

CHRISTIAN UNION, INC.
Financial Statements
For the Year Ended June 30, 2011

CHRISTIAN UNION, INC.
Financial Statements
For the Year Ended June 30, 2011

Table of Contents

Independent Auditors' Report	2
Financial Statements	
<i>Statement of Financial Position</i>	3
<i>Statement of Activities</i>	4
<i>Statement of Cash Flow</i>	5
Notes to the Financial Statements	7 - 9

LEAVER & GONZALEZ, CPA's
Certified Public Accountants & Business Advisors, LLC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
CHRISTIAN UNION, INC.
240 Nassau Street
Princeton, NJ 08542

We have audited the accompanying statement of financial position of **CHRISTIAN UNION, INC.** (a non-profit corporation) as of June 30, 2011, and the related statements of activities, functional expense and cash flow for the year then ended. These financial statements are the responsibility of the **CHRISTIAN UNION, INC.**'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Basking Ridge, New Jersey
October 10, 2011

CHRISTIAN UNION, INC.
Statement of Financial Position
June 30, 2011

	<u>2011</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 885,591
Inventory	39,316
Other receivables and prepaid expenses	<u>86,945</u>
Total current assets	1,011,852
Property and equipment	
Computers, furniture and equipment	198,093
Building	1,454,158
Land	313,277
Less: accumulated depreciation	<u>(343,302)</u>
Total property and equipment	1,622,226
Deposits	<u>14,345</u>
TOTAL ASSETS	<u>\$ 2,648,423</u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable and accrued expenses	<u>\$ 18,201</u>
Total current liabilities	18,201
Mortgage payable	533,471
Security deposits	<u>1,450</u>
Total liabilities	<u>553,122</u>
Net assets	
Unrestricted	1,413,019
Temporarily restricted	<u>682,282</u>
Total net assets	<u>2,095,301</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,648,423</u>

See notes to the financial statements

CHRISTIAN UNION, INC.

Statement of Activities

June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>
Revenue and other support			
Contributions	\$ 2,662,257	\$ 656,138	\$ 3,318,395
Sales	3,575	-	3,575
Investment and other income	2,658	-	2,658
Net assets released from temporary restriction	623,616	(623,616)	-
Total revenue and other support	<u>3,292,106</u>	<u>32,522</u>	<u>3,324,628</u>
Expenses			
Cost of goods sold	5,726	-	5,726
Program services	2,887,123	-	2,887,123
Fundraising and development	512,565	-	512,565
General and administrative	124,599	-	124,599
Total expenses	<u>3,530,013</u>	<u>-</u>	<u>3,530,013</u>
Change in net assets	(237,907)	32,522	(205,385)
Net assets at beginning of year	<u>1,650,926</u>	<u>649,760</u>	<u>2,300,686</u>
Net assets at end of year	<u>\$ 1,413,019</u>	<u>\$ 682,282</u>	<u>\$ 2,095,301</u>

See notes to the financial statements

CHRISTIAN UNION, INC.

Statement of Cash Flows

June 30, 2011

	<u>2011</u>
Cash flows from operating activities:	
Change in net assets	\$ (205,385)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	62,397
Loss on disposal of equipment	276
Changes in operating assets and liabilities	
Inventory	(146)
Other receivables and prepaid expenses	(57,415)
Deposits	(12,245)
Accounts payable and accrued expenses	(1,520)
Imputed interest on mortgages payable	16,820
Security deposit	302
Cash used in operating activities	<u>(196,916)</u>
Cash flows from investing activities	
Capital expenditures	<u>(59,609)</u>
Cash used in investing activities	(59,609)
Net decrease in cash and cash equivalents	(256,525)
Cash and cash equivalents at beginning of year	<u>1,142,116</u>
Cash and cash equivalents at end of year	<u>\$ 885,591</u>

See notes to the financial statements

CHRISTIAN UNION, INC.
Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Christian Union, Inc. has adopted SFAS No. 116 "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No.116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor's restrictions. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time or purpose of restriction.

Cash and Cash Equivalents

Christian Union, Inc. considers all highly liquid debt instruments with maturity of three months or less from the date of purchase to be cash equivalents.

Basis of Accounting

The financial statements of **Christian Union, Inc.** are prepared on the accrual basis of accounting.

Inventory

Inventory is stated at cost and consists of books held for resale.

Property and Equipment

Property and equipment is carried at cost. Donated property and/or equipment is capitalized at its fair market value at the date of receipt. Depreciation is computed by the straight-line method over the estimated useful lives of 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. Repairs and maintenance which do not extend the useful life of the related assets are expensed as incurred.

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

CHRISTIAN UNION, INC.
Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Public Support and Revenue

Contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded at the time of contribution. Cash collection of the pledge may or may not occur during the year.

Grants and other contributions of cash and other assets are reported as temporarily 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from temporary restriction.

Contributions of donated noncash assets are recorded at their fair values in the period received as unrestricted revenue.

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.

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.

NOTE 2 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2011

	2011
Ministry partnerships	\$ 159,253
Time restrictions	523,029
	<u>\$ 682,282</u>

Net assets were released from temporary restrictions in the amount of \$623,616 throughout the year ended June 30, 2011. These assets were utilized for various programs in accordance with donor restrictions.

CHRISTIAN UNION, INC.
Notes to the Financial Statements

NOTE 3 MORTGAGES PAYABLE

Mortgage payable, interest only at 7.5% through October 1, 2012, secured by real property, due October 1, 2012. \$ 300,000

Mortgage payable, stated interest 0%, imputed interest 7.5%, secured by real property, \$256,500 payable when due October 3, 2012. 233,471

\$ 533,471

The aggregate amount of mortgages maturing over the next five years as of June 30, 2011 is as follows:

June 30, 2012	\$ -
June 30, 2013	556,500
June 30, 2014	-
June 30, 2015	-
June 30, 2016	-
	<u>\$ 556,500</u>

NOTE 4 CONTRIBUTED SERVICES AND FACILITIES

Volunteers make significant contributions of their time to develop **Christian Union, Inc.**'s programs, activities and fundraising. 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.

NOTE 5 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.

NOTE 6 CONCENTRATION OF CREDIT RISK

At various times during the year, **Christian Union, Inc.** had deposits in institutions in excess of the federally insured limits. **Christian Union, Inc.** maintains its cash with high-quality financial institutions, which **Christian Union, Inc.** believes limits these risks.

NOTE 7 RETIREMENT PLAN

Effective March 20, 2006, **Christian Union, Inc.** established a voluntary employee payroll deduction plan. All employees, 21 years and older, are eligible to participate. Each year, **Christian Union, Inc.** may make a discretionary contribution to the plan of up to 3% of each participant's compensation. During the year ended June 30, 2011 **Christian Union, Inc.** elected to not make a matching contribution to the plan.

CHRISTIAN UNION, INC.

Notes to the Financial Statements

NOTE 8 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 its fair market value of \$550,000 net of allowable depreciation.

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 its fair market value of \$440,000 net of allowable depreciation. Net values of leasehold improvements previously made to the property are included with the amount.

NOTE 9 COMMITMENTS

Christian Union, Inc. leases property in Connecticut, Massachusetts, New Jersey, and New York with expiration dates ranging from February 28, 2012 through August 31, 2012. Future minimum lease payments under the non-cancelable operating leases as of June 30, 2011 are as follows:

June 30, 2012	\$	81,400
June 30, 2013		3,200
June 30, 2014		-
June 30, 2015		-
June 30, 2016		-
		<hr/>
	\$	<u>84,600</u>

Total rent expense for occupancy for the year ended June 30, 2011 was \$89,268.

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated events through October 21, 2011, the date the financial statements were available to be issued.