



Financial Statements

Years ended June 30, 2017 and 2016

**STANWICH CONGREGATIONAL CHURCH
of Greenwich, CT**

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Years ended June 30, 2017 and 2016

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Independent Auditor's Report

To the Board of Elders
Stanwich Congregational Church

We have audited the accompanying financial statements of *Stanwich Congregational Church*, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years 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 of 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Stanwich Congregational Church* as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



September 30, 2017

STANWICH CONGREGATIONAL CHURCH

Statements of Financial Position

June 30, 2017 and 2016

<i>Assets</i>	<u>2017</u>	<u>2016</u>
Cash and equivalents	\$ 529,352	701,671
Investments	1,081,836	936,550
Pledges and other receivables	227,738	381,141
Prepaid expenses and other assets	43,182	62,360
Land, buildings and equipment:		
Land	6,486,000	6,486,000
Buildings and improvements	13,351,140	13,351,140
Computers, furniture and equipment	324,532	324,532
	<u>20,161,672</u>	<u>20,161,672</u>
Less accumulated depreciation and amortization	<u>2,896,484</u>	<u>2,619,198</u>
Land, buildings and equipment, net	<u>17,265,188</u>	<u>17,542,474</u>
	<u>\$ 19,147,296</u>	<u>19,624,196</u>
 <i>Liabilities and Net Assets</i> 		
Note payable to bank	\$ 196,330	617,500
Accounts payable and accrued expenses	57,686	27,371
Deferred revenue	<u>36,165</u>	<u>31,285</u>
Total liabilities	<u>290,181</u>	<u>676,156</u>
Net assets:		
Unrestricted:		
Designated for land, buildings and equipment	17,265,188	17,542,474
Undesignated	700,898	558,213
Designated for church purposes	<u>107,509</u>	<u>133,525</u>
Total unrestricted net assets	18,073,595	18,234,212
Temporarily restricted	<u>783,520</u>	<u>713,828</u>
Total net assets	<u>18,857,115</u>	<u>18,948,040</u>
	<u>\$ 19,147,296</u>	<u>19,624,196</u>

See accompanying notes to financial statements.

STANWICH CONGREGATIONAL CHURCH

Statements of Activities

Years ended June 30, 2017 and 2016

	2017		2016	
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>
				<u>Total</u>
Support and revenue:				
Offerings, contributions and bequests	\$ 2,419,477	374,904	2,404,711	2,756,913
Net investment income, including unrealized gains (losses) and net of fees	46,923	53,732	(18,302)	(26,319)
	<u>2,466,400</u>	<u>428,636</u>	<u>2,386,409</u>	<u>2,730,594</u>
Assets released from restrictions	358,944	(358,944)	405,293	-
	<u>2,825,344</u>	<u>69,692</u>	<u>2,791,702</u>	<u>2,730,594</u>
Total support and revenue				
Expenses:				
Program expenses:				
Ministry	697,844	-	568,107	568,107
Worship	395,439	-	411,587	411,587
Missions	322,344	-	318,561	318,561
Discipleship	159,338	-	197,106	197,106
Fellowship	158,656	-	184,262	184,262
	<u>1,733,621</u>	<u>-</u>	<u>1,679,623</u>	<u>1,679,623</u>
Supporting services:				
General and administration, including depreciation expense	1,252,340	-	1,363,070	1,363,070
	<u>2,985,961</u>	<u>-</u>	<u>3,042,693</u>	<u>3,042,693</u>
Total expenses				
	(160,617)	69,692	(250,991)	(312,099)
Change in net assets				
Net assets – beginning of year	18,234,212	713,828	16,724,203	19,260,139
Net fund transfers				
	-	-	1,761,000	(1,761,000)
Net assets – end of year	<u>\$ 18,073,595</u>	<u>783,520</u>	<u>18,234,212</u>	<u>18,948,040</u>

See accompanying notes to financial statements.

STANWICH CONGREGATIONAL CHURCH

Statements of Cash Flows

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (90,925)	(312,099)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	277,286	273,411
Net realized and unrealized losses (gains) on investments	(100,655)	26,319
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Pledges and other receivables	153,403	476,603
Prepaid expenses	19,178	(8,561)
Increase (decrease) in:		
Accounts payable and accrued expenses	30,315	(18,837)
Deferred revenue	4,880	(10,985)
	<u>293,482</u>	<u>425,851</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Acquisition of property and equipment	-	(1,761,000)
Net purchase of investments	(44,631)	(21,350)
	<u>(44,631)</u>	<u>(1,782,350)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Net proceeds from note payable to bank	(421,170)	617,500
	<u>(421,170)</u>	<u>617,500</u>
Net cash provided by (used in) financing activities		
Decrease in cash and equivalents	(172,319)	(738,999)
Cash and equivalents - beginning of year	<u>701,671</u>	<u>1,440,670</u>
Cash and equivalents - end of year	<u>\$ 529,352</u>	<u>701,671</u>

See accompanying notes to financial statements.

STANWICH CONGREGATIONAL CHURCH

Notes to Financial Statements

June 30, 2017 and 2016

(1) Summary of Significant Accounting Policies

Church

Stanwich Congregational Church (Church) was founded in 1731, and on December 19, 1893 became a church corporation under the laws of the State of Connecticut in the Town of Greenwich. Today the Church operates as a not-for-profit religious organization dedicated to providing an environment for Christian worship and Christian education. The Church serves Jesus Christ by spreading the good news of the Gospel and His amazing grace within Greenwich, Connecticut, surrounding communities, and around the world.

Basis of Accounting and Financial Statement Presentation

The financial statements of the Church have been prepared on the accrual basis of accounting. The Church has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 *Financial Statements of Not-For-Profit Organizations*. Under ASC 958-205, the Church 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.

Restricted and Unrestricted Revenue and Support

The Church's net assets, as well as its revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Church and the changes therein are classified and reported as follows:

(1) Unrestricted Net Assets:

Unrestricted net assets are those resources available for current operation, with no donor restrictions.

(2) Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of donor restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose are reported as revenue when received and such amounts are reported as temporarily restricted net 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 restrictions. The Church does not imply a time restriction on gifts of long lived assets.

(3) Permanently Restricted Net Assets:

There are no permanently restricted net assets.

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STANWICH CONGREGATIONAL CHURCH

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

Cash and Equivalents

The Church considers all accounts with a maturity of three months or less to be cash equivalents for purposes of the statements of financial position and cash flows.

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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Land, Buildings and Equipment

Land, buildings and equipment is recorded at cost and donations of property and equipment are recorded as support at their estimated fair value. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from 20 to 50 years.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Church reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Historic Properties

The statements of financial position do not include the cost or appraised value of certain historic properties. These properties may be significant in value and have been acquired by the Church many years ago by purchase or through contributions.

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STANWICH CONGREGATIONAL CHURCH

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies** (continued)

Income Tax Status

The Church has been recognized as exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Church and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions taken, and has concluded that as of June 30, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Church's tax status is generally subject to examination by various taxing authorities, and management believes it is no longer subject to income tax examinations for years prior to 2014.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed Services

The Church receives a substantial amount of services donated by its members in carrying out the church's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under professional standards.

Subsequent Events

Subsequent events have been evaluated through September 30, 2017, which is the date the financial statements were available to be issued.

(2) **Concentration of Credit Risk**

The Church maintains cash deposits with various banks and financial institutions. Cash in banks is insured by the Federal Deposit Insurance Corporation for up to \$250,000 per depositor. The uninsured balance of cash was approximately \$150,000 as of June 30, 2017.

Investment accounts are protected by the Securities Investor Protection Corporation up to \$500,000 per account (including cash and securities). The uninsured balance of investment account assets was approximately \$533,200 as of June 30, 2017 (see note 3).

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STANWICH CONGREGATIONAL CHURCH

Notes to Financial Statements

(3) Investments

Long term investments, managed by a financial institution in various accounts, are stated at fair value and consist primarily of equities, U.S. Treasury obligations and corporate bonds. The investments represent past bequests and gifts to the Church and are not restricted.

Investment account balances consist of the following as of June 30:

<u>2017</u>	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gains (losses)</u>
Equities and other	\$ 654,649	802,633	147,984
Fixed income	<u>277,820</u>	<u>279,203</u>	<u>1,383</u>
Total	\$ <u>932,469</u>	<u>1,081,836</u>	<u>149,367</u>
<u>2016</u>	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gains (losses)</u>
Equities and other	\$ 611,663	678,025	66,362
Fixed income	<u>254,703</u>	<u>258,525</u>	<u>3,822</u>
Total	\$ <u>866,366</u>	<u>936,550</u>	<u>70,184</u>

Investment income, including unrealized gains (losses) and net of fees, for the years ended June 30, 2017 and 2016 was approximately \$100,700 and \$(26,300), respectively.

The Church has adopted FASB ASC 820 which, among other things, defines fair value, establishes a hierarchal framework for measuring fair value and expands disclosure about fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (Inputs), as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies.

Level 3 Inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements of the same issuer, liquidity of the investment, changes in financial condition of the issuer, and valuations of similar companies.

The Church values its investments in readily marketable securities using Level 1 Inputs.

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STANWICH CONGREGATIONAL CHURCH

Notes to Financial Statements

(4) Net Assets

Temporarily restricted net assets as of June 30 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
208 Taconic Acquisition	\$ 254,844	220,052
Cemetery/Sarge's Garden	212,621	206,268
Missions	142,777	116,566
Reynolds Fund	99,209	92,266
Rolf & Neely Towe Fund	45,187	42,025
Reynolds Bible Study	13,952	15,025
Alpha	12,895	13,718
Other programs	<u>2,035</u>	<u>7,907</u>
	<u>\$ 783,520</u>	<u>713,827</u>

Unrestricted Church-designated net assets as of June 30 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Capital Maintenance	\$ 70,183	97,723
Sabbatical	33,479	31,135
Trustee Contingency	<u>3,847</u>	<u>4,667</u>
	<u>\$ 107,509</u>	<u>133,525</u>

(5) Employee Benefit Plans

The Church sponsors a deferred compensation plan qualified under Sections 403(b) of the Internal Revenue Code (Code) for the benefit of all eligible employees. Employees may elect to contribute to the plan up to the maximum amount allowed by the Code. The Church does not match employee contributions.

For the years ending June 30, 2017 and 2016, the Church paid 100% of the premiums for healthcare insurance for eligible employees participating in the program and 56% of the medical insurance deductible up to a maximum of \$3,400 for individuals and \$6,800 for families.

(6) Acquisition of Church Property

During July 2015 the Church acquired the adjacent property at 208 Taconic Road for approximately \$1.8 million. The property positions the church for future expansion to meet the needs of future generations of Christ followers. More immediately, the property will be used as a parsonage and meeting space for small group and other church ministries.