

**CHRISTIAN UNION, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

CHRISTIAN UNION, INC.

JUNE 30, 2014

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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, 2014, 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.

Christian Union, Inc.  
June 30, 2014  
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## 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, 2014 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, 2013 financial statements and our report dated October 16, 2013 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, 2013 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  
January 14, 2015

CHRISTIAN UNION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	<u>6/30/2014</u>	<u>6/30/2013</u>
<b>Assets:</b>		
Cash and cash equivalents (including \$627,910 and \$679,085 of temporarily restricted cash)	\$ 1,205,978	\$ 1,121,709
Unconditional promises to give	17,135	353,605
Other receivables and prepaid expenses	128,383	85,649
Inventory	13,176	38,778
Deposits	23,026	13,456
Other assets	40,331	-
Loan costs, net of accumulated amortization	4,399	-
Property and equipment, net of accumulated depreciation	<u>2,676,630</u>	<u>1,837,207</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,109,058</u></b>	<b><u>\$ 3,450,404</u></b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 50,017	\$ 45,729
Loan payable	180,000	-
Mortgage payable	366,152	-
Security deposits	<u>6,250</u>	<u>550</u>
<b>TOTAL LIABILITIES</b>	<b><u>602,419</u></b>	<b><u>46,279</u></b>
<b>Net Assets:</b>		
Unrestricted	2,878,729	2,725,040
Temporarily restricted	<u>627,910</u>	<u>679,085</u>
<b>TOTAL NET ASSETS</b>	<b><u>3,506,639</u></b>	<b><u>3,404,125</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,109,058</u></b>	<b><u>\$ 3,450,404</u></b>

See auditors' report and accompanying notes to financial statements



CHRISTIAN UNION, INC.  
 STATEMENTS OF ACTIVITIES  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/2014</u>	<u>Total 6/30/2013</u>
<b>Revenue and Other Support:</b>				
Contributions	\$ 6,422,262	\$ 1,312,719	\$ 7,734,981	\$ 5,830,520
Sales	666	-	666	1,471
Events Income	51,580	-	51,580	43,403
Interest, Dividend and Miscellaneous income	5,048	-	5,048	(1,023)
Net assets released from temporary restrictions	<u>1,363,894</u>	<u>(1,363,894)</u>	<u>-</u>	<u>-</u>
<b>Total Revenue and Other Support</b>	<u><b>7,843,450</b></u>	<u><b>(51,175)</b></u>	<u><b>\$7,792,275</b></u>	<u><b>5,874,371</b></u>
<b>Expenses:</b>				
Cost of goods sold	1,111	-	1,111	2,383
Program services	5,877,250	-	5,877,250	4,096,191
Fundraising and development	1,064,110	-	1,064,110	844,352
General and administrative	<u>747,290</u>	<u>-</u>	<u>747,290</u>	<u>589,778</u>
<b>Total Expenses</b>	<u><b>7,689,761</b></u>	<u><b>-</b></u>	<u><b>7,689,761</b></u>	<u><b>5,532,704</b></u>
Change in Net Assets	153,689	(51,175)	102,514	341,667
Net Assets – Beginning	<u>2,725,040</u>	<u>679,085</u>	<u>3,404,125</u>	<u>3,062,458</u>
Net Assets – Ending	<u><b>\$ 2,878,729</b></u>	<u><b>\$ 627,910</b></u>	<u><b>\$ 3,506,639</b></u>	<u><b>\$ 3,404,125</b></u>

See auditors' report and accompanying notes to financial statements



**CHRISTIAN UNION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>6/30/2014</u>	<u>6/30/2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributors	\$ 8,071,451	\$ 5,183,512
Cash received from sales	666	1,471
Cash received from events	51,580	43,403
Cash paid for supplies, services and payroll	(7,625,149)	(5,364,952)
Interest expense	(11,573)	-
Interest, Dividend and Miscellaneous income	<u>6,767</u>	<u>(1,023)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>493,742</u>	<u>(137,589)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(950,995)</u>	<u>(110,319)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(950,995)</u>	<u>(110,319)</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>(3,848)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>541,522</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84,269	(247,908)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,121,709</u>	<u>1,369,617</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,205,978</u>	<u>\$ 1,121,709</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, 2014 AND 2013

	<u>6/30/2014</u>	<u>6/30/2013</u>
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	<u>\$ 102,514</u>	<u>\$ 341,667</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	109,853	87,125
Amortization	231	-
Loss on sale of property and equipment	1,719	-
Changes in Assets and Liabilities:		
(Increase) decrease in unconditional promises to give	336,470	(353,605)
(Increase) decrease in other receivables and prepaid expenses	(42,734)	32,131
(Increase) decrease in Inventory	25,602	926
(Increase) decrease in deposits	(9,570)	3,964
(Increase) decrease in other assets	(40,331)	-
Increase (decrease) in accounts payable and accrued expenses	4,288	1,303
Increase (decrease) in deferred revenue	-	(250,000)
Increase (decrease) in security deposits	5,700	(1,100)
TOTAL ADJUSTMENTS	<u>391,228</u>	<u>(479,256)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 493,742</u>	<u>\$ (137,589)</u>

See auditors' report and accompanying notes to financial statements



CHRISTIAN UNION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(1) NATURE OF ORGANIZATION AND TAX STATUS

Christian Union, Inc. is a non-profit Christian ministry dedicated to advancing the kingdom of Jesus Christ in the Ivy League, which is comprised of Brown, Columbia, Cornell, Dartmouth, Harvard, Princeton, University of Pennsylvania and Yale. The ministry focuses on students, parents of students, university staff and faculty, alumni and people in the surrounding community. Their mission is to bring sweeping spiritual change and vitality to these university communities.

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, 2014

(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 with 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, 2013, 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, 2014 and 2013 respectively:

	<u>2014</u>	<u>2013</u>
Ministry Partnerships	\$ 127,910	\$ 179,085
Time Restrictions	500,000	500,000
Total	<u>\$ 627,910</u>	<u>\$ 679,085</u>



CHRISTIAN UNION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2014

(4) NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS

Net assets were released from temporary restrictions in the amount of \$1,363,894 and \$757,137 throughout the years ended June 30, 2014 and 2013. These assets were utilized for various programs in accordance with donor restrictions.

(5) PROPERTY AND EQUIPMENT

	<u>2014</u>	<u>2013</u>
- Computers, furniture and equipment	\$ 319,579	\$ 274,642
- Building and improvements	2,412,498	1,691,417
- Land	<u>525,370</u>	<u>356,265</u>
	3,257,447	2,322,324
- Less: accumulated depreciation	<u>(580,817)</u>	<u>(485,117)</u>
	<u>\$ 2,676,630</u>	<u>\$ 1,837,207</u>

Depreciation expense for the years ending June 30, 2014 and 2013 was \$109,853 and \$87,125, respectively.

(6) LONG TERM DEBT

	<u>6/30/2014</u>	<u>6/30/2013</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.	\$ 366,152	\$ 0
Loan payable to individual, interest only at 2%, principal due December 2018, secured by real estate.	<u>180,000</u>	<u>0</u>
	<u>\$ 546,152</u>	<u>\$ 0</u>

The aggregate amount of long-term debt maturing over the next five years as of June 30, 2014 is as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2015	\$ 7,983
June 30, 2016	8,383
June 30, 2017	8,802
June 30, 2018	9,243
June 30, 2019	189,705
Thereafter	<u>322,036</u>
	<u>\$ 546,152</u>



CHRISTIAN UNION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(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 \$981,921 as of June 30, 2014. 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, 2014 and 2013 were \$57,318 and \$17,415, 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, 2014

(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, 2014 are as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2015	\$ 111,370
June 30, 2016	9,021
June 30, 2017	-
June 30, 2018	-
June 30, 2019	-
Thereafter	-
Total:	<u>\$ 120,391</u>

Total rent expense for occupancy for the years ending June 30, 2014 and 2013 were \$181,133 and \$188,608, respectively.

(13) **SUBSEQUENT EVENTS**

Management has evaluated events through January 14, 2015, the date the financial statements were available to be issued.