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Accountants' Compilation Report

To the Leadership Team
Riverside Covenant Church, Inc.
West Lafayette, IN 47906

Management is responsible for the accompanying financial statements of the Riverside Covenant Church, Inc. which comprise of the statement of financial position - modified cash basis as June 30, 2017 and the related statement of activity - modified cash basis for the twelve months then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles general accepted in the United States of America.

Supplementary Information

The supplementary information contained in the schedule of expenses - modified cash basis for the twelve months ended June 30, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Pherson & Associates, P.C. CPAs
Pherson & Associates, P.C. CPAs

September 15, 2017

Riverside Covenant Church, Inc.
 STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS
 June 30, 2017

		<u>2017</u>
Current Assets:		
Cash	\$	95,812
Cash in Savings		<u>228,438</u>
Total Current Assets		<u>324,250</u>
Property and Equipment:		
Land		507,740
Building & improvements		<u>595,350</u>
Total Property and Equipment		<u>1,103,090</u>
Total Assets	\$	<u><u>1,427,340</u></u>
Current Liabilities:		
Payroll Liabilities	\$	4,839
Credit Cards Payable		10,224
Current Portion Of Debt		<u>39,521</u>
Total Current Liabilities		<u>54,584</u>
Long-Term Liabilities		
Note Payable - NCP Church Building		146,648
Note Payable - NCP House		168,101
Note Payable - NCP Land		400,169
Less: Current Portion of Debt		<u>(39,521)</u>
Total Current Liabilities		<u>675,397</u>
Total Liabilites		729,981
Net Assets:		
Unrestricted		536,493
Unrestricted - Board Designated		73,789
Temporarily Restricted		<u>87,077</u>
Total Net Assets		<u>697,359</u>
Total Liabilities and Net Assets	\$	<u><u>1,427,340</u></u>

See Accountants' Compilation Report and Accompanying Notes

RIVERSIDE COVENANT CHURCH, INC.
STATEMENT OF ACTIVITY - MODIFIED CASH BASIS
For the Year Ended June 30, 2017

	2017		
	Unrestricted	Temporarily Restricted	Totals
Contributions	\$ 549,989	\$ 117,874	\$ 667,863
Rental Income - Apartment	4,050		4,050
Rental Income - Farm	2,340		2,340
Building & Vehicle Use	325		325
Program Income	10,816		10,816
Miscellaneous Income	38		38
Interest Income	1,444		1,444
Sale of Assets	20,600		20,600
 Total Revenues	 589,602	 117,874	 707,476
 Net assets released in satisfaction of program restrictions	 80,495	 (80,495)	 0
 Total Support and Revenues	 670,097	 37,379	 707,476
 General Office & Administrative	 9,597		 9,597
General Property	96,221		96,221
General Minsitry	180,983		180,983
General Community	15,771		15,771
Staff Compensation & Benefits	296,905		296,905
Interest	30,706		30,706
Rental	549		549
 Total Expenses	 630,732	 -	 630,732
 Increase (Decrease) in Net Assets	 39,365	 37,379	 76,744
 Net Assets, Beginning of Year	 570,917	 49,698	 620,615
 Net Assets, End of Year	 \$ 610,282	 \$ 87,077	 \$ 697,359

See Accountants' Compilation Report and Accompanying Notes

RIVERSIDE COVENANT CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Riverside Covenant Church, Inc. is an Evangelical Covenant Church whose mission is to glorify God by becoming disciples of Jesus Christ who share life in authentic community and transform the world through God's love, truth, and power.

Basis of Accounting

The financial statements of the Church are prepared on a modified basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than general accepted accounting principles. The basis of presentation differs from accounting principles generally accepted in the United States of America (GAAP) in that certain revenues are recognized when received rather than earned and certain expenses are recognized when paid rather than when the obligation is incurred.

Cash

Cash consists of cash on deposit at financial institutions. The Church considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Church maintains its checking account with a financial institution that insures cash balances of up to the amount insurable through the Federal Deposit Insurance Corporation. As of June 30, 2017, the balance is below the insured limit.

The Church also maintains accounts with a financial institution that is not insured by the Federal Deposit Insurance Corporation. As of June 30, 2017, the total cash on deposit is \$228,438. The Church has not experienced any losses on this account and believes that it is not exposed to any significant risks on them.

Building, Land, and Depreciation

The Church has elected to record buildings and land as an asset when purchased at original cost. However, small equipment and vehicles have been expensed in the year of purchase. The Church has also chosen not to record an allowance for depreciation or depreciation expense.

Display of Net Assets by Class

The net assets of the Church are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Contributed Support

The Church recognizes contributions as revenue in the year in which the contribution is received. Contributions consist mainly of tithes and offerings from the church congregation.

RIVERSIDE COVENANT CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The Church uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenses, and changes in net assets.

NOTE 2 – NOTES PAYABLE:

As of June 30, 2017, the Church had a note payable secured by property located at 1841 N Salisbury St; West Lafayette, IN with a balance due of \$168,101.31. Principal and interest are payable monthly in the amount \$725.00. The total amount of principal and interest paid during the year were \$25,475.69 and \$7,324.31, respectively. The interest rate is variable and is currently at 4% and the note matures in November of 2029. Expected future payments are as follows:

<u>Year Ending 6/30</u>	<u>Principal Due</u>
2017	\$ 2,012.55
2018	2,094.58
2019	2,179.91
2020	2,268.72
2021	2,361.14
Thereafter	\$ 159,545.55

As of June 30, 2017, the Church had a note payable secured by land located on Klondike Rd.; West Lafayette, IN with a balance due of \$400,168.69. Principal and interest are payable monthly in the amount \$2,100.00. The total amount of principal and interest paid during the year were \$8,995.07 and \$16,204.93, respectively. The interest rate is variable and is currently at 4% and the note matures in May of 2030. Expected future payments are as follows:

<u>Year Ending 6/30</u>	<u>Principal Due</u>
2017	\$ 9,363.68
2018	9,745.26
2019	10,142.22
2020	10,555.41
2021	10,985.46
Thereafter	\$ 349,376.74

RIVERSIDE COVENANT CHURCH, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 2 – NOTES PAYABLE: (continued)

As of June 30, 2017, the Church had a note payable secured by property located at 1850 Woodland Ave; West Lafayette, IN with a balance due of \$146,647.85. Principal and interest are payable monthly in the amount \$2,548.00. The total amount of principal and interest paid during the year were \$23,399.65 and \$7,176.35, respectively. The interest rate is variable and is currently at 4.5% and the note matures in June of 2026. Expected future payments are as follows:

<u>Year Ending 6/30</u>	<u>Principal Due</u>
2017	\$ 24,477.60
2018	25,602.10
2019	26,778.25
2020	28,008.46
2021	29,295.14
Thereafter	\$ 12,486.30

NOTE 3: LEASE INCOME

The Church owns an apartment that it rents for \$750.00 per month on a month-to-month basis. In December 2016, the apartment is no longer available for rent. It was converted to a youth ministry space. Total rents received in the current year for the apartment were \$4,050.00.

The Church owns farmland located on Klondike in West Lafayette, IN. The lease is renewable annually, and the rent in the amount of \$1,170.00 is due on a semi-annual basis. Total rents received in the current year were \$2,340.00.

NOTE 4: PENSION

The Church contributes the denomination’s pension, which covers all credentialed pastors. Total current year contributions to the plan were \$11,609.37

The Church also contributes to a SEP IRA on behalf of all employees. The contribution equals 4% of the employee’s gross wages. Total current year contributions were \$9,889.17.

RIVERSIDE COVENANT CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5: RESTRICTED NET ASSETS

Unrestricted board designated net assets consist of the following at June 30, 2017:

Worship Ministry	\$ 1,979.00
Building Maintenance Reserve	15,809.72
National Covenant Properties Agreement	<u>56,000.00</u>
Total	<u>\$ 73,788.72</u>

Board designated funds are included in the unrestricted balance on the Statement of Financial Position – Modified Cash Basis as of June 30, 2017.

As of June 30, 2017, the Church has a verbal agreement with National Covenant Properties to designate \$56,000.00 to be used for either future mortgage payments or improvements to the land located on Klondike Road. The funds are not legally restricted for this purpose. However, the Church has a moral obligation to comply with the verbal agreement made with National Covenant Properties.

Temporarily restricted net assets consisted of the following:

Youth Ministry	\$ 8,110.72
General Benevolence	15,370.40
Women’s Ministry	25.00
Mission Trip	5,429.78
Compassion Fund	5,896.00
Woodland Fund	52,241.37
CCM Grant	<u>3.45</u>
Total	<u>\$ 87,076.72</u>

NOTE 6: SUBSEQUENT EVENTS

The Church has evaluated subsequent events through September 15, 2017 the date which the financial statements were available to be issued.

RIVERSIDE COVENANT CHURCH, INC.
SCHEDULE OF EXPENSES
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

General Office and Administrative:		
Office Supplies	\$	804
Postage		500
Copy Charges		1,397
Dues and Subscriptions		3,732
Accounting Fees		2,923
Miscellaneous Office Expense		241
Total General Office and Administrative Expenses		<u>9,597</u>
General Property:		
Building Insurance		6,214
Vehicle Insurance		678
Workman's Comp		704
Building Maintenance and Repairs		2,512
Building Improvements - Woodland Fund		26,989
Office Furniture		120
New Equipment		
Office	\$	6,694
Nursery & Children's Ministry		1,025
Youth Ministry		969
Worship, Sound, Lighting		14,897
Computers & Software		3,152
Kitchen		294
General Church Use Equipment		<u>1,399</u>
Total New Equipment	\$	28,430
Equipment Rental		191
Utilities		12,069
Custodial Service & Supplies		10,134
Landscaping		5,532
Vehicle		797
Misc Property Expenses		1,851
Total General Property Expenses	\$	<u>96,221</u>

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RIVERSIDE COVENANT CHURCH, INC.
SCHEDULE OF EXPENSES
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

General Ministry:

General Benevolence	\$		1,535
Mission Trip			45,554
Directed Missionary Funding			5,000
CCM Grant Expenses			1,417
Children's Ministry			6,087
Youth Ministry			4,166
Adult Formation			8,469
Small Groups			1,464
Women's Ministries			1,486
Men's Ministry			860
Worship Ministry			3,656
Outreach/Evangelism Ministry			5,205
Missions			
Evangelical Covenant National	\$	39,662	
Central Conference		22,226	
Missionary Support		26,884	
Miscellaneous		304	
Total Missions		\$	89,076
Benevolence Fund			4,975
Nursery Ministry			174
Server Ministry			27
Stephen Ministry			1,832
Total General Ministry Expenses		\$	180,983

General Community:

Fellowship			
Meals	\$	1,292	
Sunday Coffee Supplies & Donuts		5,012	
Special Events		1,457	
Gifts & Condolences		429	
Childcare		50	
Miscellaneous		6	
Total Fellowship		\$	8,246
Leadership Development			7,525
Total General Community Expenses		\$	15,771

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RIVERSIDE COVENANT CHURCH, INC.
SCHEDULE OF EXPENSES
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

Staff Compensation & Benefits:

Salaries & Wages		
Senior Pastor - Salary	\$	66,597
Senior Pastor - Housing Allowance		20,000
Administrative Assistant		16,771
Temporary Admin. Assistant		1,461
Children's/Family Min. Director		17,860
Women's Ministry Director		17,707
Pastor of Discipleship - Salary		45,415
Pastor of Discipleship - Housing		20,000
Worship/Youth Discipleship Dir		<u>53,395</u>
Total Salaries & Wages	\$	259,206
Staff Benefits Health Benefits		103
Continuing Education - Pastor		1,399
Continuing Education - Staff		388
Retirement Benefits - Pastor		17,989
Retirement Benefits - Other Staff		3,510
Life & Disability Insurance		3,610
Cell Phone Reimbursement		2,500
Payroll Taxes		<u>8,200</u>
Total Staff Compensation & Benefits Expenses	\$	<u>296,905</u>

Mortgage Interest:

Interest Expense - 1850 Woodland	\$	7,177
Interest Expense - 1841 Salisbury		7,324
Interest Expense - Land		<u>16,205</u>
Total Mortgage Interest Expense	\$	<u>30,706</u>

Rental:

Utilities	\$	347
Building Maintenance & Repair		<u>202</u>
Total Rental Expenses	\$	<u>549</u>

Total Expenses	\$	<u><u>630,732</u></u>
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