

CHRISTIAN UNION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2017

CHRISTIAN UNION, INC.

JUNE 30, 2017

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Kelly, Lee & Company L.L.C.

A Certified Public Accounting Firm

Kenneth J. Kelly, CPA
Robert E. Lee, CPA

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, 2017, 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.

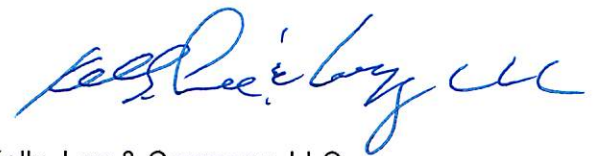
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 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, 2016 financial statements and our report dated November 3, 2016 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, 2016 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
November 15, 2017

CHRISTIAN UNION, INC.
 STATEMENTS OF FINANCIAL POSITION
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>6/30/2017</u>	<u>6/30/2016</u>
Assets:		
Cash and cash equivalents (including \$1,084,737 and \$2,350,415 of temporarily restricted cash)	\$ 3,539,543	\$ 3,161,120
Unconditional promises to give	47,688	9,120
Other receivables and prepaid expenses	180,592	94,405
Deposits	51,193	209,195
Other assets	37,107	57,670
Loan costs, net of accumulated amortization	3,010	3,473
Property and equipment, net of accumulated depreciation	<u>4,734,870</u>	<u>2,584,058</u>
TOTAL ASSETS	<u>\$ 8,594,003</u>	<u>\$ 6,119,041</u>
 Liabilities:		
Accounts payable and accrued expenses	\$ 106,836	\$ 80,036
Loan payable	180,000	180,000
Mortgage payable	315,361	349,897
Security deposits	<u>1,850</u>	<u>6,350</u>
TOTAL LIABILITIES	<u>604,047</u>	<u>616,283</u>
 Net Assets:		
Unrestricted	6,905,219	3,152,343
Temporarily restricted	<u>1,084,737</u>	<u>2,350,415</u>
TOTAL NET ASSETS	<u>7,989,956</u>	<u>5,502,758</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,594,003</u>	 <u>\$ 6,119,041</u>

See auditors' report and accompanying notes to financial statements



CHRISTIAN UNION, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/2017</u>	<u>Total 6/30/2016</u>
Revenue and Other Support:				
Contributions	\$ 11,430,835	\$ 1,980,682	\$ 13,411,517	\$ 12,052,659
Events Income	92,940		92,940	156,855
Interest, Dividend and Miscellaneous income	9,260	-	9,260	5,413
Net assets released from temporary restrictions	<u>3,246,360</u>	<u>(3,246,360)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>14,779,395</u>	<u>(1,265,678)</u>	<u>\$13,513,717</u>	<u>12,214,927</u>
Expenses:				
Program services	8,561,830	-	8,561,830	7,524,809
Fundraising and development	1,654,903	-	1,654,903	1,632,026
General and administrative	<u>809,786</u>	<u>-</u>	<u>809,786</u>	<u>544,556</u>
Total Expenses	<u>11,026,519</u>	<u>-</u>	<u>11,026,519</u>	<u>9,701,391</u>
Change in Net Assets	3,752,876	(1,265,678)	2,487,198	2,513,536
Net Assets – Beginning	<u>3,152,343</u>	<u>2,350,415</u>	<u>5,502,758</u>	<u>2,989,222</u>
Net Assets – Ending	<u>\$ 6,905,219</u>	<u>\$ 1,084,737</u>	<u>\$ 7,989,956</u>	<u>\$ 5,502,758</u>

See auditors' report and accompanying notes to financial statements



CHRISTIAN UNION, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>6/30/2017</u>	<u>6/30/2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	\$ 13,372,949	\$ 12,044,221
Cash received from events	92,940	156,855
Cash paid for supplies, services and payroll	(10,917,062)	(9,586,304)
Interest expense	(19,788)	(21,042)
Interest, Dividend and Miscellaneous income	<u>9,260</u>	<u>5,413</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,538,299</u>	<u>2,599,143</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(2,125,340)</u>	<u>(30,831)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,125,340)</u>	<u>(30,831)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of debt - mortgage payable	<u>(34,536)</u>	<u>(8,283)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(34,536)</u>	<u>(8,283)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	378,423	2,560,029
CASH AND CASH EQUIVALENTS, Beginning of year	<u>3,161,120</u>	<u>601,091</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 3,539,543</u>	<u>\$ 3,161,120</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, 2017 AND 2016

	<u>6/30/2017</u>	<u>6/30/2016</u>
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	<u>\$ 2,487,198</u>	<u>\$ 2,513,536</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	150,316	105,633
Amortization	463	463
Loss on disposal of property and equipment	1,301	1,352
Changes in Assets and Liabilities:		
(Increase) decrease in unconditional promises to give	(38,568)	(8,438)
(Increase) decrease in other receivables and prepaid expenses	(86,187)	228,123
(Increase) decrease in deposits	(19,087)	(186,784)
(Increase) decrease in other assets	20,563	-
Increase (decrease) in accounts payable and accrued expenses	26,800	(53,842)
Increase (decrease) in security deposits	(4,500)	(900)
TOTAL ADJUSTMENTS	<u>51,101</u>	<u>85,607</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,538,299</u>	<u>\$ 2,599,143</u>

SUPPLEMENTAL DISCLOSURES

Schedule of Noncash Investing and Financing Transactions

Deposit applied during purchase of building	<u>\$177,089</u>
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See auditors' report and accompanying notes to financial statements



CHRISTIAN UNION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(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 nine universities and select cities because of their extraordinary influence on our culture and society. The universities are: Brown, Columbia, Cornell, Dartmouth, Harvard, Penn, Princeton, Stanford, 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. 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.

CHRISTIAN UNION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. 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.

f. 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.

g. 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.

h. COMPARATIVE DATA

The amounts shown for the year ended June 30, 2016 in the accompanying financial statements are included to provide a basis for comparison with June 30, 2017 and present summarized totals only. Accordingly, the June 30, 2016 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with Christian Union's financial statements for the year ended June 30, 2016, 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, 2017 and 2016 respectively:

	<u>2017</u>	<u>2016</u>
Capital Projects	\$ 647,367	\$ 900,000
Princeton Ministry Center	0	1,145,541
Columbia Ministry Center	25,000	0
Ministry Partnerships	380,870	273,374
Time Restrictions	<u>31,500</u>	<u>31,500</u>
Total	<u>\$ 1,084,737</u>	<u>\$ 2,350,415</u>

(4) NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS

Net assets were released from temporary restrictions in the amount of \$3,261,360 and \$1,276,985 throughout the years ended June 30, 2017 and 2016. These assets were utilized for various programs in accordance with donor restrictions.

CHRISTIAN UNION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(5)	DEPOSITS	<u>6/30/2017</u>	<u>6/30/2016</u>
	Lease Deposits	\$ 25,855	\$ 32,106
	Bond and Real Estate Deposits	<u>25,338</u>	<u>177,089</u>
		<u>\$ 51,193</u>	<u>\$ 209,195</u>

(6)	PROPERTY AND EQUIPMENT	<u>6/30/2017</u>	<u>6/30/2016</u>
	Computers, furniture and equipment	\$ 449,315	\$ 359,086
	Building and improvements	4,251,299	2,456,130
	Land	<u>921,387</u>	<u>525,370</u>
		5,622,001	3,340,586
	Less: accumulated depreciation	<u>(887,131)</u>	<u>(756,528)</u>
		<u>\$4,734,870</u>	<u>\$2,584,058</u>

Depreciation expense for the years ending June 30, 2017 and 2016 was \$150,316 and \$105,633, respectively.

(7)	LONG TERM DEBT	<u>6/30/2017</u>	<u>6/30/2016</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.	\$ 315,361	\$ 349,897
	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>\$ 495,361</u>	<u>\$ 529,897</u>

The aggregate amount of long-term debt maturing over the next five years as of June 30, 2017 is as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2018	\$ 10,537
June 30, 2019	191,064
June 30, 2020	11,617
June 30, 2021	12,198
June 30, 2022	12,808
Thereafter	<u>257,137</u>
	<u>\$ 495,361</u>

- (8) 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 volunteers' 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.

CHRISTIAN UNION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(9) 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. Christian Union, Inc. has implemented a multi-year fundraising plan focused on broadening its base of donors.

(10) 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. The amount in excess of this insured amount at June 30, 2017 was \$117,703. Cash is also maintained in non federally insured accounts. The non-federally insured amount totaled \$3,277,088 as of June 30, 2017. 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.

(11) RETIREMENT PLAN

Effective March 20, 2006, Christian Union, Inc. established a voluntary employee payroll reduction plan. All employees working a minimum of 20 hours per week are eligible to participate. Each year, Christian Union, Inc. may make discretionary contributions. Contributions made for the years ending June 30, 2017 and 2016 were \$98,486 and \$85,794, respectively.

(12) 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, 2017

(13) COMMITMENTS

Christian Union, Inc. leases property in 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, 2017 are as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2018	\$ 116,378
June 30, 2019	19,704
June 30, 2020	0
June 30, 2021	0
June 30, 2022	0
Thereafter	<u>0</u>
Total:	<u>\$ 136,082</u>

Total rent expense for occupancy for the years ending June 30, 2017 and 2016 were \$215,877 and \$178,561, respectively.

(14) SUBSEQUENT EVENTS

Management has evaluated events through November 15, 2017, the date the financial statements were available to be issued.