

RIVERSIDE COVENANT CHURCH, INC.

Compiled Financial Statements

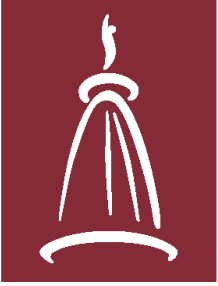
June 30, 2018

RIVERSIDE COVENANT CHURCH, INC.

JUNE 30, 2018

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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 of June 30, 2018 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.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. 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.

The capitalization of property, plant, and equipment and the recording of depreciation over the estimated useful lives of such assets is a generally accepted modification of the cash basis of accounting. The Church has informed us that although they have chosen to capitalize land and buildings, they have chosen not to record depreciation and charge the cost of the buildings over the assets estimated useful economic lives, which is not considered a generally accepted modification of the cash basis of accounting. Management has not determined the effect of this departure on the financial statements. See Note 1 – Basis of Accounting for additional information.

Supplementary Information

The supplementary information contained in the schedule of expenses - modified cash basis for the twelve months ended June 30, 2018 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
October 1, 2018

Riverside Covenant Church, Inc.
 STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS
 June 30, 2018

	2018
Current Assets:	
Cash	\$ 109,534
Cash in Savings	229,940
Total Current Assets	339,474
Property and Equipment:	
Land	507,740
Building & improvements	595,350
Total Property and Equipment	1,103,090
Total Assets	\$ 1,442,564
Current Liabilities:	
Credit Cards Payable	\$ 1,956
Current Portion Of Debt	25,323
Total Current Liabilities	27,279
Long-Term Liabilities	
Note Payable - NCP Church Building	123,189
Note Payable - NCP House	163,098
Note Payable - NCP Land	392,420
Less: Current Portion of Debt	(25,323)
Total Current Liabilities	653,384
Total Liabilities	680,663
Net Assets:	
Unrestricted	556,943
Unrestricted - Board Designated	84,836
Temporarily Restricted	120,122
Total Net Assets	761,901
Total Liabilities and Net Assets	\$ 1,442,564

See Accountants' Compilation Report and Accompanying Notes

RIVERSIDE COVENANT CHURCH, INC.
STATEMENT OF ACTIVITY - MODIFIED CASH BASIS
For the Year Ended June 30, 2018

	2018		
	Unrestricted	Temporarily Restricted	Totals
Contributions	\$ 516,226	\$ 91,955	\$ 608,181
Rental Income - Farm	2,340		2,340
Building & Vehicle Use	185		185
Program Income	12,200		12,200
Miscellaneous Income	32		32
Interest Income	1,503		1,503
 Total Revenues	 532,486	 91,955	 624,441
 Net assets released in satisfaction of program restrictions	 58,910	 (58,910)	 0
 Total Support and Revenues	 591,396	 33,045	 624,441
 General Office & Administrative	 7,873		 7,873
General Property	63,337		63,337
General Minsitry	172,592		172,592
General Community	14,762		14,762
Staff Compensation & Benefits	270,459		270,459
Interest	30,876		30,876
 Total Expenses	 559,899	 -	 559,899
 Increase (Decrease) in Net Assets	 31,497	 33,045	 64,542
 Net Assets, Beginning of Year	 610,282	 87,077	 697,359
 Net Assets, End of Year	 \$ 641,779	 \$ 120,122	 \$ 761,901

See Accountants' Compilation Report and Accompanying Notes

RIVERSIDE COVENANT CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 the modified cash basis, 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 revenues are recognized when received rather than earned and expenses are recognized when paid rather than when the obligation is incurred. Other modifications from the strict cash basis of accounting which have substantial support, are equivalent to Generally Accepted Accounting Principles in the United States, and are logical when taken together are made. The Church has made the following modifications to the strict cash basis:

Capitalization of Buildings and Land and recording associated debt financing – The Church has elected to record buildings and land as an asset when purchased at original cost, as well as recording the associated long-term debt financing as a liability on the balance sheet. The Church believes there is substantial support for this modification to the Cash Basis of accounting.

Depreciation - The Church has elected not to record depreciation and charge the cost of the buildings over the assets estimated useful economic lives, which is not considered to have substantial support when capitalizing buildings and land as an asset. The Church has not determined the effect of this departure on the financial statements.

Recording of Credit Card Payable – The Church has elected to record certain expenses incurred on credit card and the corresponding current liability for credit card payable on the balance sheet. The Church believes there is substantial support for this modification to the Cash Basis of accounting.

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, 2018, 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, 2018, the total cash on deposit is \$229,940 The Church has not experienced any losses on this account and believes that it is not exposed to any significant risks on them.

RIVERSIDE COVENANT CHURCH, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2018, the Church had a note payable secured by property located at 1841 N Salisbury St; West Lafayette, IN with a balance due of \$163,098.31. Principal and interest are payable monthly in the amount \$725.00. The total amount of principal and interest paid during the year were \$5,003.00 and \$7,297.00, respectively. The interest rate is variable and is currently at 5% 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	\$ 557.75
2018	586.29
2019	616.27
2020	647.82
2021	680.95
Thereafter	\$ 160,009.23

RIVERSIDE COVENANT CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – NOTES PAYABLE: (continued)

As of June 30, 2018, the Church had a note payable secured by land located on Klondike Rd.; West Lafayette, IN with a balance due of \$392,420.40. Principal and interest are payable monthly in the amount \$2,100.00. The total amount of principal and interest paid during the year were \$7,748.29 and \$17,451.71, respectively. The interest rate is variable and is currently at 5.0% and the note matures in May of 2030. Expected future payments are as follows:

<u>Year Ending 6/30</u>	<u>Principal Due</u>
2019	\$ 5,823.97
2020	6,006.60
2021	6,313.89
2022	6,636.93
2023	6,976.49
Thereafter	\$ 360,662.52

As of June 30, 2018, the Church had a note payable secured by property located at 1850 Woodland Ave; West Lafayette, IN with a balance due of \$123,189.36. Principal and interest are payable monthly in the amount \$2,548.00 for 11 months and \$1,558.00 for 1 month. The total amount of principal and interest paid during the year were \$23,458.49 and \$6,127.51, respectively. The interest rate is variable and is currently at 4.75% and the note matures in June of 2026. Expected future payments are as follows:

<u>Year Ending 6/30</u>	<u>Principal Due</u>
2019	\$ 13,952.66
2020	13,805.23
2021	14,475.45
2022	15,178.21
2023	15,915.07
Thereafter	\$ 49,862.74

NOTE 3: LEASE INCOME

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 \$26,905.44

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 \$7,829.76.

RIVERSIDE COVENANT CHURCH, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 5: RESTRICTED NET ASSETS

Unrestricted board designated net assets consist of the following at June 30, 2018:

Worship Ministry	\$ 5,215.26
Building Maintenance Reserve	23,370.31
National Covenant Properties Agreement	56,000.00
	<hr/>
Total	<u>\$ 84,585.57</u>

Board designated funds are included in the unrestricted balance on the Statement of Financial Position – Modified Cash Basis as of June 30, 2018.

As of June 30, 2018, 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	\$ 10,236.55
General Benevolence	16,700.40
Women’s Ministry	25.00
Mission Trip	3,466.18
Memorial Fund	203.00
Compassion Fund	4,528.00
Woodland Fund	84,959.83
CCM Grant	3.45
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Total	<u>\$ 120,122.41</u>

NOTE 6: SUBSEQUENT EVENTS

The Church has evaluated subsequent events through October 1, 2018 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, 2018

General Office and Administrative:

Office Supplies	\$	394
Postage		397
Copy Charges		1,045
Dues and Subscriptions		3,862
Accounting Fees		1,628
Professional Fees		547
Total General Office and Administrative Expenses		7,873

General Property:

Building Insurance	\$	6,332
Vehicle Insurance		668
Workman's Comp		704
Building Maintenance and Repairs		12,009
Building Improvements - Woodland Fund		6,760
Office Furniture		320
New Equipment		
Nursery & Children's Ministry	\$	1,300
Worship, Sound, Lighting		414
Computers & Software		3,517
General Church Use Equipment		82
Total New Equipment		5,313
Equipment Rental		191
Utilities		13,479
Custodial Service & Supplies		8,750
Landscaping		5,831
Vehicle		1,261
Misc Property Expenses		1,719
Total General Property Expenses	\$	63,337

See Accountants' Compilation Report and Accompanying Notes

RIVERSIDE COVENANT CHURCH, INC.
SCHEDULE OF EXPENSES
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

General Ministry:

Youth	\$	500
Mission Trip		50,281
Compassion Funding		1,368
Children's Ministry		5,972
Youth Ministry		8,066
Adult Formation		872
Small Groups		308
Women's Ministries		5,652
Men's Ministry		1,043
Worship Ministry		4,374
Outreach/Evangelism Ministry		7,026
Missions		
Evangelical Covenant National	\$	34,676
Central Conference		19,524
Missionary Support		29,732
Total Missions		83,932
Benevolence Fund		1,920
Nursery Ministry		27
Prayer Ministry		518
Server Ministry		236
Stephen Ministry		497
Total General Ministry Expenses	\$	172,592

General Community:

Fellowship		
Meals	\$	797
Sunday Coffee Supplies & Donuts		5,641
Special Events		1,609
Gifts & Condolences		256
Childcare		125
Miscellaneous		59
Total Fellowship		8,487
Leadership Development		6,275
Total General Community Expenses	\$	14,762

See Accountants' Compilation Report and Accompanying Notes

RIVERSIDE COVENANT CHURCH, INC.
SCHEDULE OF EXPENSES
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

Staff Compensation & Benefits:

Salaries & Wages

Senior Pastor - Salary	\$	41,586
Senior Pastor - Housing Allowance		10,769
Senior Pastor - SECA		3,066
Administrative Assistant		22,254
Children's/Family Min. Director		20,197
Women's Ministry Director		27,238
Pastor of Discipleship - Salary		19,609
Pastor of Discipleship - Housing		10,000
Worship/Youth Discipleship Dir - Salary		38,704
Worship/Youth Discipleship Dir - Housing		18,179
Worship/Youth Discipleship Dir - SECA		2,101

Total Salaries & Wages	\$	213,703
Continuing Education - Pastor		8,135
Continuing Education - Staff		860
Retirement Benefits - Pastor		32,194
Retirement Benefits - Other Staff		2,542
Life & Disability Insurance		3,356
Cell Phone Reimbursement		2,450
Preaching & Worship Honorarium		1,250
Payroll Taxes		5,970
Total Staff Compensation & Benefits Expenses	\$	270,459

Mortgage Interest:

Interest Expense - 1850 Woodland	\$	6,128
Interest Expense - 1841 Salisbury		7,297
Interest Expense - Land		17,452
Total Mortgage Interest Expense	\$	30,877

Total Expenses	\$	<u>559,900</u>
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