

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2018 and 2017

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christian Community Development Association
Chicago, Illinois

We have audited the accompanying consolidated financial statements of Christian Community Development Association, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, cash flows and functional expenses for each of 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 of material misstatement.

An audit involves performing procedures to obtain 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 account 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 Christian Community Development Association as of December 31, 2018 and 2017, and the changes in its consolidated net assets and cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Christian Community Development Association
Chicago, Illinois

Emphasis of Matter

Christian Community Development Association has adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the December 31, 2018 and 2017, financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Naperville, Illinois
July 24, 2019

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Consolidated Statements of Financial Position

	December 31,	
	2018	2017
ASSETS:		
Cash and cash equivalents	\$ 63,622	\$ 182,949
Contributions receivable	422,368	71,437
Accounts receivable	19,140	-
Other assets	-	6,615
Total Assets	\$ 505,130	\$ 261,001
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 124,813	\$ 24,344
Accrued wages	33,947	29,280
Deferred revenue	-	85,034
Line of credit	49,601	-
Total liabilities	208,361	138,658
Net assets:		
Without donor restrictions	(157,070)	(77)
With donor restrictions	453,839	122,420
Total net assets	296,769	122,343
Total Liabilities and Net Assets	\$ 505,130	\$ 261,001

See notes to consolidated financial statements

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Consolidated Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
National Conference registration and sponsorship	\$ 1,001,384	\$ -	\$ 1,001,384	\$ 751,974	\$ -	\$ 751,974
Private/foundation grants	266,910	402,227	669,137	157,692	107,420	265,112
Membership dues	150,915	-	150,915	82,733	-	82,733
Contributions	41,567	-	41,567	68,286	-	68,286
Other events registration	59,547	-	59,547	51,545	-	51,545
In kind donated office space	2,322	-	2,322	12,000	-	12,000
Other, including interest income	3,390	-	3,390	3,930	-	3,930
Total support and revenue	<u>1,526,035</u>	<u>402,227</u>	<u>1,928,262</u>	<u>1,128,160</u>	<u>107,420</u>	<u>1,235,580</u>
RECLASSIFICATIONS:						
Net assets released from restriction upon satisfaction of purpose	70,808	(70,808)	-	53,000	(53,000)	-
EXPENSES:						
Program services:						
Events and gatherings	817,641	-	817,641	413,142	-	413,142
Membership services	61,250	-	61,250	165,425	-	165,425
Resources and training	203,103	-	203,103	42,186	-	42,186
Advocacy and public policy	227,566	-	227,566	218,303	-	218,303
Total program expenses	<u>1,309,560</u>	<u>-</u>	<u>1,309,560</u>	<u>839,056</u>	<u>-</u>	<u>839,056</u>
Supporting services:						
Management and general	298,646	-	298,646	229,898	-	229,898
Fund-raising	145,630	-	145,630	124,620	-	124,620
Total supporting services	<u>444,276</u>	<u>-</u>	<u>444,276</u>	<u>354,518</u>	<u>-</u>	<u>354,518</u>
Total expenses	<u>1,753,836</u>	<u>-</u>	<u>1,753,836</u>	<u>1,193,574</u>	<u>-</u>	<u>1,193,574</u>
Change in Net Assets	(156,993)	331,419	174,426	(12,414)	54,420	42,006
Net Assets, Beginning of Year	(77)	122,420	122,343	12,337	68,000	80,337
Net Assets, End of Year	<u>\$ (157,070)</u>	<u>\$ 453,839</u>	<u>\$ 296,769</u>	<u>\$ (77)</u>	<u>\$ 122,420</u>	<u>\$ 122,343</u>

See notes to consolidated financial statements

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Consolidated Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services					Supporting Services			Total Expenses	2017 Totals
	Events and Gatherings	Membership Services	Resources and Training	Advocacy and Public Policy	Total	Management and General	Fund-raising	Total		
Salaries and wages	\$ 110,345	\$ 19,465	\$ 106,325	\$ 150,999	\$ 387,134	\$ 168,677	\$ 82,392	\$ 251,069	\$ 638,203	\$ 399,741
Payroll taxes	8,086	1,426	7,791	11,065	28,368	12,361	6,038	18,399	46,767	26,425
Employee benefits	6,857	1,210	6,607	9,384	24,058	10,482	5,120	15,602	39,660	18,926
Consulting	4,813	30,000	-	10,187	45,000	18,102	-	18,102	63,102	192,724
AV & stage production:										
Indendent contractors	132,125	-	1,719	120	133,964	79	-	79	134,043	96,514
Rental expense	59,500	-	-	-	59,500	-	-	-	59,500	-
Instructors/speakers fees	27,583	-	8,948	-	36,531	-	-	-	36,531	37,717
Lodging-participant	41,637	-	28,085	1,310	71,032	-	-	-	71,032	22,180
Transportation-participant	21,547	-	5,772	3,406	30,725	2,550	-	2,550	33,275	5,866
Food and beverage	60,635	1,978	4,022	1,903	68,538	1,545	137	1,682	70,220	12,790
Music and arts	27,297	-	750	-	28,047	-	-	-	28,047	20,500
Misc exhibitor booth expense	13,568	-	-	-	13,568	-	-	-	13,568	13,469
Meeting space rental	149,215	-	-	-	149,215	-	-	-	149,215	5,558
Special events	3,747	-	-	160	3,907	485	345	830	4,737	9,675
Course materials, merchandise and giveaways	14,702	-	2,283	144	17,129	-	-	-	17,129	7,734
Childcare	18,216	-	499	1,597	20,312	1,373	-	1,373	21,685	6,000
Miscellaneous program	6,997	-	24	114	7,135	243	-	243	7,378	30,646
Banking service fees	16,219	2,414	6,136	3,106	27,875	341	2,636	2,977	30,852	27,520
Communications:										
Print	30,802	-	1,372	1,513	33,687	657	-	657	34,344	12,384
Independent contractors	19,364	250	4,393	12,261	36,268	12,885	-	12,885	49,153	50,360
Facility expense	4,694	-	-	-	4,694	2,347	2,347	4,694	9,388	21,220
Insurance expense	491	229	473	672	1,865	751	366	1,117	2,982	4,425
Office supplies	5,023	2,345	4,840	6,871	19,079	7,676	3,742	11,418	30,497	25,911
Professional fees	-	-	-	-	-	15,660	-	15,660	15,660	15,846
Travel	31,520	692	10,503	9,118	51,833	38,370	40,527	78,897	130,730	108,532
Board expense	2,658	1,241	2,561	3,636	10,096	4,062	1,980	6,042	16,138	20,911
Total Expenses	\$ 817,641	\$ 61,250	\$ 203,103	\$ 227,566	\$ 1,309,560	\$ 298,646	\$ 145,630	\$ 444,276	\$ 1,753,836	\$ 1,193,574

See notes to consolidated financial statements

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 174,426	\$ 42,006
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Change in:		
Contributions receivable	(350,931)	(35,937)
Accounts receivable	(19,140)	17
Other assets	6,615	(5,615)
Accounts payable	100,469	(17,121)
Accrued wages	4,667	7,896
Deferred revenue	(85,034)	66,034
Net Cash (Used) Provided by Operating Activities	(168,928)	57,280
 CASH FLOWS FROM FINANCING ACTIVITIES		
Draw on line of credit	49,601	-
Net Cash Provided by Financing Activities	49,601	-
 Net Change in Cash and Cash Equivalents	(119,327)	57,280
 Cash and Cash Equivalents, Beginning of Year	182,949	125,669
 Cash and Cash Equivalents, End of Year	\$ 63,622	\$ 182,949

See notes to consolidated financial statements

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

1. NATURE OF ORGANIZATION:

Christian Community Development Association (CCDA) is a nonprofit organization founded to develop a strong fellowship of those involved in Christian community development and encourage new developments through training, education and inspiration. CCDA's primary support comes from grants and registration fees.

CCDA is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable state law, and contributions to the organization are tax deductible within the limitations prescribed by the Code. CCDA has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

In October, 2014, CCDA Flourishing Communities was created to respond to direct ministry opportunities in under resourced communities, acting as a national intermediary for local Christian community development ministries in the areas of community development, temporary relief and other such initiatives that serve to restore these communities. CCDA Flourishing Communities' first ministry opportunity was to provide housing for unaccompanied alien children as a sub-recipient of a grant funding. This organization is exempt from income tax under Section 501(c)(3) of the U.S Code and has not been classified as a private foundation. The organization is wholly owned by CCDA and is included in these consolidated financial statements and all inter-company activity has been eliminated for reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of CCDA are prepared on the accrual basis of accounting. The preparation of 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 reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies followed are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and savings accounts and other depository accounts with maturities of less than one year. At December 31, 2018 and 2017, CCDA's cash balances did not exceed federally insured limits. CCDA does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

CONTRIBUTIONS RECEIVABLE

Unconditional promises-to-give are recognized as income when made and recorded at fair value based upon estimated future cash flows. As of December 31, 2018 and 2017, contributions receivable consisted of grants made to CCDA, with payments made in subsequent years. CCDA expects these receivables to be fully collectible, thus no allowance has been established.

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FIXED ASSETS

Fixed assets in excess of \$1,500 are capitalized at cost, or if donated, at the fair market value on the date of the gift. Repairs and maintenance that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to ten years.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by classes of net assets:

Net assets without donor restrictions are those currently available for ministry purposes under the direction of the Board, and net investment in fixed assets.

Net assets with donor restrictions are those contributed with donor stipulations for specific operating purposes or programs. They are not currently available for use in CCDA's ministries until commitments regarding their use have been fulfilled.

REVENUES AND EXPENSES

Contributions are recognized when made. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, 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 on the consolidated statements of activities as net assets released from restrictions. It is CCDA's policy to report all donor restricted contributions whose restrictions have been met in the reporting period received as unrestricted contributions.

Grants are received from the government, foundations, individuals and churches. Grants are recognized when awarded.

Registration fees and sponsorship revenue are recorded when earned.

CCDA receives some of its future event and program revenue in the current year. This revenue is shown as deferred revenue when received and as conference revenue when earned in the following year. Other income is recorded when earned. All expenses are recorded when incurred in accordance with the accrual basis of accounting.

CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to CCDA. These volunteers have a significant impact on making the ministry effective. However, the value of these services is not reflected in the consolidated financial statements because it does not meet the necessary accounting criteria.

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been allocated on a functional basis, determined by use of the facilities, level of support effort and relative program and supporting ministry benefited. Accordingly, certain costs have been allocated among the program services and supporting activities benefited on the statement of activities. These expenses include primarily salaries and benefits, the allocations of which are based on estimates of time and effort.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board(FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. CCDA adopted the provisions of this new standard in the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources (Note 6) and disclosures related to functional allocation of expenses were expanded (Note 2).

SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 24, 2019, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

3. LINE OF CREDIT:

CCDA entered into a line of credit agreement with a bank in October 2018. Payments of principal and interest are required to be made on the 15th of each month at variable interest rate of prime plus 1.25%. The interest rate at December 31, 2018, was 6.75% and the line of credit expires on October 15, 2028.

4. NET ASSETS WITH DONOR RESTRICTIONS:

CCDA received grants for the years ended December 31, 2018 and 2017, which are designated for future activities. The grants have been recorded as net assets with donor restrictions as follows:

	December 31,	
	2018	2017
Leadership	\$ 325,134	\$ -
Advocacy and training	91,705	107,420
National conference	-	15,000
Other	37,000	-
	<u>\$ 453,839</u>	<u>\$ 122,420</u>

CHRISTIAN COMMUNITY DEVELOPMENT ASSOCIATION

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

5. COMMITMENTS AND CONTINGENCIES:

CCDA signed a contract dated May 8, 2017, with a hotel for hosting the 2019 National Conference scheduled for October 2019. The contract includes net projected revenues to the hotel of \$151,095 and indicates that if CCDA finds it necessary to cancel the National Conference, CCDA would be committed to paying 15% of net projected revenues if cancelled between the date of contract signature (May 31, 2017) and April 6, 2018, 40% of net projected revenues if cancelled between April 7, 2018 and October 6, 2018, 75% of net projected revenues if cancelled between October 7, 2018 and April 6, 2019, and 90% of the net projected revenues if cancelled between April 7, 2019, and arrival date.

6. LIQUIDITY AND FUNDS AVAILABLE:

CCDA regularly monitors the availability of resources required to meet its operating needs, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12 month period, CCDA considers all expenditures related to ongoing operations.

In addition to financial assets available to meet general expenditures over the next 12 months, CCDA operates with a balanced budget and anticipates collecting sufficient contributions to cover general expenditures not covered by donor-restricted resources.

As of December, 2018, the following tables show the total financial assets held by the CCDA and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets:

Cash and cash equivalents	\$ 63,622
Contributions and accounts receivable	441,508
	<hr/> 505,130
Less those unavailable for general expenditures within one year due to timing restrictions	<hr/> (369,660)
Financial assets available to meet cash needs for general expenditures within one year	<hr/> <u>\$ 135,470</u>

As the primary function of CCDA is to host the annual national conference, registration and sponsorship fees provide the primary cash flow during the year, along with donor grants made upon application by CCDA. CCDA also has a line of credit they may use to draw funds to assist with cash flow needs up to \$50,000.

7. FINANCIAL CONDITION:

The deficit in net assets without donor restrictions as of December 31, 2018, is driven primarily by the balance of contributions receivable at year end, which are restricted by both time and purpose. These receivables consist of grants which will be used to further specific activities of CCDA over the next one to three years. The primary source of income without donor restrictions comes from National Conference and other event fees and these serve to pay for the most significant expenses of CCDA related to the National Conference. CCDA is taking steps to continue fundraising efforts and balancing the budget with respect to Conference to ensure sufficient funds available for operating use.