

**THE CHRISTIAN CENTER OF PARK CITY
(A Nonprofit Organization)**

FINANCIAL STATEMENTS

March 31, 2018 and 2017

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

**Board of Directors
The Christian Center of Park City
Park City, Utah**

We have audited the accompanying financial statements of The Christian Center of Park City (the Organization), which comprise the statements of financial position as of March 31, 2018 and 2017, and 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 Statement

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 statement that is 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 audits 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 statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider 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 the accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Christian Center of Park City as of March 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WSRP, LLC

Salt Lake City, Utah
July 25, 2018

THE CHRISTIAN CENTER OF PARK CITY
STATEMENTS OF FINANCIAL POSITION
March 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 613,421	\$ 1,518,959
Pledge receivable	10,322	25
Inventory	60,447	76,308
Prepaid expenses	40,399	24,814
TOTAL CURRENT ASSETS	724,589	1,620,106
PROPERTY AND EQUIPMENT	9,678,161	5,295,973
DEPOSITS	8,036	7,666
TOTAL ASSETS	\$10,410,786	\$ 6,923,745
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 284,853	\$ 237,086
Accrued expenses	15,886	16,317
Current portion of long-term liabilities	93,311	87,890
TOTAL CURRENT LIABILITIES	394,050	341,293
LONG-TERM LIABILITIES	6,285,852	2,886,003
TOTAL LIABILITIES	6,679,902	3,227,296
 NET ASSETS		
Unrestricted	3,273,899	2,342,822
Temporarily restricted	456,985	1,353,627
TOTAL NET ASSETS	3,730,884	3,696,449
TOTAL LIABILITIES AND NET ASSETS	\$10,410,786	\$ 6,923,745

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

THE CHRISTIAN CENTER OF PARK CITY
STATEMENTS OF ACTIVITIES
Years ended March 31, 2018 and 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Individual contributions	\$ 423,982	\$ 674,642	\$ 1,098,624
In-kind contributions	2,581,121	-	2,581,121
Thrift Shoppe	1,130,587	-	1,130,587
Counseling	168,966	36,100	205,066
Rental	40	-	40
Miscellaneous	5,049	-	5,049
Net assets released from restrictions	1,607,384	(1,607,384)	-
TOTAL REVENUES AND SUPPORT	5,917,129	(896,642)	5,020,487
EXPENSES			
Program services:			
Programs	2,103,292	-	2,103,292
Thrift Shoppe	1,860,580	-	1,860,580
Supporting services:			
Fundraising activities	200,887	-	200,887
Management and general	574,430	-	574,430
Interest expense	246,125	-	246,125
Loss on disposal of assets	738	-	738
TOTAL EXPENSES	4,986,052	-	4,986,052
CHANGE IN NET ASSETS	931,077	(896,642)	34,435
NET ASSETS			
Balance - beginning of year	2,342,822	1,353,627	3,696,449
Balance - end of year	<u>\$ 3,273,899</u>	<u>\$ 456,985</u>	<u>\$ 3,730,884</u>

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

THE CHRISTIAN CENTER OF PARK CITY
STATEMENTS OF ACTIVITIES
Years ended March 31, 2018 and 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Individual contributions	\$ 643,182	\$ 1,717,061	\$ 2,360,243
In-kind contributions	2,667,584	-	2,667,584
Thrift Shoppe	734,115	-	734,115
Counseling	135,219	-	135,219
Rental	3,285	-	3,285
Miscellaneous	7,227	-	7,227
Net assets released from restrictions	1,596,587	(1,596,587)	-
TOTAL REVENUES AND SUPPORT	5,787,199	120,474	5,907,673
EXPENSES			
Program services:			
Programs	2,266,774	-	2,266,774
Thrift Shoppe	1,593,018	-	1,593,018
Supporting services:			
Fundraising activities	179,021	-	179,021
Management and general	519,714	-	519,714
Interest expense	181,148	-	181,148
Loss on disposal of assets	-	-	-
TOTAL EXPENSES	4,739,675	-	4,739,675
CHANGE IN NET ASSETS	1,047,524	120,474	1,167,998
NET ASSETS			
Balance - beginning of year	1,295,298	1,233,153	2,528,451
Balance - end of year	<u>\$ 2,342,822</u>	<u>\$ 1,353,627</u>	<u>\$ 3,696,449</u>

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

THE CHRISTIAN CENTER OF PARK CITY
STATEMENTS OF CASH FLOWS
Years ended March 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 34,435	\$ 1,167,998
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	137,105	46,351
Loss on disposal of assets	738	-
Property and equipment donation	-	(2,500)
Changes in operating assets and liabilities:		
Pledge receivables	(10,297)	(25)
Inventory	15,861	(2,209)
Prepaid expenses	(15,585)	(2,819)
Deposits	(370)	(220)
Employee receivable	-	440
Accounts payable	47,767	201,625
Accrued expenses	(431)	5,085
Net cash flows from operating activities	209,223	1,413,726
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash from disposal of assets	200	-
Cash paid for purchases of property and equipment	(1,020,231)	(1,463,277)
Net cash used by investing activities	(1,020,031)	(1,463,277)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to reduce long-term liabilities	(85,980)	(82,785)
Cash paid for debt issuance costs	(8,750)	-
Net cash used by financing activities	(94,730)	(82,785)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(905,538)	(132,336)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,518,959	1,651,295
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 613,421	\$ 1,518,959
NON-CASH INVESTING ACTIVITIES		
Property and equipment acquired through long-term liabilities	\$ 3,500,000	\$ -
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 246,125	\$ 181,148

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

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Christian Center of Park City, a nonprofit organization, (the Organization) formed December 14, 1999, is a non-denominational, community-focused resource facility and a user-friendly contact point for religious, social, and humanitarian services to the community.

The Organization's mission is to serve as a Christian, humanitarian community resource center that helps improve the lives of people and communities through meeting immediate and basic needs, serving as a leading networker of community resources, offering counseling and care support, and by giving hope to those we serve. Over the last 17 years, the Organization has started a multitude of programs including the largest food pantry in both Summit and Wasatch Counties, two thrift stores, boutique shop, a weekly dinner for international seasonal workers, an outreach to Native American Communities (Navajo and Goshute), a free legal clinic, special initiatives reaching low-income children through the schools and seasonal programs, as well as leveraging over \$14 million in food and household supplies, engaging hundreds of volunteers in thousands of hours of service projects, and helping countless residents secure the resources they need to survive.

Accounting Principles

The accompanying financial statements have been prepared using the accrual basis of accounting. The Organization follows generally accepted accounting principles for non-profit organizations and reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of restricted net assets is determined by the nature of any donor-imposed restrictions.

- Unrestricted contributions and net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted contributions and net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted contributions and net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations. The Organization did not receive any donations that would be classified as permanently restricted during the years ended March 31, 2018 or 2017 nor were there any permanently restricted net assets as of March 31, 2018 or 2017.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are generally comprised of certain highly liquid investments with maturities when purchased of three months or less.

Inventory

Inventory consists of donated items to be given away to the needy and/or sold for the benefit of the Organization. Donated items are valued at the estimated value for which they can be sold.

Property and Equipment

It is the Organization's policy to capitalize property and equipment purchases over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are being depreciated over their estimated useful lives using the straight-line method.

Donated Services and In-Kind Contributions

During the years ended March 31, 2018 and 2017, the value of contributed services was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services also do not meet the criteria for recognition as contributed services. The Organization receives more than 3,000 volunteer hours per year.

The Organization also receives food, clothing, furniture and other goods which assist in the accomplishment of its mission. These donations are recorded in the financial statements as in-kind revenue and expense at their estimated fair market value which totaled approximately \$2,581,121 and \$2,667,584 for the years ended March 31, 2018 and 2017, respectively.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Thrift Shoppe revenues are recognized at the point of sale.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. All contributions are considered to be available for unrestricted use in the appropriate time period, unless specifically restricted by the donor.

All donor-restricted contributions are 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 and reported in the statement of activities as net assets released from restrictions.

Amounts restricted for future periods or restricted for specific purposes are reported as temporarily or permanently restricted support. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported as satisfactions of program restrictions and net assets released. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The temporary restrictions on assets as of March 31, 2018 and 2017 related to collections and pledges which were designated for allocation during future years at the restriction of the donor, were to be used in specific programs and had not been expended at March 31, 2018 and 2017 (see Note 5).

Functional Allocation of Expenses

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

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and under the State of Utah tax regulations. Consequently, no provision for income taxes has been recorded in the accompanying financial statements.

Fair Value of Financial Instruments

Receivables, accounts payable, accrued expenses, and certain other current assets and liabilities are carried at amounts which approximate their fair value.

Advertising

All costs associated with advertising and promoting the Organization's goods and services are expensed in the year incurred. Advertising expense totaled \$5,110 and \$3,520 for the years ended March 31, 2018 and 2017, respectively.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

The Organization's financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments.

The Organization maintains its cash balances at a financial institution. At times such investments may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Reclassifications

Certain prior year items have been reclassified to conform to the current year presentation.

Subsequent Events

Management of the Organization has evaluated subsequent events through July 25, 2018, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that require recognition or disclosure in these financial statements.

NOTE 2 - RELATED PARTY TRANSACTIONS

During fiscal year 2018, the Organization received unrestricted support in the amount of \$143,825 and temporarily restricted support in the amount of \$166,550 from board members and employees. This equated to 6.2% of total revenues and support. During fiscal year 2017, the Organization received unrestricted support from a board member in the amount of \$600,000. This equated to 10.4% of unrestricted support.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	2018	2017
Cost:		
Land	\$ 3,400,000	\$ 3,400,000
Equipment	58,754	60,610
Furniture and fixtures	188,431	72,899
Building	6,544,375	2,174,691
	10,191,560	5,708,200
Less accumulated depreciation	(513,399)	(412,227)
Net book value	\$ 9,678,161	\$ 5,295,973

Depreciation expense for the year ended March 31, 2018 and 2017 was \$137,105 and \$46,351, respectively.

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 4 - LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	2018	2017
\$3,500,000 line of credit with a bank, interest based on a 3 month LIBOR rate, interest due in quarterly installments, principal payments due in three equal annual payments beginning October 2019, guaranteed by a board member	\$ 3,500,000	\$ -
Note to a private entity, variable interest currently at 6%, due in monthly installments of \$21,994 including interest, secured by property	2,886,004	2,973,893
	6,386,004	2,973,893
Net unamortized debt issuance costs	(6,841)	-
Less current portion of long-term liabilities	(93,311)	(87,890)
Long-term liabilities excluding current portion	\$ 6,285,852	\$ 2,886,003

Aggregate maturities of long-term liabilities in each of the next five years are as follows:

2019	\$ 93,311
2020	1,265,734
2021	1,271,844
2022	1,278,330
2023	118,551
Thereafter	2,358,234
	\$ 6,386,004

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2018	2017
Backpacks for Kids/Back to School Programs	\$ 15,534	\$ -
Emergency assistance	-	19,401
Native American outreach	24,993	17,710
Special events	3,436	3,280
Counseling	25,000	8,923
Capital campaign	388,022	1,304,313
	\$ 456,985	\$ 1,353,627

THE CHRISTIAN CENTER OF PARK CITY
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 6 - OPERATING LEASES

The Organization entered into a lease agreement beginning October 1, 2016 to lease space in Park City, Utah for their Center Stage Boutique. The lease calls for monthly payments, including taxes and insurance of \$4,095. Additional common area fees vary and are billed monthly. The lease has a term of 18 months and expired March 31, 2018. The boutique moved into the building owned by the Organization on May 1, 2018.

In addition, the Organization entered into a lease agreement beginning August 1, 2016 to lease space in Heber City for their Heber City Center Stage thrift store and Heber City Pantry. The lease calls for monthly payments of \$4,757. The lease had an initial term of 1 year with an option to extend the lease for an additional two years. The Organization entered into a new three year lease agreement effective May 1, 2018.

Total rent expense for building leases for the years ended March 31, 2018 and 2017, was \$85,094 and \$96,130, respectively. Future minimum lease payments are as follows:

2019	\$	78,342
2020		87,114
2021		91,114
2022		7,622
2023		-
Thereafter		-
		-
	\$	264,192

The Organization leases vehicles under operating leases. Total rent expense for vehicle leases for the years ended March 31, 2018 and 2017, was \$27,476 and \$26,958, respectively. Future minimum lease payments are as follows:

2019	\$	24,262
2020		19,159
2021		19,159
2022		11,177
Thereafter		-
		-
	\$	73,757