

Cross Point Community Church

FINANCIAL STATEMENTS

December 31, 2017 and 2016



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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**Cross Point Community Church
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December 31, 2017 and 2016**

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To the Board of Directors of
Cross Point Community Church
Nashville, Tennessee

We have reviewed the accompanying financial statements of Cross Point Community Church (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis of as December 31, 2017 and 2016, and the related statements of support, revenues, expenses, and changes in net assets – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Accountants’ Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants’ Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

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 generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive style with a small 'i' before the ampersand.

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
June 25, 2018

Cross Point Community Church
Statements of Assets, Liabilities, and Net Assets –
Modified Cash Basis

<i>December 31,</i>	2017	2016
ASSETS		
Cash and cash equivalents	\$ 2,578,405	\$ 2,970,595
Prepaid expenses and other assets	63,012	79,033
Property and equipment	19,674,846	18,479,125
TOTAL ASSETS	\$ 22,316,263	\$ 21,528,753
LIABILITIES		
Other liabilities	\$ -	\$ 141
Notes payable	10,068,369	9,171,694
TOTAL LIABILITIES	10,068,369	9,171,835
NET ASSETS		
Unrestricted	11,165,873	11,387,600
Temporarily restricted	1,082,021	969,318
TOTAL NET ASSETS	12,247,894	12,356,918
TOTAL LIABILITIES AND NET ASSETS	\$ 22,316,263	\$ 21,528,753

See independent accountants' review report and accompanying notes to financial statements.

Cross Point Community Church
Statement of Support, Revenues, Expenses, and Changes in Net Assets –
Modified Cash Basis

For the Year Ended December 31,

2017

	Temporarily		Total
	Unrestricted	Restricted	
SUPPORT AND REVENUES			
Contributions	\$ 7,807,651	\$ 1,544,707	\$ 9,352,358
Other income	310,035	-	310,035
Rental income	90,757	-	90,757
Net assets released from restrictions	1,432,004	(1,432,004)	-
TOTAL SUPPORT AND REVENUES	9,640,447	112,703	9,753,150
EXPENSES			
Communications and production	28,827	-	28,827
Contract labor	266,657	-	266,657
Curriculum	7,172	-	7,172
Depreciation	805,447	-	805,447
Employee benefits	281,023	-	281,023
Housing allowances	586,915	-	586,915
Insurance	61,896	-	61,896
Interest expense	417,717	-	417,717
Marketing and advertising	3,796	-	3,796
Missions	891,132	-	891,132
Other ministry-related expenses	1,509,058	-	1,509,058
Payroll taxes	160,402	-	160,402
Property taxes	48,650	-	48,650
Retirement plan	31,233	-	31,233
Printing	103,623	-	103,623
Rent	316,047	-	316,047
Repairs and maintenance	251,246	-	251,246
Salaries	3,022,711	-	3,022,711
Special events and fellowship	120,258	-	120,258
Supplies	243,902	-	243,902
Utilities	339,693	-	339,693
TOTAL EXPENSES	9,497,405	-	9,497,405
SPINOFF OF WEST NASHVILLE DREAM CENTER	(364,769)	-	(364,769)
CHANGE IN NET ASSETS	(221,727)	112,703	(109,024)
NET ASSETS AT BEGINNING OF YEAR	11,387,600	969,318	12,356,918
NET ASSETS AT END OF YEAR	\$ 11,165,873	\$ 1,082,021	\$ 12,247,894

See independent accountants' review report and accompanying notes to financial statements.

Cross Point Community Church
Statement of Support, Revenues, Expenses, and Changes in Net Assets –
Modified Cash Basis

<i>For the Year Ended December 31,</i>	2016		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Contributions	\$ 8,588,473	\$ 1,556,457	\$ 10,144,930
Other income	353,574	-	353,574
Rental income	30,351	-	30,351
Net assets released from restrictions	2,867,771	(2,867,771)	-
TOTAL SUPPORT AND REVENUES	11,840,169	(1,311,314)	10,528,855
EXPENSES			
Communications and production	50,738	-	50,738
Contract labor	263,271	-	263,271
Curriculum	45,534	-	45,534
Depreciation	711,370	-	711,370
Employee benefits	290,664	-	290,664
Housing allowances	701,046	-	701,046
Insurance	60,063	-	60,063
Interest expense	271,766	-	271,766
Marketing and advertising	47,637	-	47,637
Missions	1,025,414	-	1,025,414
Other ministry-related expenses	1,870,874	-	1,870,874
Payroll taxes	166,865	-	166,865
Property taxes	75,736	-	75,736
Retirement plan	41,338	-	41,338
Printing	83,420	-	83,420
Rent	281,750	-	281,750
Repairs and maintenance	239,020	-	239,020
Salaries	3,233,816	-	3,233,816
Special events and fellowship	213,436	-	213,436
Supplies	346,877	-	346,877
Utilities	311,312	-	311,312
TOTAL EXPENSES	10,331,947	-	10,331,947
GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT	7,525	-	7,525
CHANGE IN NET ASSETS	1,515,747	(1,311,314)	204,433
NET ASSETS AT BEGINNING OF YEAR	9,871,853	2,280,632	12,152,485
NET ASSETS AT END OF YEAR	\$ 11,387,600	\$ 969,318	\$ 12,356,918

See independent accountants' review report and accompanying notes to financial statements.

NOTE 1: NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Cross Point Community Church (the Church) is a Tennessee nonprofit corporation that operates as Cross Point Church, a multi-site church with locations in Nashville, Tennessee and the surrounding counties. The Church is supported primarily by tithes and offerings from members.

The accompanying financial statements have been prepared on the modified cash basis of accounting. That basis differs from generally accepted accounting principles in the United States of America since certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

The Church reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Temporarily restricted net assets consist of donor-restricted gifts restricted for certain purposes. The Church does not have any permanently restricted net assets at December 31, 2017 and 2016.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Church considers all cash and all highly liquid investments with original maturities of less than three months to be considered cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements in excess of \$2,500 are capitalized. Minor replacements, maintenance, and repairs are charged to expense. Depreciation is provided over the estimated useful lives of the related assets primarily using the straight-line method. Leasehold improvements are amortized over the life of the lease or useful life, whichever is shorter.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the statements of support, revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.

Marketing and Advertising

The Church uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed when paid.

Income Taxes

The Church is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Church's rental income is considered unrelated business income. A provision for income taxes is included in the accompanying financial statements when paid. The Church was not required to file income tax returns prior to 2012, since the Church did not have taxable income prior to 2012. The tax returns for 2014 and after are subject to income tax examinations by taxing authorities.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires estimating some of the amounts reported. Actual amounts could differ from those estimates.

Evaluation of Events Occurring After the Financial Statement Date

Management has evaluated subsequent events through June 25, 2018, the date the financial statements were available to be issued. During this period, the Company did not have any material recognizable subsequent events that required recognition in the disclosures to the December 31, 2017 financial statements.

Reclassifications

Certain reclassifications have been made to the 2016 financial statement presentation to correspond to the 2017 format. Net assets and changes in net assets are unchanged due to these reclassifications.

Cross Point Community Church
Notes to Financial Statements

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<i>December 31,</i>	2017	2016
Land	\$ 2,344,805	\$ 1,944,805
Buildings and improvements	17,550,158	13,525,009
Leasehold improvements	260,413	704,498
Heating and air-conditioning systems	301,958	301,958
Furniture and equipment	264,939	268,739
Office equipment	446,286	423,559
Audiovisual equipment	2,139,537	2,010,231
Vehicles	94,506	94,506
Monument sign	115,167	115,167
Construction in progress	-	2,287,491
	23,517,769	21,675,963
Accumulated depreciation	(3,842,923)	(3,196,838)
	\$ 19,674,846	\$ 18,479,125

Cross Point Community Church
Notes to Financial Statements

NOTE 4: NOTES PAYABLE

Notes payable consist of the following:

<i>December 31,</i>	2017	2016
Note payable, principal and interest payments of \$65,560 due monthly, accrues interest at 3.70%, remaining principal due at maturity on July 21, 2025, and secured by real estate	\$ 5,193,138	\$ 5,820,228
Note payable, principal and interest due monthly, accrues interest at 3.95%, secured by real estate, and matures on October 3, 2023 when the remaining principal is due	1,319,007	1,389,327
Note payable, principal and interest payments of \$13,506 due monthly commencing on March 15, 2017 through February 15, 2037, accrues interest at 4.15% secured by real estate, and contains a cash flow coverage covenant	2,097,068	1,962,139
Note, principal and interest payments of \$9,208 due monthly, through February 15, 2037, accrues interest at 4.15% secured by real estate, and contains a cash flow coverage covenant	1,459,156	-
	\$ 10,068,369	\$ 9,171,694

Future principal maturities of the notes payable are as follows for the years ending December 31:

2018	\$ 801,238
2019	832,486
2020	864,421
2021	898,674
2022	933,729
Thereafter	5,737,821
	\$ 10,068,369

Management is not aware of any violations of the cash flow coverage covenants at December 31, 2017.

**Cross Point Community Church
Notes to Financial Statements**

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

<i>December 31,</i>	2017	2016
Missions - domestic	\$ 72,938	\$ 107,796
Missions - foreign	13,037	31,173
Dream Big Christmas	996,046	830,349
	\$ 1,082,021	\$ 969,318

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

<i>For the Year Ended December 31,</i>	2017	2016
Youth/student	\$ 69,706	\$ 104,184
Missions - domestic	237,525	375,603
Missions - foreign	237,179	189,165
Chapter 2 (Nashville facility)	15,531	94,911
Dream Big Christmas	872,063	2,103,908
Satisfaction of program restrictions	\$ 1,432,004	\$ 2,867,771

NOTE 6: LEASES

The Church leases satellite locations and other real estate under both cancelable and non-cancelable operating leases. The Church also leases equipment under operating leases.

The following is a schedule of future minimum lease payments under all operating leases for the years ending December 31:

2018	\$ 386,000
2019	360,000
2020	240,000
	\$ 986,000

Cross Point Community Church
Notes to Financial Statements

NOTE 7: RETIREMENT PLAN

The Church sponsors a 403(b) retirement plan. Employees are eligible immediately to participate in the plan. Employees are eligible to receive employer contributions if they are expected and/or regularly scheduled to work at least 1,020 hours per year and have completed one year of service.

NOTE 8: CLASSIFICATION OF EXPENSES

The statement of support, revenues, expenses, and changes in net assets – modified cash basis discloses expenses by natural classification. The classification of expenses by function is as follows:

<i>For the Years Ended December 31,</i>	2017	2016
Program services	\$ 7,582,469	\$ 8,400,055
Management and general	1,894,558	1,912,230
Fundraising	20,378	19,662
	\$ 9,497,405	\$ 10,331,947

NOTE 9: CONCENTRATIONS IN CREDIT RISK

The Church maintains its cash balances primarily in three financial institutions located in Nashville, Tennessee. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The uninsured cash balance at December 31, 2017 and 2016 was approximately \$1,820,000 and \$2,960,000, respectively.

NOTE 10: SPINOFF OF WEST NASHVILLE DREAM CENTER

On March 31, 2017, the Church spun off one of its two Dream Center locations in Nashville, Tennessee to a separate Tennessee nonprofit corporation, West Nashville Dream Center (“WNDC”) since it had demonstrated its ability to operate independently. As part of the spin off, the Church transferred the related property and equipment with a net book value of approximately \$370,000. It is management’s opinion that the spinoff of WNDC will not have a material effect on the remaining operations of the church.