

**CHRISTIAN UNION, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

CHRISTIAN UNION, INC.

JUNE 30, 2015

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# Kelly, Lee & Company L.L.C.

A Certified Public Accounting Firm

Kenneth J. Kelly, CPA  
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Member Firm:  
American Institute of Certified Public Accountants  
New Jersey Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors.  
Christian Union, Inc.  
Princeton, New Jersey

We have audited the accompanying financial statements of Christian Union, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then 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 an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 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 financial statements.

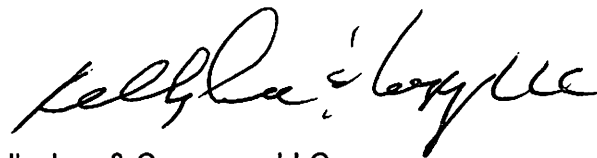
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Union, Inc. as of June 30, 2015 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.

### Report on Summarized Comparative Information

We have previously audited the Christian Union, Inc. June 30, 2014 financial statements and our report dated January 14, 2015 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Kelly, Lee & Company, LLC

Monroe Twp., New Jersey  
February 25, 2016

CHRISTIAN UNION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
<b>Assets:</b>		
Cash and cash equivalents (including \$582,945 and \$627,910 of temporarily restricted cash)	\$ 601,091	\$ 1,205,978
Unconditional promises to give	682	17,135
Other receivables and prepaid expenses	322,528	128,383
Inventory	13,176	13,176
Deposits	22,411	23,026
Other assets	44,494	40,331
Loan costs, net of accumulated amortization	3,936	4,399
Property and equipment, net of accumulated depreciation	<u>2,660,212</u>	<u>2,676,630</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 3,668,530</b></u>	<u><b>\$ 4,109,058</b></u>
 <b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 133,878	\$ 50,017
Loan payable	180,000	180,000
Mortgage payable	358,180	366,152
Security deposits	<u>7,250</u>	<u>6,250</u>
<b>TOTAL LIABILITIES</b>	<u><b>679,308</b></u>	<u><b>602,419</b></u>
 <b>Net Assets:</b>		
Unrestricted	2,406,277	2,878,729
Temporarily restricted	<u>582,945</u>	<u>627,910</u>
<b>TOTAL NET ASSETS</b>	<u><b>2,989,222</b></u>	<u><b>3,506,639</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 3,668,530</b></u>	<u><b>\$ 4,109,058</b></u>

See auditors' report and accompanying notes to financial statements

CHRISTIAN UNION, INC.  
 STATEMENTS OF ACTIVITIES  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/2015</u>	<u>Total 6/30/2014</u>
Revenue and Other Support:				
Contributions	\$ 7,264,103	\$ 1,113,853	\$ 8,377,956	\$ 7,734,981
Sales	-	-	-	666
Events Income	90,085	-	90,085	51,580
Interest, Dividend and Miscellaneous income	6,445	-	6,445	5,048
Net assets released from temporary restrictions	<u>1,158,818</u>	<u>(1,158,818)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>8,519,451</u>	<u>(44,965)</u>	<u>\$8,474,486</u>	<u>7,792,275</u>
Expenses:				
Cost of goods sold	-	-	-	1,111
Program services	7,140,880	-	7,140,880	5,877,250
Fundraising and development	1,306,082	-	1,306,082	1,064,110
General and administrative	<u>544,941</u>	<u>-</u>	<u>544,941</u>	<u>747,290</u>
Total Expenses	<u>8,991,903</u>	<u>-</u>	<u>8,991,903</u>	<u>7,689,761</u>
Change in Net Assets	(472,452)	(44,965)	(517,417)	102,514
Net Assets – Beginning	<u>2,878,729</u>	<u>627,910</u>	<u>3,506,639</u>	<u>3,404,125</u>
Net Assets – Ending	<u>\$ 2,406,277</u>	<u>\$ 582,945</u>	<u>\$ 2,989,222</u>	<u>\$ 3,506,639</u>

See auditors' report and accompanying notes to financial statements

CHRISTIAN UNION, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributors	\$ 8,394,409	\$ 8,071,451
Cash received from sales	-	666
Cash received from events	90,085	51,580
Cash paid for supplies, services and payroll	(8,949,371)	(7,625,149)
Interest expense	(22,765)	(11,573)
Interest, Dividend and Miscellaneous income	<u>6,445</u>	<u>6,767</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(481,197)</u>	<u>493,742</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(115,718)</u>	<u>(950,995)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(115,718)</u>	<u>(950,995)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings - loan payable	-	180,000
Proceeds from borrowings - mortgage payable	-	370,000
Loan costs	-	(4,630)
Repayment of debt - mortgage payable	<u>(7,972)</u>	<u>(3,848)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(7,972)</u>	<u>541,522</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(604,887)	84,269
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,205,978</u>	<u>1,121,709</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 601,091</u>	<u>\$ 1,205,978</u>

See auditors' report and accompanying notes to financial statements



CHRISTIAN UNION, INC.  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (517,417)	\$ 102,514
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	129,365	109,853
Amortization	463	231
Loss on sale of property and equipment	2,771	1,719
Changes in Assets and Liabilities:		
(Increase) decrease in unconditional promises to give	16,453	336,470
(Increase) decrease in other receivables and prepaid expenses	(194,145)	(42,734)
(Increase) decrease in Inventory	-	25,602
(Increase) decrease in deposits	615	(9,570)
(Increase) decrease in other assets	(4,163)	(40,331)
Increase (decrease) in accounts payable and accrued expenses	83,861	4,288
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in security deposits	<u>1,000</u>	<u>5,700</u>
TOTAL ADJUSTMENTS	<u>36,220</u>	<u>391,228</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (481,197)</u>	<u>\$ 493,742</u>

See auditors' report and accompanying notes to financial statements



CHRISTIAN UNION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

(1) NATURE OF ORGANIZATION AND TAX STATUS

Christian Union, Inc. is a non-profit Christian ministry founded in 2002 to transform our nation and world by developing and connecting bold Christian leaders. Christian Union focuses energy toward developing Christian leaders at eight universities and select cities because of their extraordinary influence on our culture and society. The universities are: Brown, Columbia, Cornell, Dartmouth, Harvard, Penn, Princeton, and Yale.

Christian Union, Inc. has received a letter of determination from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Contributions consist of outright cash gifts received by Christian Union, Inc. during the fiscal year and unconditional promises to give (over current and future years) made throughout the year. Unconditional promises to give are recorded at the time of the contribution. Cash collection of the pledge may or may not have occurred during the year.

b. PROPERTY AND EQUIPMENT

The cost of property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets. When equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in earnings. Expenditures for maintenance, repairs and improvements which do not materially extend the useful lives of the assets are charged to earnings. The major asset category and estimated useful lives are as follows:

<u>Assets</u>	<u>Life</u>
Computers, furniture and equipment	3 – 5 years
Building and improvements	40 years

c. CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, Christian Union, Inc. considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

d. INVENTORY

Inventory is stated at cost and consists of CD's and DVD's held for resale. As of June 30, 2014, the organization no longer holds books for resale. Books are currently included within other assets. The organization plans to donate or sell all books during the next fiscal year. Previously, book inventory was stated at cost.

CHRISTIAN UNION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. ALLOCATION OF EXPENSES

Expenses that can be identified as related directly to each individual program are classified in that program. Other expenses are allocated among programs according to management's estimate of the related costs associated with the programs.

f. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g. COMPENSATED ABSENCES

Christian Union, Inc. has not recognized a liability for compensated absences. Compensated absences occur when employees are entitled to paid vacations, sick days and other time off depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. Christian Union, Inc's policy is to recognize the costs of compensated absences when paid to employees.

h. RECLASSIFICATION

Certain amounts in the prior year financial statements may have been reclassified for comparative purposes to conform to presentation in the current year financial statements.

i. PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Christian Union Inc's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

(3) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2015 and 2014 respectively:

	<u>2015</u>	<u>2014</u>
Ministry Partnerships	\$ 219,752	\$ 127,910
Time Restrictions	<u>363,193</u>	<u>500,000</u>
Total	<u>\$ 582,945</u>	<u>\$ 627,910</u>

CHRISTIAN UNION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

(4) NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS

Net assets were released from temporary restrictions in the amount of \$1,158,818 and \$1,363,894 throughout the years ended June 30, 2015 and 2014. These assets were utilized for various programs in accordance with donor restrictions.

(5) PROPERTY AND EQUIPMENT

	<u>2015</u>	<u>2014</u>
- Computers, furniture and equipment	\$ 341,151	\$ 319,579
- Building and improvements	2,456,130	2,412,498
- Land	<u>525,370</u>	<u>525,370</u>
	3,322,651	3,257,447
- Less: accumulated depreciation	<u>(662,439)</u>	<u>(580,817)</u>
	<u>\$ 2,660,212</u>	<u>\$ 2,676,630</u>

Depreciation expense for the years ending June 30, 2015 and 2014 was \$129,365 and \$109,853, respectively.

(6) LONG TERM DEBT

	<u>6/30/2015</u>	<u>6/30/2014</u>
Mortgage to bank, payable in 120 installments of \$2,144, including interest at 4.89%, remaining outstanding balance due December 2023, secured by real estate.	\$ 358,180	\$ 366,152
Loan payable to individual, interest only at 2%, principal due December 2018, secured by real estate.	<u>180,000</u>	<u>180,000</u>
	<u>\$ 538,180</u>	<u>\$ 546,152</u>

The aggregate amount of long-term debt maturing over the next five years as of June 30, 2015 is as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2016	\$ 8,383
June 30, 2017	8,802
June 30, 2018	9,243
June 30, 2019	189,705
June 30, 2020	10,191
Thereafter	<u>311,856</u>
	<u>\$ 538,180</u>

CHRISTIAN UNION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

(7) CONTRIBUTED SERVICES AND FACILITIES

Volunteers make significant contributions of their time to develop Christian Union, Inc's programs, activities and fund-raising. The value of the volunteer's contributed time, as well as the value of donated materials and other non-monetary items provided for Christian Union, Inc's activities, is not reflected in the accompanying financial statements since they are not susceptible to an objective measurement of valuation.

(8) ECONOMIC DEPENDENCY

Christian Union, Inc. relies primarily on gifts from a small number of benefactors. It is unlikely Christian Union, Inc. could continue without these continued contributions.

(9) CONCENTRATION OF CREDIT RISK

Christian Union, Inc. maintains several bank accounts. Accounts at banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash is also maintained in non federally insured accounts. The uninsured amount totaled \$333,058 as of June 30, 2015. Of this amount, \$500,000 is insured by the Securities Investment Protection Corp. (SIPC). Christian Union, Inc. maintains its cash with high quality financial institutions, which Christian Union, Inc. believes limits these risks.

(10) RETIREMENT PLAN

Effective March 20, 2006, Christian Union, Inc. established a voluntary employee payroll reduction plan. All employees, 21 years and older are eligible to participate. Each year, Christian Union, Inc. may make discretionary contributions. Contributions made for the years ending June 30, 2015 and 2014 were \$80,433 and \$57,318, respectively.

(11) RELATED PARTY TRANSACTION

Effective June 5, 2009 Christian Union, Inc. received an unrestricted contribution of a 100 % interest in the single member Limited Liability Company RI Real Estate Investments, LLC. The entity's sole asset is a building in Providence, Rhode Island. The financial results of RI Real Estate Investments, LLC have been combined with those of Christian Union, Inc. in the accompanying financial statements, with significant balances and transactions between the two entities eliminated. The entity has been recorded as property and equipment at fair market value.

Effective December 21, 2009 Christian Union, Inc. received an unrestricted contribution of a 100% interest in the single member Limited Liability Company Ithaca Investments, LLC. The entity's sole asset is a building in Ithaca, New York. The financial results of Ithaca Investments, LLC have been combined with those of Christian Union, Inc., in the accompanying financial statements with significant balances and transactions between the two entities eliminated. The entity has been recorded as property and equipment at fair market value.

Effective December 20, 2013, Christian Union, Inc. purchased a building through the single member Limited Liability Company 31 Whitney, LLC. The entity's sole asset is the building in New Haven, CT. The financial results of 31 Whitney, LLC have been combined with those of Christian Union, Inc. in the accompanying financial statements with significant balances and transactions between the two entities eliminated. The entity has been recorded at cost.

CHRISTIAN UNION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

(12) COMMITMENTS

Christian Union, Inc. leases property in Connecticut, Massachusetts, New Hampshire, New York, and Pennsylvania, with various expiration dates. Future minimum lease payments under the non-cancelable operating leases as of June 30, 2015 are as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2016	\$ 127,288
June 30, 2017	34,236
June 30, 2018	26,636
June 30, 2019	6,659
June 30, 2020	-
Thereafter	<u>-</u>
Total:	<u>\$ 194,819</u>

Total rent expense for occupancy for the years ending June 30, 2015 and 2014 were \$172,190 and \$181,133, respectively.

(13) SUBSEQUENT EVENTS

Management has evaluated events through February 25, 2016, the date the financial statements were available to be issued.