

COMMUNITY CHRISTIAN CHURCH AND
AFFILIATES, ILLINOIS

CONSOLIDATED ANNUAL FINANCIAL REPORT



COMMUNITY
CHRISTIAN CHURCH

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

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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 AUDITOR'S REPORT

January 8, 2024

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

Opinion

We have audited the accompanying financial statements of the Community Christian Church and Affiliates (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

CONSOLIDATED FINANCIAL STATEMENTS

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Consolidated Statements of Financial Position September 30, 2023

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,370,719
Accounts Receivable	355,000
Prepaid Expenses	62,295
Total Current Assets	<u>2,788,014</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	2,650,000
Depreciable	36,849,404
Accumulated Depreciation	<u>(13,309,782)</u>
Total Noncurrent Assets	<u>26,189,622</u>
Total Assets	<u>28,977,636</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	193,378
Deferred Revenue	1,106,742
Current Portion of Long-Term Debt	731,500
Total Current Liabilities	<u>2,031,620</u>
Noncurrent Liabilities	
Notes Payable - Net	20,736,622
Leases Payable	29,009
Total Noncurrent Liabilities	<u>20,765,631</u>
Total Liabilities	<u>22,797,251</u>
NET ASSETS	
With Donor Restrictions	-
Without Donor Restrictions	<u>6,180,385</u>
Total Net Assets	<u>6,180,385</u>
Total Liabilities and Net Assets	<u>28,977,636</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Offerings and Fees	\$ 7,418,481	-	7,418,481
Miscellaneous	3,204,780	-	3,204,780
Net Assets Released from Restrictions	-	-	-
Total Support and Revenue	10,623,261	-	10,623,261
Expenses			
Program Services			
Salaries and Benefits	4,252,320	-	4,252,320
Ministry Programs	1,988,660	-	1,988,660
Facilities	3,610,430	-	3,610,430
Repairs and Maintenance	50,106	-	50,106
New Initiatives	449,772	-	449,772
Depreciation and Amortization	1,362,079	-	1,362,079
Miscellaneous	2,037	-	2,037
Total Program Services	11,715,404	-	11,715,404
Support Services			
Management and General			
Oversight Services	504,282	-	504,282
Financial and Human Resources	102,135	-	102,135
Information Technology	30,826	-	30,826
Liability Insurance	60,413	-	60,413
Miscellaneous Expenses	13,675	-	13,675
Total Management and General	711,331	-	711,331
Total Expenses	12,426,735	-	12,426,735
Change in Net Assets	(1,803,474)	-	(1,803,474)
Net Assets - Beginning	7,983,859	-	7,983,859
Net Assets - Ending	6,180,385	-	6,180,385

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, 2023

Cash Flows from Operating Activities	
Change in Net Assets	\$ (1,803,474)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by (Used In) Operating Activities:	
Depreciation and Amortization Expense	1,362,079
(Increase) Decrease in Current Assets	67,551
Increase (Decrease) in Current Liabilities	1,113,448
	<u>739,604</u>
Cash Flows from Capital and Related	
Financing Activities	
Purchase of Capital Assets	(174,376)
Payment of Long Term Debt	(729,999)
	<u>(904,375)</u>
Net Change in Cash and Cash Equivalents	(164,771)
Cash and Cash Equivalents	
Beginning	<u>2,535,490</u>
Ending	<u><u>2,370,719</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, 2023

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 hybrid church with multiple expressions for worship:

- 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 Yorkville in the Yorkville Home Design Center.
- In Aurora at 78 S LaSalle Street.
- In Downers Grove at 3910 Highland Avenue.
- In Chicago at Lincoln Hall in Lincoln Park.
- Online at communityonline.tv and on various social media platforms.
- MicroChurches throughout the US and abroad.
- In prisons and correctional facilities through Community Freedom.

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, 2023

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
Leased Equipment	3 - 7 Years
Leased Building	3 - 7 Years

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2023

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.

At September 30, 2023, contributions of \$1,106,742, have not been recognized in the Statement of Activities because the conditions on which they depend have not yet been met. All of these conditions relate to timing of when the programs, and contributions are set to occur.

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, 2023

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, 2023.

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 \$2,370,719 and the bank balances totaled \$2,529,164. At year-end \$96,771 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 receiving 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, 2023, this outstanding receivable is valued at \$355,000.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2023

NOTE 5 – AVAILABILITY AND LIQUIDITY

The following represents Community's financial assets at September 30, 2023:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 2,370,719
Accounts Receivable	<u>355,000</u>
Total Financial Assets	<u>2,725,719</u>
Less Amounts not Available to be used within one year:	
Program Restrictions	<u>856,020</u>
Financial Assets Available to Meet General Expenses over the Next Twelve Months	<u><u>1,869,699</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:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 2,650,000	-	-	<u>2,650,000</u>
Depreciable Capital Assets				
Buildings and Improvements	33,398,393	78,496	-	33,476,889
Leasehold Improvements	604,942	-	-	604,942
Furniture and Equipment	2,516,093	95,880	-	2,611,973
Leased Equipment	87,670	-	-	87,670
Leased Building	67,930	-	-	67,930
	<u>36,675,028</u>	<u>174,376</u>	<u>-</u>	<u>36,849,404</u>
Less Accumulated Depreciation				
Buildings and Improvements	10,400,346	1,086,961	-	11,487,307
Leasehold Improvements	-	-	-	-
Furniture and Equipment	1,575,260	166,203	-	1,741,463
Leased Equipment	-	30,060	-	30,060
Leased Building	-	50,952	-	50,952
	<u>11,975,606</u>	<u>1,334,176</u>	<u>-</u>	<u>13,309,782</u>
Total Net Depreciable Capital Assets	<u>24,699,422</u>	<u>(1,159,800)</u>	<u>-</u>	<u>23,539,622</u>
Total Net Capital Assets	<u><u>27,349,422</u></u>	<u><u>(1,159,800)</u></u>	<u><u>-</u></u>	<u><u>26,189,622</u></u>

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2023

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.	\$ 8,621,418	-	320,074	8,301,344
Downers Grove Note Payable due in monthly installments of \$5,992 including interest of 5.250% through August 1, 2044.	957,368	-	22,178	935,190
Plainfield Construction Note Payable due in monthly installments of \$77,044 including interest of 4.95% through May 1, 2044.	12,581,355	-	308,687	12,272,668
	22,160,141	-	650,939	21,509,202

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2023

NOTE 7 – LONG-TERM DEBT – Continued

Leases Payable

Community entered into leases payable during fiscal year 2023. Leases payable are a direct obligation and pledge the full faith and credit of Community. Leases payable currently outstanding are as follows:

Issue	Restated Beginning Balances	Issuances	Retirements	Ending Balances
\$87,670 Lease Payable of 2023, due in montly installments of \$2,448 to \$2,694, including interest at 5.25% through August 4, 2025.	\$ 87,670	-	28,563	59,107
\$67,930 Lease Payable of 2023B, due in montly installments of \$4,329 to \$4,389, including interest at 5.25% through January 1, 2024.	67,930	-	50,497	17,433
	155,600	-	79,060	76,540

Long-Term Liability Activity

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

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Notes Payable	\$ 22,160,141	-	650,939	21,509,202	683,969
Debt Issuance Costs	(177,220)	-	(88,609)	(88,611)	-
Leases Payable	155,600	-	79,060	76,540	47,531
	22,138,521	-	641,390	21,497,131	731,500

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2023

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		Leases Payable	
	Principal	Interest	Principal	Interest
2024	\$ 683,969	1,052,101	47,531	2,576
2025	718,648	1,017,392	29,009	767
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	1,073,301	231,312	-	-
2041	808,006	188,427	-	-
2042	849,101	147,332	-	-
2043	892,287	104,146	-	-
2044	937,670	58,763	-	-
2045	669,304	12,987	-	-
Totals	21,509,202	12,240,516	76,540	3,343

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2023

NOTE 8 – NET ASSETS

Without Donor Restrictions

Net Assets without donor restrictions as of September 30, 2023 was comprised of the following:

Program Restrictions	
Benevolence	\$ 36,558
Cars of Hope	85,558
Celebration Generosity	82,396
Community Cares	83,962
Divine Back Nine	3,019
NewThing - Residents	20,059
NewThing - Chicago	117,368
NewThing - Global	427,100
Undesignated	<u>5,324,365</u>
Total	<u><u>6,180,385</u></u>

Net Assets Restatement

Beginning balances in capital assets and long-term debt were restated due to the implementations of the FASB ASC Leases; however, the net effect on the Statement of Activities was zero.

NOTE 9 – 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 \$92,090 for the year ended September 30, 2023.

COMMUNITY CHRISTIAN CHURCH AND AFFILIATES

Notes to the Consolidated Financial Statements September 30, 2023

NOTE 10 – PAYMENTS TO RECIPIENT ORGANIZATIONS

During the year ended September 30, 2023, 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:

168 Church	\$ 2,500
Bethany Covenant Church	2,500
Central India Christian Mission	21,000
Great Lakes District	2,500
Hesed House	750
La Iglesia	2,500
New Life Centers	2,500
Philippine Frontline Ministries	70,051
Punto Conexion	2,500
The Center	2,500
The Chicago Partnership	1,500
Vision Reino Ministries	2,600
World Relief DuPage/Aurora	500
	<hr/>
Total	<u>113,901</u>

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed services are recognized as contributed 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 contributed 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 2023, there were approximately 1,800 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.