u>32,807,501</u></u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

**Consolidated Statements of Activities
For the Fiscal Year Ended September 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Offerings and Fees	\$ 11,235,899	-	11,235,899
Miscellaneous	1,798,206	-	1,798,206
Grants	2,134,580	-	2,134,580
Net Assets Released from Restrictions	-	-	-
Total Support and Revenue	<u>15,168,685</u>	<u>-</u>	<u>15,168,685</u>
Expenses			
Program Services			
Salaries and Benefits	4,533,458	-	4,533,458
Ministry Programs	2,744,870	-	2,744,870
Facilities	5,127,150	-	5,127,150
Repairs and Maintenance	34,684	-	34,684
New Initiatives	112,254	-	112,254
Depreciation and Amortization	1,317,846	-	1,317,846
Miscellaneous	35,637	-	35,637
Total Program Services	<u>13,905,899</u>	<u>-</u>	<u>13,905,899</u>
Support Services			
Management and General			
Oversight Services	447,581	-	447,581
Financial and Human Resources	74,159	-	74,159
Information Technology	47,349	-	47,349
Liability Insurance	81,598	-	81,598
Miscellaneous Expenses	34,405	-	34,405
Total Management and General	<u>685,092</u>	<u>-</u>	<u>685,092</u>
Total Expenses	<u>14,590,991</u>	<u>-</u>	<u>14,590,991</u>
Change in Net Assets	577,694	-	577,694
Net Assets - Beginning	<u>9,577,898</u>	<u>-</u>	<u>9,577,898</u>
Net Assets - Ending	<u>10,155,592</u>	<u>-</u>	<u>10,155,592</u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Consolidated Statements of Cash Flows For the Fiscal Year Ended September 30, 2021

Cash Flows from Operating Activities	
Change in Net Assets	\$ 577,694
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by (Used In) Operating Activities:	
Depreciation and Amortization Expense	1,317,846
(Increase) Decrease in Current Assets	131,590
Increase (Decrease) in Current Liabilities	66,295
	<u>2,093,425</u>
Cash Flows from Capital and Related	
Financing Activities	
Purchase of Capital Assets	(388,744)
Payment of Notes Payable	(392,991)
Forgiveness of Loan	(1,067,290)
	<u>(1,849,025)</u>
Net Change in Cash and Cash Equivalents	244,400
Cash and Cash Equivalents	
Beginning	<u>4,013,490</u>
Ending	<u><u>4,257,890</u></u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 1 – NATURE OF ORGANIZATION

Community Christian Church and Affiliates (Community) was established in 1989. Community'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 locations:

- In Naperville at one location (Yellow Box facility at Ogden and Rickert).
- In Plainfield at two locations (Commons facility at Riverwalk Ct. and Carillon Clubhouse).
- In Montgomery at 131 Montgomery Road.
- In Yorkville in the Yorkville Home Design Center.
- In Aurora at 78 S LaSalle Street.
- In Lemont at 102 Stephen Street.
- In Downers Grove at 3910 Highland Avenue.
- In Chicago in two locations (Gateway to Learning in Lincoln Square and Latin School of Chicago 1 in Lincoln Park).
- Online at communityonline.tv and on various social media platforms.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Community, its affiliated not-for-profit organizations: Community 4:12, Cars of Hope, NewThing, NFP, Community Sportsplex LLC, and Community at Plainfield, LLC. Inter-organization transactions and balances have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets

Community's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets of Community and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Community's management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Community or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statement of Activities.

At the end of the fiscal year, all of the net assets Community has are considered net asset without donor restrictions.

Cash and Cash Equivalents

For the purpose of the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows, Community's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase. Community did not have any investments at the end of the fiscal year.

Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	15 - 40 Years
Leasehold Improvements	Lease Term
Furniture and Equipment	3 - 7 Years

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributed Services

Contributed services are reported as contribution revenue and as assets or expenses only if the services create or enhance a non-financial asset (for example, property and equipment) or:

- Would typically need to be purchased by Community if the services had not been provided by contribution
- Require specialized skills
- Are provided by individuals with those skills

Contributed Revenue

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Contributions due in the next year are reflected as current promises to give and are recorded at their net realized value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Use of Estimates

The preparation of the consolidated financial statements in accordance 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 reported period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Functional expenses which are not directly attributable to one function are allocated between program, management and general, and fundraising services based on the number of employees involved, the amount of time spent, the percentage of their salary associated with the time and on estimated made by Community's management.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Designation of Unrestricted Net Assets

It is the policy of the Leadership Commission to review its plan for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to ensure adequate financing of such improvements and acquisitions.

Income Taxes

Community is exempt from income tax under IRC section 501(c)(3), and similarly, is exempt from State of Illinois taxes under the Illinois Tax Act Section 205(a), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Community has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Community has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. There was no unrelated business income for the year ended September 30, 2021.

Community's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally, for three years after they were filed. Annual filings with the State of Illinois are, similarly, subject to examination.

NOTE 3 – CASH AND CASH EQUIVALENTS

At year-end the carrying amount of Community's cash deposits totaled \$4,257,890 and the bank balances totaled \$4,442,725. At year-end \$692,999 of the bank balance of the deposits was not covered by federal depository or equivalent insurance.

NOTE 4 – AGREEMENT WITH LOCAL RELIGIOUS ORGANIZATIONS

On August 23, 2018, Community transferred ownership of another building to a local religious organization for an agreed upon sum of \$2,700,000. That organization transferred \$1,000,000 for this building and Community also entered into an agreement with that organization for the remaining \$1,700,000. The local religious organization agreed to pay Community an annual fee of \$170,000 for 10 years. This fee is split between Community, which retains \$5,000 for administration, its NewThing affiliate, which receives 40%, and an additional outside church-planting organization, which is sent 60% of the amount. Community has recorded a receivable for the amount they anticipate to receive through the end of the agreement. A capital asset was not recorded by Community; however, if the local religious organization does not meet the agreement criteria, then Community receives ownership of the building. As of September 30, 2021, this outstanding receivable is valued at \$497,000.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 5 – AVAILABILITY AND LIQUIDITY

The following represents Community's financial assets at September 30, 2021:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 4,257,890
Accounts Receivable	<u>497,000</u>
Total Financial Assets	<u>4,754,890</u>
Less Amounts not Available to be used within one year:	
Program Restrictions	<u>1,123,671</u>
Financial Assets Available to Meet General Expenditures over the Next Twelve Months	<u><u>3,631,219</u></u>

Community's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 2,775,000	-	-	2,775,000
Construction in Progress	-	100,100	-	100,100
	<u>2,775,000</u>	<u>100,100</u>	<u>-</u>	<u>2,875,100</u>
Depreciable Capital Assets				
Buildings and Improvements	33,424,251	283,683	-	33,707,934
Leasehold Improvements	604,942	-	-	604,942
Furniture and Equipment	4,014,004	4,983	-	4,018,987
	<u>38,043,197</u>	<u>288,666</u>	<u>-</u>	<u>38,331,863</u>
Less Accumulated Depreciation				
Buildings and Improvements	9,172,652	1,019,474	-	10,192,126
Leasehold Improvements	-	-	-	-
Furniture and Equipment	2,757,848	209,762	-	2,967,610
	<u>11,930,500</u>	<u>1,229,236</u>	<u>-</u>	<u>13,159,736</u>
Total Net Depreciable Capital Assets	<u>26,112,697</u>	<u>(940,570)</u>	<u>-</u>	<u>25,172,127</u>
Total Net Capital Assets	<u><u>28,887,697</u></u>	<u><u>(840,470)</u></u>	<u><u>-</u></u>	<u><u>28,047,227</u></u>

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 7 – LONG-TERM DEBT

Notes Payable

Community enters into notes payable to provide funds for acquisition of capital assets. Notes payable have been issued for Community. Notes payable are direct obligations and pledge the full faith and credit of Community. Notes payable currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Naperville and Yorkville Note Payable due in monthly installments of \$61,636 including interest of 4.95% through August 1, 2039.	\$ 9,192,406	-	266,342	8,926,064
Downers Grove Note Payable due in monthly installments of \$5,992 including interest of 5.250% through August 1, 2044.	986,861	-	8,448	978,413
Plainfield and Construction Note Payable due in monthly installments of \$77,044 including interest of 4.95% through May 1, 2044.	12,993,365	-	118,201	12,875,164
	<u>23,172,632</u>	<u>-</u>	<u>392,991</u>	<u>22,779,641</u>

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

**Notes to the Consolidated Financial Statements
September 30, 2021**

NOTE 7 – LONG-TERM DEBT – Continued

Loan Payable

Community entered into a loan payable under a Payroll Protection Program. The loan payable is a direct obligation and pledges the full faith and credit of the Community. The loan payable currently outstanding is as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,067,289 Loan Payable of 2020, due in montly installments of \$88,941, including interest at 1.00% through April 17, 2022.	\$ 1,067,290	-	1,067,290	-

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Notes Payable	\$ 23,172,632	-	392,991	22,779,641	619,500
Debt Issuance Costs	(354,438)	-	(88,609)	(265,829)	-
Loan Payable	1,067,290	-	1,067,290	-	-
	<u>23,885,484</u>	<u>-</u>	<u>1,371,672</u>	<u>22,513,812</u>	<u>619,500</u>

Community applied for forgiveness of the Paycheck Protection Program loan with the United States Small Business Association for the Loan Payable of 2020. Community received notification of forgiveness and the forgiveness is shown as a grant on the Consolidated Statement of Activities.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 7 – LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Notes Payable	
	Principal	Interest
2022	\$ 619,500	1,116,569
2023	650,937	1,085,132
2024	683,968	1,052,101
2025	718,648	1,017,392
2026	755,148	980,921
2027	793,469	942,601
2028	833,735	902,334
2029	876,045	860,024
2030	920,502	815,568
2031	967,215	768,854
2032	1,016,301	719,770
2033	1,067,876	668,194
2034	1,122,069	614,000
2035	1,179,013	557,056
2036	1,238,847	497,223
2037	1,301,719	434,350
2038	1,367,781	368,288
2039	1,437,196	298,873
2040	1,073,302	231,312
2041	808,006	188,427
2042	849,101	147,332
2043	892,287	104,146
2044	937,670	58,763
2045	669,306	12,987
Totals	<u>22,779,641</u>	<u>14,442,217</u>

NOTE 8 – OPERATING LEASES

Community has several noncancelable operating leases for certain facilities and equipment that expire at various dates through 2024. Rental expenses for those leases totaled \$172,292 for the year ended September 30, 2021.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 9 – NET ASSETS

Without Donor Restrictions

Net Assets without donor restrictions as of September 30, 2021 was comprised of the following:

Program Restrictions	
Benevolence	\$ 18,255
Cars for Hope	44,137
Celebration Generosity	89,229
Community Cares	117,165
Divine Back Nine	4,157
Global Missions	4,252
NewThing - Residents	20,049
NewThing - Networks	121,832
NewThing	704,595
Undesignated	<u>9,031,921</u>
Total	<u><u>10,155,592</u></u>

NOTE 10 – EMPLOYEE BENEFIT PLAN

Community has a 403(b) plan covering all employees over 21 years of age who have gained and maintained eligibility by completing at least 1,000 hours of service during the plan year. Community matches employee contributions up to 5% of their annual salary. Employer contributions to the plan were \$160,365 for the year ended September 30, 2021.

NOTE 11 – PAYMENTS TO RECIPIENT ORGANIZATIONS

During the year ended September 30, 2021, Community made the following cash payments to other nonprofit organizations which are shown as ministry programs and new initiative expenses on the Consolidated Statement of Activities:

Philippine Frontline Ministries	\$ 85,681
Central India Christian Mission	18,000
Exponential	16,512
Compassion International	13,031
La Iglesia	8,000
Alive Center	7,000
Missio Dei Church	6,000
Kingdom Covenant Church	<u>2,500</u>
Total	<u><u>156,724</u></u>

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2021

NOTE 12 – IN-KIND DONATIONS

Donated services are recognized as in-kind revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Community generally pays for services requiring specific expertise, so no in-kind recognition is necessary. Community also receives donated services from a variety of unpaid volunteers assisting Community in its programs. However, these donated services are not reflected in the Consolidated Statements of Activities because the criteria for recognition have not been satisfied. During 2021, there were approximately 2,000 attenders volunteering their time in ministry by working with groups of children, students and adults, leading on worship, drama, teaching and prayer teams, serving on administrative teams like first impressions, chat support and community service, and other ministry-related tasks.

NOTE 13 - CONTINGENT LIABILITIES

Financial Impact from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Community's operations and financial position cannot be determined.