

**COUNTRY CLUB  
CHRISTIAN CHURCH**

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**FINANCIAL STATEMENTS**

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**June 30, 2016 and 2015**

DRAFT

## INDEPENDENT AUDITORS' REPORT

To the Congregational Board and Endowment Trustees  
Country Club Christian Church  
Kansas City, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Country Club Christian Church (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, the related statements of activities 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.

### ***Auditors' 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 auditors' 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 qualified audit opinion.

***Basis for Qualified Opinion***

As more fully described in Note 1 to the financial statements, because historical data is not available, the Church has stated property and equipment and real estate at estimated replacement cost, has expensed improvements and additions, and has not depreciated such assets. In our opinion, such assets should be recorded at cost, if purchased, or at fair value, if donated, to conform with accounting principles generally accepted in the United States of America, and those amounts should be depreciated over the estimated useful lives of the assets. Furthermore, we did not perform audit procedures to corroborate the balances comprising such assets due to a lack of sufficient appropriate audit evidence supporting the reported values. Quantification of the effects on the financial statements of the preceding practices is not practicable.

***Qualified Opinion***

In our opinion, except for the effects of the matters discussed in the *Basis for Qualified Opinion* paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Country Club Christian Church as of June 30, 2016 and 2015, 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.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of endowment fund activity is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

[DATE]

**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 366,843	188,115
Investments	<u>5,984,782</u>	<u>6,300,656</u>
<b>TOTAL CURRENT ASSETS</b>	<b>6,351,625</b>	<b>6,488,771</b>
<b>PROPERTY AND EQUIPMENT</b>		
Church building and contents	25,497,754	25,497,754
Chapel building and contents	1,584,498	1,584,498
Sculpture of Last Supper	<u>500,000</u>	<u>500,000</u>
	<u>27,582,252</u>	<u>27,582,252</u>
<b>REAL ESTATE</b>	102,500	102,500
<b>INVESTMENTS - LIMITED TO BUILDING RENOVATION</b>	243,343	244,329
<b>INVESTMENTS - PERMANENTLY RESTRICTED</b>	699,700	697,990
<b>OTHER ASSETS</b>	<u>29,252</u>	<u>29,252</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 35,008,672</u></b>	<b><u>35,145,094</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 51,723	93,766
Deferred revenues	<u>30,152</u>	<u>41,450</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>81,875</b>	<b>135,216</b>
<b>NOTE PAYABLE</b>	<u>250,000</u>	<u>250,000</u>
<b>TOTAL LIABILITIES</b>	<b>331,875</b>	<b>385,216</b>
<b>NET ASSETS</b>		
Unrestricted		
Designated	5,287,844	5,441,585
Undesignated	<u>27,468,576</u>	<u>27,417,059</u>
<b>Total unrestricted net assets</b>	<b>32,756,420</b>	<b>32,858,644</b>
Temporarily restricted	1,220,677	1,203,244
Permanently restricted	<u>699,700</u>	<u>697,990</u>
<b>TOTAL NET ASSETS</b>	<b><u>34,676,797</u></b>	<b><u>34,759,878</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 35,008,672</u></b>	<b><u>35,145,094</u></b>

The accompanying notes are an integral part of these financial statements.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>				
Contributions				
Offerings and contributions	\$ 1,516,088	82,578	1,710	1,600,376
Capital campaign	-	137,553	-	137,553
Other contributions	3,449	15,867	-	19,316
Mission and outreach	4,938	101,854	-	106,792
Revenue				
Preschool and daycare tuition and fees	580,415	-	-	580,415
Event fees	79,690	-	-	79,690
Building and facility fees	57,905	-	-	57,905
Interest and dividend income	136,942	40,724	-	177,666
Realized losses on investments	(157,418)	(49,449)	-	(206,867)
Unrealized gains on investments	30,057	9,441	-	39,498
Rental income	37,950	-	-	37,950
Miscellaneous income	28,530	-	-	28,530
Net assets released from restrictions	<u>321,135</u>	<u>(321,135)</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<b>2,639,681</b>	<b>17,433</b>	<b>1,710</b>	<b>2,658,824</b>
<b>EXPENSES</b>				
Program Services				
Education	584,397	-	-	584,397
Worship and congregational care	57,832	-	-	57,832
Communications	27,270	-	-	27,270
Mission and outreach	252,096	-	-	252,096
Event expenses	16,678	-	-	16,678
<b>TOTAL PROGRAM SERVICES</b>	<b>938,273</b>	<b>-</b>	<b>-</b>	<b>938,273</b>
Supporting Services				
Capital expenditures	191,344	-	-	191,344
Facility and equipment repairs and maintenance	89,071	-	-	89,071
General and administrative	1,523,217	-	-	1,523,217
<b>TOTAL SUPPORTING SERVICES</b>	<b>1,803,632</b>	<b>-</b>	<b>-</b>	<b>1,803,632</b>
<b>TOTAL EXPENSES</b>	<b>2,741,905</b>	<b>-</b>	<b>-</b>	<b>2,741,905</b>
<b>CHANGE IN NET ASSETS</b>	<b>(102,224)</b>	<b>17,433</b>	<b>1,710</b>	<b>(83,081)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>32,858,644</b>	<b>1,203,244</b>	<b>697,990</b>	<b>34,759,878</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 32,756,420</b>	<b>1,220,677</b>	<b>699,700</b>	<b>34,676,797</b>

The accompanying notes are an integral part of these financial statements.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>				
Contributions				
Offerings and contributions	\$ 1,886,852	34,675	50	1,921,577
Capital campaign	-	384,446	-	384,446
Other contributions	16,862	220	-	17,082
Mission and outreach	9,690	73,073	-	82,763
Revenue				
Preschool and daycare tuition and fees	478,494	-	-	478,494
Event fees	78,406	-	-	78,406
Building and facility fees	73,274	-	-	73,274
Interest and dividend income	83,648	26,576	-	110,224
Realized gains on investments	1,066,487	340,365	-	1,406,852
Unrealized losses on investments	(1,246,334)	(397,761)	-	(1,644,095)
Rental income	26,962	-	-	26,962
Miscellaneous income	21,692	-	-	21,692
Change in donor restriction	2,042	-	(2,042)	-
Net assets released from restrictions	668,152	(668,152)	-	-
<b>TOTAL SUPPORT AND REVENUES</b>	<u>3,166,227</u>	<u>(206,558)</u>	<u>(1,992)</u>	<u>2,957,677</u>
<b>EXPENSES</b>				
Program Services				
Education	531,365	-	-	531,365
Worship and congregational care	75,770	-	-	75,770
Communications	28,425	-	-	28,425
Mission and outreach	262,423	-	-	262,423
Event expenses	18,751	-	-	18,751
<b>TOTAL PROGRAM SERVICES</b>	<u>916,734</u>	<u>-</u>	<u>-</u>	<u>916,734</u>
Supporting Services				
Capital expenditures	389,796	-	-	389,796
Facility and equipment repairs and maintenance	55,583	-	-	55,583
General and administrative	1,530,262	-	-	1,530,262
<b>TOTAL SUPPORTING SERVICES</b>	<u>1,975,641</u>	<u>-</u>	<u>-</u>	<u>1,975,641</u>
<b>TOTAL EXPENSES</b>	<u>2,892,375</u>	<u>-</u>	<u>-</u>	<u>2,892,375</u>
<b>CHANGE IN NET ASSETS</b>	273,852	(206,558)	(1,992)	65,302
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>32,584,792</u>	<u>1,409,802</u>	<u>699,982</u>	<u>34,694,576</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 32,858,644</u>	<u>1,203,244</u>	<u>697,990</u>	<u>34,759,878</u>

The accompanying notes are an integral part of these financial statements.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (83,081)	65,302
Adjustments to reconcile change in net assets to net cash used in operating activities		
Contributions restricted for capital campaign	(137,553)	(384,446)
Contributions permanently restricted	(1,710)	(50)
Realized (gains) losses on investments	206,867	(1,406,852)
Unrealized (gains) losses on investments	(39,498)	1,644,095
Changes in operating assets and liabilities		
Unused capital campaign funds	-	18,124
Accounts payable	(42,043)	(533,408)
Deferred revenues	(11,298)	21,004
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(108,316)</u>	<u>(576,231)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	3,516,286	15,603,384
Purchases of investments	<u>(3,368,505)</u>	<u>(15,597,229)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	147,781	6,155
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for capital campaign	137,553	384,446
Contributions permanently restricted	1,710	50
Borrowings on line of credit	-	215,625
Payments on line of credit	<u>-</u>	<u>(215,625)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>139,263</u>	<u>384,496</u>
<b>NET CHANGE IN CASH</b>	178,728	(185,580)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>188,115</u>	<u>373,695</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 366,843</u>	<u>188,115</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Interest paid during the year	<u>\$ 12,500</u>	<u>14,538</u>

The accompanying notes are an integral part of these financial statements.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Country Club Christian Church (the Church) was established in 1920 and is affiliated with the Christian Church (Disciples of Christ). The Church's donors and preschool/day care patrons are located throughout the greater Kansas City, Missouri area. The Country Club Christian Church Endowment Fund, established in 1984, was created for the purpose of accumulating, managing, and disbursing certain funds received by the Church. Pursuant to the declaration of trust governing the fund, funds are to be used for the benefit of the Church and its programs.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

The Church is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets are those currently available for use in the Church's operations and those resources invested in land, buildings, and equipment.

Temporarily restricted net assets are those that are stipulated by donors for specific operating purposes, the passage of time, for special projects, or for the acquisition or construction of land, buildings, and equipment.

Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts.

Cash Equivalents

The Church considers all highly liquid investments purchased with initial maturities of less than three months to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

The Church's buildings, contents, and sculpture of the Last Supper are stated at estimated replacement cost. The Church has chosen the replacement cost valuation method for property and equipment because historical data is not available. Improvements are expensed as incurred, and no depreciation is recorded. The treatment of property and equipment and improvement expense is not in conformity with accounting principles generally accepted in the United States of America. Capital improvements expensed by the Church during the years ended June 30, 2016 and 2015 were \$191,344 and \$389,796, respectively.

Real Estate

Real estate is comprised of investment property surrounding the Church property and is stated at estimated replacement cost as historical data is not available. The treatment of real estate is not in conformity with accounting principles generally accepted in the United States of America.

Expense Allocation

The costs of providing the various programs and supporting activities of the Church have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program and supporting activities.

Tax Status

The Church is generally exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and state law through the exemption of the national denomination. Contributions to the Church are tax deductible within the limitations prescribed by the Code. The Church has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

The Church recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Church is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Church is no longer subject to income tax examinations by the applicable tax authorities for the years before 2013. If any were to be incurred, the Church's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through [DATE], which is the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Church classifies its investments into Level 1 (securities valued using quoted market prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies and inputs for investments measured at fair value pursuant to the valuation hierarchy.

- Interest-bearing cash instruments, common stock, exchange traded funds, and government securities are valued at the closing price reported on the active market on which the individual securities are traded and are classified within Level 1 of the fair value hierarchy.
- Mutual funds are valued at the net asset value of the shares held by the Church at the reporting date and are classified within Level 1 of the fair value hierarchy.
- Corporate notes, agency securities, and municipal bonds are valued through the use of standard inputs from third-party sources that evaluate fixed income securities not traded on an active market and are classified within Level 2 of the fair value hierarchy.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

NOTE 2 - FAIR VALUE MEASUREMENTS - Continued

The following tables summarize the valuation of investments measured at fair value on a recurring basis in the accompanying statements of financial position, including the additional requirement to classify securities by major category, which is defined as the major security type classifications within ASC 820.

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2016</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Interest-bearing cash instruments	\$ 190,585	-	-	190,585
U.S. common stock	2,622,868	-	-	2,622,868
International common stock	168,347	-	-	168,347
Exchange traded fund - U.S. real estate	233,202	-	-	233,202
Mutual funds - U.S. equity	134,815	-	-	134,815
Mutual funds - International equity	917,166	-	-	917,166
Mutual funds - U.S. fixed income	147,960	-	-	147,960
U.S. corporate notes	-	1,354,590	-	1,354,590
International corporate notes	-	64,480	-	64,480
U.S. Government securities	854,497	-	-	854,497
Agency securities	-	239,315	-	239,315
	<u>\$ 5,269,440</u>	<u>1,658,385</u>	<u>-</u>	<u>6,927,825</u>

  

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2015</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Interest-bearing cash instruments	\$ 386,073	-	-	386,073
U.S. common stock	1,979,420	-	-	1,979,420
International common stock	227,722	-	-	227,722
Exchange traded fund - U.S. real estate	196,435	-	-	196,435
Mutual funds - U.S. equity	625,392	-	-	625,392
Mutual funds - International equity	1,268,430	-	-	1,268,430
Mutual funds - U.S. fixed income	49,813	-	-	49,813
U.S. corporate notes	-	1,920,815	-	1,920,815
International corporate notes	-	50,404	-	50,404
U.S. Government securities	396,009	-	-	396,009
Agency securities	-	142,462	-	142,462
	<u>\$ 5,129,294</u>	<u>2,113,681</u>	<u>-</u>	<u>7,242,975</u>

NOTE 3 - BANK LINE OF CREDIT

The Church had a \$2,500,000 line of credit with a bank. The line was collateralized by certain of the Church's endowment investments and bore interest at 3.00%. The line was closed during the year ended June 30, 2015. Interest expense related to this line of credit for the year ended June 30, 2015 was \$2,038.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

NOTE 4 - NOTE PAYABLE

The Church has a \$250,000 note payable to the Individual Retirement Account (IRA) custodian for an IRA of a private individual. The note payable is unsecured, bears interest at 5.00%, and matures in January 2043. The note payable requires an annual interest-only payment beginning December 15, 2014, with the principal and any unpaid interest due in full at maturity. Upon the death of the individual who established the IRA, the note payable will be transferred to the Church. Interest expense related to this note for each of the years ended June 30, 2016 and 2015 was \$12,500.

NOTE 5 - BOARD DESIGNATED NET ASSETS

Unrestricted net assets designated by the Congregational Board and Endowment Trustees consist of investments held in the Church endowment and are available to fund Church expenses approved by the Congregational Board and Endowment Trustees.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Net assets restricted by donor stipulations were held for the following purposes at June 30:

	<u>2016</u>	<u>2015</u>
Education funds	\$ 55,372	55,676
Missions and outreach	24,878	42,736
Building repair and maintenance	116,807	-
Other	<u>62,296</u>	<u>23,760</u>
	259,353	122,172
Invested in Endowment		
Education funds	49,553	52,958
Building renovation	218,963	244,329
Sculpture maintenance	28,715	28,831
Missions and outreach	25,733	30,714
Midkiff fund	197,074	275,025
Music funds	10,721	11,276
Pastoral care	37,191	37,440
Other	<u>393,374</u>	<u>400,499</u>
	<u>961,324</u>	<u>1,081,072</u>
Total temporarily restricted net assets	<u>\$ 1,220,677</u>	<u>1,203,244</u>

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 7 - ENDOWMENT**

The Endowment Trustees have followed the State Prudent Management of Institutional Funds Act (SPMIFA), which requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Church classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Church in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Church considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Church and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Church
- (7) The investment policies of the Church.

The Church has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary from the desired amount. The Church relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Church targets a diversified asset allocation that places emphasis on interest-bearing cash instruments, fixed income securities, and equity-based investments.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

NOTE 7 - ENDOWMENT - Continued

The investment transactions related to the endowment during the years ended June 30, 2016 and 2015, and the nature of restrictions are as follows:

<u>Description</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at June 30, 2014	\$ 5,444,193	1,263,093	699,982	7,407,268
Contributions	383,276	7,929	50	391,255
Interest and dividends	83,272	16,020	10,556	109,848
Realized gains	1,066,487	205,174	135,191	1,406,852
Unrealized losses	(1,246,334)	(239,773)	(157,988)	(1,644,095)
Investment fees	(26,208)	(5,043)	(3,323)	(34,574)
Transfers of losses	-	(15,564)	15,564	-
Reallocation	(3,598)	3,598	-	-
Change in donor restriction	-	-	(2,042)	(2,042)
Board appropriation	<u>(259,503)</u>	<u>(154,362)</u>	<u>-</u>	<u>(413,865)</u>
Balance at June 30, 2015	5,441,585	1,081,072	697,990	7,220,647
Contributions	125,477	21,000	1,710	148,187
Interest and dividends	136,942	22,844	17,880	177,666
Realized losses	(157,418)	(28,619)	(20,830)	(206,867)
Unrealized gains	30,057	5,464	3,977	39,498
Investment fees	(31,118)	(3,281)	(3,839)	(38,238)
Transfers of losses	-	(2,812)	2,812	-
Reallocation	(3,561)	3,561	-	-
Board appropriation	<u>(254,120)</u>	<u>(137,905)</u>	<u>-</u>	<u>(392,025)</u>
Balance at June 30, 2016	<u>\$ 5,287,844</u>	<u>961,324</u>	<u>699,700</u>	<u>6,948,868</u>

NOTE 8 - RENTAL INCOME

The Church leases the use of certain Church property to a third party with six five-year lease terms expiring in December 2027. The lease calls for each five-year lease term to automatically extend unless the third party provides a notice of its intention not to extend prior to the expiration of the current term. The lease is currently in its third five-year term, which is set to expire in December 2017. Rental income from third parties totaled \$37,950 and \$26,962 for the years ended June 30, 2016 and 2015, respectively.

**COUNTRY CLUB CHRISTIAN CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 and 2015**

NOTE 8 - RENTAL INCOME - Continued

Future minimum rents to be received are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2017	\$ 37,950
2018	<u>18,975</u>
	<u>\$ 56,925</u>

NOTE 9 - EMPLOYEE BENEFIT PLANS

The Church contributes to a defined benefit pension plan covering all clergy and non-clergy employees. The plan provides for retirement benefits generally at age sixty-five based on accrued pension credits and includes provisions for early retirement, disability, and death benefits. The plan is not administered by the Church, but by the Pension Fund of the Christian Church (Disciples of Christ), Inc. Contributions are determined in accordance with the provisions of the plan.

The Pension Fund of the Christian Church (Disciples of Christ), Inc. Pension Plan is a multiemployer defined benefit pension plan, which covers substantially all clergy and non-clergy employees of churches affiliated with the Christian Church (Disciples of Christ).

The risks of participating in a multiemployer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Church chooses to stop participating in this multiemployer plan, the Church may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The most recent financial statements provided by the plan are for the plan's year ends at December 31, 2015 and 2014, and are combined with several other plans. Total combined plan net assets available for benefits at December 31, 2015 and 2014, were \$2,799,077,562 and \$3,015,559,229, with combined accumulated benefit obligations of \$1,784,554,066 and \$1,766,707,213, respectively. The plan was funded by at least 80% at December 31, 2015 and 2014. Total combined contributions received by the plan during the years ended December 31, 2015 and 2014 were \$19,444,944 and \$19,818,816, respectively.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

NOTE 9 - EMPLOYEE BENEFIT PLANS - Continued

The Church contributes into the plan for full-time clergy only. Total Church pension expense under this plan was \$68,957 and \$79,585 for the years ended June 30, 2016 and 2015, respectively. The Church's contributions were less than 5% of total contributions each year.

The Church also has a 403(b) retirement plan that covers substantially all employees. The 403(b) plan is funded by employee contributions with no employer contributions.

NOTE 10 - CONCENTRATIONS OF RISK

The Church maintains its bank accounts in a bank in the greater Kansas City, Missouri area. These balances were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2016 and 2015, the Church had \$262,703 and \$184,140, respectively, in cash balances in excess of FDIC coverage.

The Church invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.



**SUPPLEMENTARY INFORMATION**

DRAFT

**COUNTRY CLUB CHRISTIAN CHURCH ENDOWMENT FUND  
SCHEDULE OF ENDOWMENT FUND ACTIVITY  
For the Year Ended June 30, 2016**

	Balance, June 30, 2015	Contributions	Disbursements	Transfers	Investment Income	Allocated Losses	Reallocation	Balance, June 30, 2016
<b>UNRESTRICTED FUNDS</b>								
<b>BOARD DESIGNATED FUNDS</b>								
10% Building Fund	\$ 319,841	30	(15,337)	-	7,988	(9,244)	-	303,278
Building Matching Gift Fund	163,515	25,000	(25,000)	-	4,184	(4,842)	-	162,857
Bash Honor Fund	17,882	-	-	-	458	(530)	-	17,810
Women's Ministry Endowment Fund	1,287	-	-	5	33	(38)	-	1,287
Women's Ministry Endowment Fund - Earnings	887	-	-	(5)	23	(26)	-	879
Ernest Glasscock Youth Fund	688	-	-	-	17	(20)	-	685
Landscape Fund	102,272	-	(4,357)	-	2,561	(2,964)	-	97,512
Music Endowment Fund	36,444	10,575	-	-	1,067	(1,236)	-	46,850
G Gordon Congregational Care Fund	858	-	-	3	22	(25)	-	858
G Gordon Congregational Care Fund - Earnings	521	-	(190)	(3)	11	(13)	-	326
Capital Maintenance Fund	-	50,000	-	-	-	-	-	50,000
General Non-Designated Endowment Fund	4,797,390	39,872	(209,236)	-	120,578	(139,541)	(3,561)	4,605,502
<b>TOTAL BOARD DESIGNATED FUNDS</b>	<b>5,441,585</b>	<b>125,477</b>	<b>(254,120)</b>	<b>-</b>	<b>136,942</b>	<b>(158,479)</b>	<b>(3,561)</b>	<b>5,287,844</b>
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>5,441,585</b>	<b>125,477</b>	<b>(254,120)</b>	<b>-</b>	<b>136,942</b>	<b>(158,479)</b>	<b>(3,561)</b>	<b>5,287,844</b>

**COUNTRY CLUB CHRISTIAN CHURCH ENDOWMENT FUND**  
**SCHEDULE OF ENDOWMENT FUND ACTIVITY - Continued**  
For the Year Ended June 30, 2016

	Balance, June 30, 2015	Contributions	Disbursements	Transfers	Investment Income	Allocated Losses	Reallocation	Balance, June 30, 2016
<b>TEMPORARILY RESTRICTED FUNDS</b>								
<b>TEMPORARILY RESTRICTED - ENDOWMENT TRUSTEES</b>								
Atha Family Life Fund	\$ 1,016	-	-	-	26	(30)	-	1,012
C Taylor Cannon Music Fund	9,845	-	-	40	252	(292)	-	9,845
C Taylor Cannon Music - Earnings	919	-	-	(40)	24	(27)	-	876
Centennial Celebration Fund	2,362	-	-	-	60	(70)	-	2,352
Emmett and Dorothea Roach Fund	244,329	-	(24,432)	-	5,939	(6,873)	-	218,963
Evelyn Brown Education Fund	6,811	-	(2,000)	-	149	(172)	-	4,788
Grace Bailey Fund	8,080	-	(890)	-	195	(226)	-	7,159
Harold Schmidt - Earnings	-	-	(919)	(149)	(12)	13	1,067	-
James Anderson Fund - Earnings	7,356	-	-	(44)	188	(218)	-	7,282
KC Food and Shelter Fund - Earnings	-	-	-	(48)	-	-	48	-
M Miller Music - Earnings	513	-	(513)	(69)	7	(8)	70	-
M Miller Operations - Earnings	-	-	-	(173)	-	-	173	-
M Miller Scholarship - Earnings	11,097	-	-	(138)	284	(329)	-	10,914
M Miller Tall Oaks - Earnings	-	-	-	(69)	-	-	69	-
M Miller Tri C's - Earnings	1,550	-	(1,000)	(16)	27	(31)	-	530
Nelson Zappia Fund	28,831	-	-	-	738	(854)	-	28,715
Nelson/Bash Outreach - Earnings	-	-	-	(138)	-	-	138	-
Pastoral Care Fund - Earnings	37,440	-	-	(98)	958	(1,109)	-	37,191
Ruth and Bob Mason Fund for Special Needs Fund	14,566	-	-	-	296	(342)	-	11,520
Midkiff Fund - Basis	195,903	-	-	1,959	5,012	(5,800)	-	197,074
Midkiff Fund - Earnings	79,122	-	(79,000)	(1,959)	1,014	(1,173)	1,996	-
Klapmeyer Fund - Earnings	135,867	-	(19,606)	(1,439)	3,225	(3,732)	-	114,315
John and Norman Tilton Fund	106,717	-	-	-	2,730	(3,159)	-	106,288
Colubarium Fund	14,203	15,000	-	-	555	(643)	-	29,115
Permanent Missionary Endowment Fund - Earnings	22,634	6,000	(9,545)	(431)	534	(617)	-	18,575
<b>TOTAL TEMPORARILY RESTRICTED - ENDOWMENT TRUSTEES</b>	<b>926,161</b>	<b>21,000</b>	<b>(137,905)</b>	<b>(2,812)</b>	<b>22,201</b>	<b>(25,692)</b>	<b>3,561</b>	<b>806,514</b>
<b>TEMPORARILY RESTRICTED - SEPARATE TRUSTEE</b>								
Willard Smith Scholarship Fund	21,357	-	-	86	546	(632)	-	21,357
Willard Smith Scholarship - Earnings	3,771	-	-	(86)	97	(112)	-	3,670
<b>TOTAL TEMPORARILY RESTRICTED - SEPARATE TRUSTEE</b>	<b>25,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>643</b>	<b>(744)</b>	<b>-</b>	<b>25,027</b>

**COUNTRY CLUB CHRISTIAN CHURCH ENDOWMENT FUND**  
**SCHEDULE OF ENDOWMENT FUND ACTIVITY - Continued**  
For the Year Ended June 30, 2016

	Balance, June 30, 2015	Contributions	Disbursements	Transfers	Investment Income	Allocated Losses	Reallocation	Balance, June 30, 2016
<b>TEMPORARILY RESTRICTED - SEPARATELY INVESTED</b>								
Senior Minister Residence	\$ 102,500	-	-	-	-	-	-	102,500
E Plank Bond Fund	27,283	-	-	-	-	-	-	27,283
<b>TOTAL TEMPORARILY RESTRICTED - SEPARATELY INVESTED</b>	<b>129,783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,783</b>
<b>TOTAL TEMPORARILY RESTRICTED FUNDS</b>	<b>1,081,072</b>	<b>21,000</b>	<b>(137,905)</b>	<b>(2,812)</b>	<b>22,844</b>	<b>(26,436)</b>	<b>3,561</b>	<b>961,324</b>
<b>PERMANENTLY RESTRICTED FUNDS</b>								
Harold Schmidt Fund	37,038	-	-	149	948	(1,097)	-	37,038
James Anderson Fund	10,851	-	-	44	277	(321)	-	10,851
KC Food and Shelter Fund	11,818	-	-	48	302	(350)	-	11,818
Klapmeyer Charitable Fund	357,513	-	-	1,439	9,147	(10,586)	-	357,513
M Miller Music Fund	17,113	-	-	69	438	(507)	-	17,113
M Miller Operations Fund	43,057	-	-	173	1,102	(1,275)	-	43,057
M Miller Scholarship Fund	34,427	-	-	138	881	(1,019)	-	34,427
M Miller Tall Oaks Fund	17,201	-	-	69	440	(509)	-	17,201
M Miller Tri C's Fund	3,920	-	-	16	100	(116)	-	3,920
Nelson/Bash Outreach Fund	34,377	20	-	138	880	(1,018)	-	34,392
Pastoral Care Fund	24,476	-	-	98	626	(724)	-	24,476
Permanent Missionary Endowment Fund	106,204	1,690	-	431	2,739	(3,170)	-	107,894
<b>TOTAL PERMANENTLY RESTRICTED FUNDS</b>	<b>697,990</b>	<b>1,710</b>	<b>-</b>	<b>2,812</b>	<b>17,880</b>	<b>(20,692)</b>	<b>-</b>	<b>699,700</b>
<b>TOTAL ENDOWMENT FUNDS</b>	<b>\$ 7,270,647</b>	<b>148,187</b>	<b>(392,025)</b>	<b>-</b>	<b>177,666</b>	<b>(205,607)</b>	<b>-</b>	<b>6,948,868</b>