

**COUNTRY CLUB  
CHRISTIAN CHURCH**

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**FINANCIAL STATEMENTS**

---

**June 30, 2023 and 2022**

**IFFT & CO. PA**  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT**

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

**Qualified Opinion**

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, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matters as described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Country Club Christian Church as of June 30, 2023 and 2022, 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.

**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 at estimated replacement cost, has expensed improvements and additions, and has not depreciated such assets. In our opinion, such assets should be recorded at acquisition cost, if purchased, or at fair value, if donated, and those amounts should be depreciated over the estimated useful lives of the assets to conform with accounting principles generally accepted in the United States of America. Quantification of the effects on the financial statements of the preceding practices is not practicable.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Country Club Christian Church and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## **Correction of Error**

As discussed in Note 15 to the financial statements, it was discovered during the current year that a fund with donor restrictions had been incorrectly classified as a board designated fund for many years, resulting in an understatement of net assets with donor restrictions and an overstatement of board designated net assets as of June 30, 2021 and 2022. Accordingly, amounts reported for support and revenues without donor restrictions and with donor restrictions have been restated in the 2022 financial statements now presented and an adjustment has been made to net assets without donor restrictions and net assets with donor restrictions as of June 30, 2021 and 2022 to correct the error. Our opinion is not modified with respect to that matter.

## **Change in Accounting Principle**

As described in Note 1 to the financial statements, Country Club Christian Church adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to that matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Country Club Christian Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Country Club Christian Church's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Country Club Christian Church's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **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.

*Ilft + Co. PA*

April 16, 2024

**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,173,982	3,319,151
Investments	<u>7,724,026</u>	<u>8,207,991</u>
TOTAL CURRENT ASSETS	13,898,008	11,527,142
<b>PROPERTY AND EQUIPMENT</b>		
Church building and contents	28,297,770	26,950,257
Chapel building and contents	1,771,503	1,687,145
Stained glass windows	1,916,965	1,916,965
Sculpture of Last Supper	<u>550,000</u>	<u>550,000</u>
TOTAL PROPERTY AND EQUIPMENT	32,536,238	31,104,367
<b>INVESTMENTS - LIMITED TO BUILDING</b>	607,682	1,104,846
<b>INVESTMENTS - DONOR RESTRICTED IN PERPETUITY</b>	643,990	584,174
<b>OTHER ASSETS</b>	<u>29,252</u>	<u>29,252</u>
<b>TOTAL ASSETS</b>	<u>\$ 47,715,170</u>	<u>44,349,781</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,252,885	67,023
Deferred revenues	<u>87,946</u>	<u>94,744</u>
TOTAL CURRENT LIABILITIES	1,340,831	161,767
<b>NOTE PAYABLE</b>	<u>250,000</u>	<u>250,000</u>
TOTAL LIABILITIES	1,590,831	411,767
<b>NET ASSETS</b>		
Without donor restrictions		
Designated	6,667,768	6,266,777
Undesignated	<u>31,514,896</u>	<u>31,295,020</u>
Total without donor restrictions	38,182,664	37,561,797
With donor restrictions		
Purpose restrictions	7,166,030	5,743,149
Time restrictions	131,655	48,894
Perpetual in nature	<u>643,990</u>	<u>584,174</u>
Total with donor restrictions	<u>7,941,675</u>	<u>6,376,217</u>
<b>TOTAL NET ASSETS</b>	<u>46,124,339</u>	<u>43,938,014</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 47,715,170</u>	<u>44,349,781</u>

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

**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions			
Offerings and contributions	\$ 1,638,604	146,385	1,784,989
The Next 100 capital campaign	-	1,938,022	1,938,022
Other contributions	2,294	22,086	24,380
Mission and outreach	73,674	501	74,175
Revenue, gains, and losses			
Preschool and daycare tuition and fees	662,500	-	662,500
Event fees	44,691	-	44,691
Building and facility fees	76,839	-	76,839
Investment return	704,424	249,264	953,688
Appreciation of buildings and contents	1,431,871	-	1,431,871
Rental income	49,705	-	49,705
Miscellaneous income	23,404	-	23,404
Net assets released from restrictions	790,800	(790,800)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<u>5,498,806</u>	<u>1,565,458</u>	<u>7,064,264</u>
<b>EXPENSES</b>			
Program services	1,937,396	-	1,937,396
General and administrative	2,923,185	-	2,923,185
Fundraising	17,358	-	17,358
<b>TOTAL EXPENSES</b>	<u>4,877,939</u>	<u>-</u>	<u>4,877,939</u>
<b>CHANGE IN NET ASSETS</b>	620,867	1,565,458	2,186,325
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>37,561,797</u>	<u>6,376,217</u>	<u>43,938,014</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 38,182,664</u>	<u>7,941,675</u>	<u>46,124,339</u>

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

**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions			
Offerings and contributions	\$ 1,600,417	191,447	1,791,864
Capital campaign	-	50,000	50,000
The Next 100 capital campaign	-	2,672,077	2,672,077
Other contributions	17,369	3,063	20,432
Mission and outreach	48,148	-	48,148
Revenue, gains, and losses			
Preschool and daycare tuition and fees	683,873	-	683,873
Event fees	40,846	-	40,846
Building and facility fees	46,460	-	46,460
Investment loss	(1,241,600)	(453,815)	(1,695,415)
Appreciation of buildings and contents	611,518	-	611,518
Rental income	48,133	-	48,133
Miscellaneous income	14,871	-	14,871
Net assets released from restrictions	<u>538,979</u>	<u>(538,979)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<b>2,409,014</b>	<b>1,923,793</b>	<b>4,332,807</b>
<b>EXPENSES</b>			
Program services	2,230,906	-	2,230,906
General and administrative	1,313,411	-	1,313,411
Fundraising	<u>13,692</u>	<u>-</u>	<u>13,692</u>
<b>TOTAL EXPENSES</b>	<b><u>3,558,009</u></b>	<b><u>-</u></b>	<b><u>3,558,009</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,148,995)</b>	<b>1,923,793</b>	<b>774,798</b>
<b>NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>38,885,693</b>	<b>4,277,523</b>	<b>43,163,216</b>
<b>CORRECTION OF ERROR</b>	<b><u>(174,901)</u></b>	<b><u>174,901</u></b>	<b><u>-</u></b>
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<b><u>38,710,792</u></b>	<b><u>4,452,424</u></b>	<b><u>43,163,216</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 37,561,797</u></b>	<b><u>6,376,217</u></b>	<b><u>43,938,014</u></b>

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

**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,319,055	378,503	-	1,697,558
Payroll taxes	31,960	15,980	-	47,940
Employee benefits	<u>51,852</u>	<u>158,786</u>	<u>-</u>	<u>210,638</u>
	1,402,867	553,269	-	1,956,136
Advertising	24,971	-	-	24,971
Bank charges	-	12,780	-	12,780
Education	66,384	10,278	-	76,662
Events	11,979	-	13,059	25,038
Equipment maintenance	-	40,440	-	40,440
Insurance	-	68,178	-	68,178
Interest	-	12,500	-	12,500
Janitorial and maintenance	-	56,140	-	56,140
Office expense	73	14,815	-	14,888
Postage	-	9,179	-	9,179
Printing	-	8,602	-	8,602
Telephone and utilities	-	158,818	-	158,818
Professional fees	-	29,146	-	29,146
Building improvements	-	1,818,247	-	1,818,247
Building repair	-	50,001	-	50,001
Outside services	47,211	50,262	-	97,473
Grants and other assistance	243,758	-	-	243,758
Supplies	76,482	30,530	4,299	111,311
Travel	<u>63,671</u>	<u>-</u>	<u>-</u>	<u>63,671</u>
Total	<u>\$ 1,937,396</u>	<u>2,923,185</u>	<u>17,358</u>	<u>4,877,939</u>

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



**COUNTRY CLUB CHRISTIAN CHURCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2022**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,482,535	224,440	-	1,706,975
Payroll taxes	78,644	9,507	-	88,151
Employee benefits	<u>10,565</u>	<u>153,960</u>	<u>-</u>	<u>164,525</u>
	1,571,744	387,907	-	1,959,651
Advertising	24,499	-	-	24,499
Bank charges	-	13,308	-	13,308
Education	16,307	5,401	-	21,708
Events	148,504	-	914	149,418
Equipment maintenance	19,690	114,519	-	134,209
Insurance	-	80,837	-	80,837
Interest	-	12,500	-	12,500
Janitorial and maintenance	-	59,307	-	59,307
Office expense	-	20,912	-	20,912
Postage	-	6,722	-	6,722
Printing	-	13,831	-	13,831
Telephone and utilities	-	143,135	-	143,135
Professional fees	-	20,689	-	20,689
Building improvements	-	259,192	-	259,192
Building repair	-	98,665	-	98,665
Outside services	8,129	45,093	-	53,222
Grants and other assistance	390,734	-	12,778	403,512
Supplies	48,328	29,302	-	77,630
Travel	2,971	-	-	2,971
Other	<u>-</u>	<u>2,091</u>	<u>-</u>	<u>2,091</u>
Total	<u>\$ 2,230,906</u>	<u>1,313,411</u>	<u>13,692</u>	<u>3,558,009</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, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,186,325	774,798
Adjustments to reconcile change in net assets to net cash used in operating activities		
Contributions restricted for capital campaign	-	(50,000)
Contributions restricted for The Next 100 capital campaign	(1,938,022)	(2,672,077)
Realized gains on investments	(224,640)	(59,776)
Unrealized (gains) losses on investments	(564,678)	1,920,431
Unrealized appreciation of building and contents	(1,431,871)	(611,518)
Changes in operating assets and liabilities		
Accounts payable	1,185,862	6,176
Deferred revenues	(6,798)	59,947
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(793,822)</u>	<u>(632,019)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	4,655,670	1,599,857
Purchases of investments	<u>(2,945,039)</u>	<u>(1,805,696)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	1,710,631	(205,839)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for capital campaign	-	50,000
Contributions restricted for The Next 100 capital campaign	<u>1,938,022</u>	<u>2,672,077</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>1,938,022</u>	<u>2,722,077</u>
<b>NET CHANGE IN CASH</b>	2,854,831	1,884,219
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,319,151</u>	<u>1,434,932</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 6,173,982</u>	<u>3,319,151</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Interest paid during the year	<u>\$ -</u>	<u>12,500</u>

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

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**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/daycare 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 Church's policy is to prepare its financial statements on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The Congregational Board and Endowment Trustees have designated, from net assets without donor restrictions, certain funds for Church expenses approved by the Congregational Board and Endowment Trustees.
- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When donor-imposed restrictions are released, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Cash Equivalents

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

Advertising

The Church expenses its advertising costs as incurred.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

The Church's buildings, contents, stained glass windows, 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 expense is recorded. The treatment of property and equipment and the treatment of improvement expense are not in conformity with accounting principles generally accepted in the United States of America. Building improvements expensed by the Church during the years ended June 30, 2023 and 2022 were \$1,818,247 and \$259,192, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statements of activities. The accompanying statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 2020. If any were to be incurred, the Church's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Use of 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.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Enrollment fees received in advance for the following period's preschool year are deferred until the start of the preschool year. Monthly preschool tuition is recognized as income each month as services are provided. Community camp deposits received in advance are deferred until the camp is held.

Change in Accounting Principle

Effective July 1, 2022, the Church adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842 *Leases*. Under the new standard, leases are classified by lessors as sales-type, direct financing, or operating, with classification affecting the pattern of income recognition in the statement of activities. The lease referenced in Note 8 is classified as an operating lease whereby rent will be recognized into income on a straight-line basis over the lease term.

The adoption of ASC 842 did not have any impact as of July 1, 2022.

Subsequent Events

Subsequent events have been evaluated through April 16, 2024, 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 U.S. 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.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

NOTE 2 - FAIR VALUE MEASUREMENTS - Continued

- Corporate notes 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.

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>Assets at Fair Value as of June 30, 2023</u>				
<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest-bearing cash instruments	\$ 272,227	-	-	272,227
U.S. common stock	4,790,383	-	-	4,790,383
International common stock	1,533,733	-	-	1,533,733
Exchange traded fund - U.S. preferred	37,345	-	-	37,345
U.S. real estate investment trust notes	-	268,310	-	268,310
U.S. corporate notes	-	1,067,906	-	1,067,906
International corporate notes	-	333,865	-	333,865
U.S. government securities	<u>671,929</u>	<u>-</u>	<u>-</u>	<u>671,929</u>
	<u>\$ 7,305,617</u>	<u>1,670,081</u>	<u>-</u>	<u>8,975,698</u>

<u>Assets at Fair Value as of June 30, 2022</u>				
<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest-bearing cash instruments	\$ 375,653	-	-	375,653
U.S. common stock	5,166,451	-	-	5,166,451
International common stock	1,436,253	-	-	1,436,253
Exchange traded fund - U.S. preferred	23,123	-	-	23,123
Exchange traded fund - U.S. real estate	292,554	-	-	292,554
U.S. real estate investment trust notes	-	10,094	-	10,094
U.S. corporate notes	-	1,440,758	-	1,440,758
International corporate notes	-	379,623	-	379,623
U.S. government securities	<u>772,502</u>	<u>-</u>	<u>-</u>	<u>772,502</u>
	<u>\$ 8,066,536</u>	<u>1,830,475</u>	<u>-</u>	<u>9,897,011</u>

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,173,982	3,319,151
Investments	<u>8,975,698</u>	<u>9,897,011</u>
Financial assets at year-end	15,149,680	13,216,162
Less those unavailable for general expenditure within one year, due to:		
Designated	(6,667,768)	(6,266,777)
Donor-restricted as to purpose	(7,166,030)	(5,743,149)
Donor-restricted in perpetuity	<u>(643,990)</u>	<u>(584,174)</u>
Financial assets available for general expenditure within one year	<u>\$ 671,892</u>	<u>622,062</u>

The Congregational Board and Endowment Trustees have designated certain assets for specific purposes, but certain of these designations can be changed to meet liquidity needs.

**NOTE 4 - BOARD DESIGNATED NET ASSETS**

Net assets without donor restrictions 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 5 - INVESTMENT RETURN (LOSS)**

Investment return consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 212,553	222,032
Net realized gains	224,640	59,776
Net unrealized gains (losses)	564,678	(1,920,431)
Investment fees	<u>(48,183)</u>	<u>(56,792)</u>
Total investment return (loss)	<u>\$ 953,688</u>	<u>(1,695,415)</u>

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor stipulations were restricted for the following purposes or periods at June 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purposes:		
Education funds	\$ 23,001	23,165
Missions and outreach	43,476	37,232
Building repair and maintenance	4,350	4,350
The Next 100 capital campaign	5,863,324	3,925,631
Other	<u>37,545</u>	<u>28,487</u>
	5,971,696	4,018,865
Subject to passage of time:		
Next year pledges	131,655	48,894
Endowment:		
Subject to specified purposes:		
Education funds	73,011	65,198
Building renovation	280,312	299,028
Building and grounds maintenance	327,370	805,818
Sculpture maintenance	39,841	35,578
Missions and outreach	53,561	61,957
Midkiff fund	188,676	168,488
Music funds	22,421	19,715
Pastoral care	12,047	10,512
Other	<u>197,095</u>	<u>257,990</u>
	1,194,334	1,724,284
Perpetual in nature	<u>643,990</u>	<u>584,174</u>
Total net assets with donor restrictions	<u><u>\$ 7,941,675</u></u>	<u><u>6,376,217</u></u>



**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS - Continued**

During the years ended June 30, 2023 and 2022, net assets were released from donor restrictions by incurring expenses specified by the donors or due to the passage of time as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Education funds	\$ 164	30,940
Building renovation	-	173,531
Missions and outreach	17,757	26,454
Midkiff fund	-	26,365
The Next 100 capital campaign	625,354	42,383
Music funds	-	2,154
Pastoral care	-	400
Other	<u>98,631</u>	<u>170,431</u>
	741,906	472,658
Passage of time:		
Current year pledges held last year	<u>48,894</u>	<u>66,321</u>
Total released from restrictions	<u>\$ 790,800</u>	<u>538,979</u>

**NOTE 7 - ENDOWMENT**

The Endowment Trustees have followed the Uniform Prudent Management of Institutional Funds Act (UPMIFA), 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 net assets with perpetual donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 endowment fund with donor restrictions that is not perpetual in nature is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Church in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Church considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

- (1) The duration and preservation of the fund
- (2) The purposes of the Church and the endowment fund with donor restrictions

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

NOTE 7 - ENDOWMENT - Continued

- (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.

The investment transactions related to the endowment during the years ended June 30, 2023 and 2022, and the nature of restrictions are as follows:

<u>Description</u>	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at June 30, 2021	\$ 7,990,789	2,910,561	10,901,350
Contributions	16,875	45,865	62,740
Interest and dividends	162,600	59,432	222,032
Realized gains	44,705	15,071	59,776
Unrealized losses	(1,406,432)	(513,999)	(1,920,431)
Investment fees	(42,473)	(14,319)	(56,792)
Transfers	(184)	184	-
Board appropriation	<u>(499,103)</u>	<u>(194,337)</u>	<u>(693,440)</u>
Balance at June 30, 2022	6,266,777	2,308,458	8,575,235
Contributions	18,386	6,230	24,616
Interest and dividends	156,999	55,554	212,553
Realized gains	165,914	58,726	224,640
Unrealized gains	417,060	147,618	564,678
Investment fees	(35,549)	(12,634)	(48,183)
Board appropriation	<u>(321,819)</u>	<u>(725,628)</u>	<u>(1,047,447)</u>
Balance at June 30, 2023	<u>\$ 6,667,768</u>	<u>1,838,324</u>	<u>8,506,092</u>

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 7 - ENDOWMENT - Continued**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Church to retain as a fund of perpetual duration. Deficiencies of this nature existed in ten donor-restricted endowment funds, which together have an original gift value of \$686,534, a current fair value of \$643,990, and a deficiency of \$42,544 as of June 30, 2023. At June 30, 2022, the deficiencies existed in eleven donor-restricted endowment funds, which together had an original gift value of \$697,385, a fair value of \$584,174, and a deficiency of \$113,211. These deficiencies resulted from unfavorable market fluctuations that occurred during the year ended June 30, 2022.

The Church has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

**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 2031. 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 fifth five-year term, which is set to expire in December 2026. Rental income from third parties totaled \$49,705 and \$48,133 for the years ended June 30, 2023 and 2022, respectively.

Future minimum rents to be received are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2024	\$ 49,705
2025	49,705
2026	<u>24,853</u>
	<u>\$ 124,263</u>

**NOTE 9 - EMPLOYEE BENEFIT PLANS**

The Church contributes to a defined benefit pension plan covering all full-time 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. Contributions are currently 14% of annual compensation.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

NOTE 9 - EMPLOYEE BENEFIT PLANS - Continued

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

The risks of participating in a multiemployer plan are different than 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, 2022 and 2021 and are combined with several other plans. Total combined plan net assets available for benefits at December 31, 2022 and 2021, were \$3,320,304,402 and \$3,923,090,024, with combined accumulated benefit obligations of \$2,077,855,466 and \$1,950,897,573, respectively. The combined plans were funded by at least 80% at December 31, 2022 and 2021. Total combined contributions received by the plans during the years ended December 31, 2022 and 2021 were \$19,228,696 and \$19,122,663, respectively.

The Church contributes to the plan for full-time clergy only. The Church's contributions were less than 5% of total contributions to the plan each year.

The Church also has a 403(b) retirement plan that covers substantially all full-time employees. The 403(b) plan is funded by employee contributions with employer contributions of 6% of annual compensation.

Total Church pension expense was \$79,378 and \$80,507 for the years ended June 30, 2023 and 2022, respectively, which is included in employee benefits on the accompanying statements of functional expenses.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**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. In December 2020, the Church obtained an Insured Cash Sweep service that places funds in the Church's deposit accounts at other FDIC-insured institutions to minimize uninsured balances. The Church's uninsured cash balance at June 30, 2023 and June 30, 2022 was \$5,133 and \$10,013, respectively.

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.

**NOTE 11 - 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%, and matures in January 2043. The note payable requires an annual interest-only payment 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, 2023 and 2022 was \$12,500. The individual who established the IRA has pledged his intent to make an annual contribution to the Church equal to the interest due under the note payable.

Maturities are as follows:

Year Ending	
<u>June 30,</u>	<u>Amount</u>
2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	<u>250,000</u>
	<u>\$ 250,000</u>

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 12 - FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocations on a reasonable basis that is consistently applied. Salary and benefit related expenses are allocated on the basis of estimates of time and effort, while occupancy related expenses are allocated on a square footage basis.

**NOTE 13 - REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following table provides information about accounts receivable, contract assets, and contract liabilities (preschool enrollment fees and tuition) for the years ended June 30, 2023 and 2022:

	<u>Accounts Receivable</u>	<u>Contract Assets</u>	<u>Contract Liabilities</u>
Balances, June 30, 2021	\$ -	-	34,797
Revenue recognized that was deferred at the beginning of year	-	-	(34,797)
Increase in deferred revenue due to receipts during the year ended June 30, 2022	<u>-</u>	<u>-</u>	<u>94,744</u>
Balances, June 30, 2022	-	-	94,744
Revenue recognized that was deferred at the beginning of the year	-	-	(94,744)
Increase in deferred revenue due to receipts during the year ended June 30, 2023	<u>-</u>	<u>-</u>	<u>87,946</u>
Balances, June 30, 2023	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>87,946</u></u>

**NOTE 14 - CONSTRUCTION LOAN**

In July 2022, the Church obtained a construction loan for \$4,000,000, with interest at the prime rate minus 0.5%. As of the report date, no amounts had been borrowed on this loan.

**COUNTRY CLUB CHRISTIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 15 - CORRECTION OF ERROR**

During the year ended June 30, 2023, it was discovered that an endowment fund with donor restrictions had been incorrectly classified as a board designated fund for many years, resulting in an understatement of the previously reported net assets with donor restrictions and an overstatement of the previously reported board designated net assets as of June 30, 2021 and 2022. Accordingly, amounts reported for support and revenues without donor restrictions and with donor restrictions have been restated in the 2022 financial statements now presented and an adjustment has been made to net assets without donor restrictions and net assets with donor restrictions as of June 30, 2022 and 2021 to correct the error. For the year ended June 30, 2022, the adjustment increased the previously reported investment loss with donor restrictions by \$26,364 and increased the previously reported net assets released from restrictions by \$25,000 while decreasing the previously reported investment loss without donor restrictions by \$26,364. In addition, the adjustment increased the previously reported net assets with donor restrictions by \$174,901 and decreased net assets without donor restrictions by \$174,901 as of June 30, 2021.

## **SUPPLEMENTARY INFORMATION**



**COUNTRY CLUB CHRISTIAN CHURCH**  
**SCHEDULE OF ENDOWMENT FUND ACTIVITY**  
**For the Year Ended June 30, 2023**

	Balance <u>June 30, 2022</u>	<u>Contributions</u>	<u>Disbursements</u>	<u>Transfers</u>	Investment <u>Income</u>	Allocated Gains, <u>Net of Fees</u>	Balance <u>June 30, 2023</u>
<b>FUNDS WITHOUT DONOR RESTRICTIONS</b>							
<b>BOARD DESIGNATED FUNDS</b>							
10% Building Fund	\$ 358,887	-	-	-	4,792	16,709	380,388
Landscape Fund	113,074	-	-	-	1,510	5,264	119,848
Music Endowment Fund	45,276	-	-	(5,425)	1,209	4,216	45,276
Music Endowment Earnings	13,906	-	-	5,425	372	1,295	20,998
General Non-Designated Endowment Fund	<u>5,735,634</u>	<u>18,386</u>	<u>(321,819)</u>	<u>-</u>	<u>149,116</u>	<u>519,941</u>	<u>6,101,258</u>
<b>TOTAL BOARD DESIGNATED FUNDS</b>	<u>6,266,777</u>	<u>18,386</u>	<u>(321,819)</u>	<u>-</u>	<u>156,999</u>	<u>547,425</u>	<u>6,667,768</u>
<b>TOTAL FUNDS WITHOUT DONOR RESTRICTIONS</b>	6,266,777	18,386	(321,819)	-	156,999	547,425	6,667,768

**COUNTRY CLUB CHRISTIAN CHURCH**  
**SCHEDULE OF ENDOWMENT FUND ACTIVITY - Continued**  
**For the Year Ended June 30, 2023**

	Balance June 30, 2022	Contributions	Disbursements	Transfers	Investment Income	Allocated Gains, Net of Fees	Balance June 30, 2023
<b>DONOR RESTRICTED FUNDS WITH PURPOSE RESTRICTIONS</b>							
<b>ENDOWMENT TRUSTEES</b>							
Caroline M French Building	\$ 805,818	-	(575,000)	(19,560)	21,519	75,033	307,810
Building Matching Gift Fund	123,537	-	-	-	1,649	5,752	130,938
C Taylor Cannon Music Fund	7,828	-	-	(938)	209	729	7,828
C Taylor Cannon Music - Earnings	3,370	-	-	938	90	313	4,711
Emmett and Dorothea Roach Fund	175,491	-	-	(15,000)	1,882	6,561	168,934
Evelyn Brown Education Fund	5,893	-	-	-	157	549	6,599
Building and Grounds Fund	-	5,570	(40,130)	34,560	-	-	-
Harold Schmidt - Earnings	8,539	-	-	-	228	795	9,562
M Miller Music - Earnings	4,248	-	-	-	113	396	4,757
M Miller Scholarship - Earnings	23,948	-	-	-	640	2,230	26,818
Outreach & Mission Fund	703	75	-	-	20	69	867
Nelson Zappia Fund	35,578	-	-	-	950	3,313	39,841
Pastoral Care Fund - Earnings	6,242	-	-	-	167	581	6,990
Ruth and Bob Mason Fund for Special Needs Fund	3,708	-	(3,708)	-	-	-	-
Midkiff Fund - Basis	168,488	-	-	(19,502)	4,499	15,689	169,174
Midkiff Fund - Earnings	-	-	-	19,502	-	-	19,502
Klapmeyer Fund - Earnings	89,980	-	(52,700)	-	1,699	5,925	44,904
John and Norman Tilton Fund	119,034	-	(30,000)	-	2,778	9,687	101,499
Congregational Care Fund	-	260	-	-	4	12	276
Music Fund	-	325	-	-	4	15	344
Columbarium Fund	45,268	-	-	-	1,209	4,215	50,692
Permanent Missionary Endowment Fund - Earnings	61,254	-	(15,000)	-	1,435	5,005	52,694
<b>TOTAL DONOR RESTRICTED WITH PURPOSE RESTRICTIONS - ENDOWMENT TRUSTEES</b>	<b>1,688,927</b>	<b>6,230</b>	<b>(716,538)</b>	<b>-</b>	<b>39,252</b>	<b>136,869</b>	<b>1,154,740</b>
<b>SEPARATE TRUSTEE</b>							
Willard Smith Scholarship Fund	17,890	-	-	(2,144)	478	1,666	17,890
Willard Smith Scholarship - Earnings	17,467	-	-	2,144	467	1,626	21,704
<b>TOTAL DONOR RESTRICTED WITH PURPOSE RESTRICTIONS - SEPARATE TRUSTEE</b>	<b>35,357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>945</b>	<b>3,292</b>	<b>39,594</b>
<b>TOTAL DONOR RESTRICTED FUNDS WITH PURPOSE RESTRICTIONS</b>	<b>1,724,284</b>	<b>6,230</b>	<b>(716,538)</b>	<b>-</b>	<b>40,197</b>	<b>140,161</b>	<b>1,194,334</b>

**COUNTRY CLUB CHRISTIAN CHURCH**  
**SCHEDULE OF ENDOWMENT FUND ACTIVITY - Continued**  
**For the Year Ended June 30, 2023**

	Balance June 30, 2022	Contributions	Disbursements	Transfers	Investment Income	Allocated Losses, Net of Fees	Balance June 30, 2023
<b>PERPETUALLY RESTRICTED FUNDS</b>							
Harold Schmidt Fund	\$ 31,025	-	-	-	829	2,889	34,743
James Anderson Fund	9,090	-	(9,090)	-	-	-	-
KC Food and Shelter Fund	9,899	-	-	-	264	922	11,085
Klapmeyer Charitable Fund	299,476	-	-	-	7,997	27,885	335,358
M Miller Music Fund	14,335	-	-	-	383	1,335	16,053
M Miller Operations Fund	36,067	-	-	-	963	3,359	40,389
M Miller Scholarship Fund	28,838	-	-	-	770	2,685	32,293
M Miller Tall Oaks Fund	14,409	-	-	-	385	1,341	16,135
Nelson/Bash Outreach Fund	28,809	-	-	-	769	2,683	32,261
Pastoral Care Fund	21,751	-	-	-	581	2,025	24,357
Permanent Missionary Endowment Fund	90,475	-	-	-	2,416	8,425	101,316
<b>TOTAL PERPETUALLY RESTRICTED FUNDS</b>	<u>584,174</u>	<u>-</u>	<u>(9,090)</u>	<u>-</u>	<u>15,357</u>	<u>53,549</u>	<u>643,990</u>
 <b>TOTAL ENDOWMENT FUNDS</b>	 <u>\$ 8,575,235</u>	 <u>24,616</u>	 <u>(1,047,447)</u>	 <u>-</u>	 <u>212,553</u>	 <u>741,135</u>	 <u>8,506,092</u>