

**EISNERAMPER**

**NEW YORK CITY  
CHURCH OF CHRIST, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 and 2016**



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
New York City Church of Christ, Inc.  
New York, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the New York City Church of Christ, Inc. (the "Church"), which are comprised of the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

The Church's 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 statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the 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 New York City Church of Christ, Inc. as of December 31, 2017 and 2016, 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.



EISNERAMPER LLP  
New York, New York  
June 4, 2018



# NEW YORK CITY CHURCH OF CHRIST, INC.

## Statements of Financial Position

	December 31,	
	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 552,016	\$ 733,697
Investments	1,149,492	1,389,022
Prepaid expenses and other assets	310,984	259,959
Beneficial interest in a charitable lead annuity trust	590,632	591,542
Furniture and equipment, net	<u>31,576</u>	<u>31,657</u>
	<u>\$ 2,634,700</u>	<u>\$ 3,005,877</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 177,116	\$ 164,906
Deferred revenue	<u>29,580</u>	<u>26,069</u>
	<u>206,696</u>	<u>190,975</u>
Commitments (Note G)		
Net assets:		
Unrestricted	396,386	679,160
Unrestricted - board-designated	<u>1,034,880</u>	<u>1,034,880</u>
Total unrestricted net assets	1,431,266	1,714,040
Temporarily restricted	<u>996,738</u>	<u>1,100,862</u>
Total net assets	<u>2,428,004</u>	<u>2,814,902</u>
	<u>\$ 2,634,700</u>	<u>\$ 3,005,877</u>

**NEW YORK CITY CHURCH OF CHRIST, INC.**

**Statements of Activities**

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public support and revenue:</b>						
Weekly contributions	\$ 5,558,193		\$ 5,558,193	\$ 5,551,566		\$ 5,551,566
Mission contributions		\$ 675,600	675,600		\$ 675,600	675,600
Special contributions	346,067		346,067	307,889		307,889
Other contributions	32,221	52,241	84,462	1,526	36,269	37,795
Benevolence		265,294	265,294		269,006	269,006
Investment returns	11,655		11,655	11,254		11,254
Special events fee income	339,253		339,253	210,641		210,641
Change in value of beneficial interest in charitable lead annuity trust		19,402	19,402		20,616	20,616
Total public support and revenue before net assets released from restrictions	6,287,389	1,012,537	7,299,926	6,082,876	1,001,491	7,084,367
Net assets released from restrictions - satisfaction of restrictions	1,116,661	(1,116,661)	0	892,073	(892,073)	0
Total public support and revenue	7,404,050	(104,124)	7,299,926	6,974,949	109,418	7,084,367
<b>Expenses:</b>						
Program services - ministry	6,812,919		6,812,919	6,230,330		6,230,330
General and administrative	873,905		873,905	922,091		922,091
Total expenses	7,686,824		7,686,824	7,152,421		7,152,421
<b>Change in net assets</b>	(282,774)	(104,124)	(386,898)	(177,472)	109,418	(68,054)
Net assets, beginning of year	1,714,040	1,100,862	2,814,902	1,891,512	991,444	2,882,956
<b>Net assets, end of year</b>	\$ 1,431,266	\$ 996,738	\$ 2,428,004	\$ 1,714,040	\$ 1,100,862	\$ 2,814,902

See notes to financial statements.

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Statements of Functional Expenses

	Year Ended December 31,					
	2017			2016		
	Ministry	General and Administrative	Total	Ministry	General and Administrative	Total
Salaries and parsonage	\$ 2,834,924	\$ 439,985	\$ 3,274,909	\$ 2,624,123	\$ 499,937	\$ 3,124,060
Payroll taxes and employee benefits	649,163	155,059	804,222	600,964	171,176	772,140
Rent	1,167,442	55,174	1,222,616	1,062,961	53,940	1,116,901
Insurance	1,045	63,778	64,823		70,778	70,778
Professional fees		65,738	65,738		48,313	48,313
Telephone and utilities		7,416	7,416	461	7,246	7,707
Supplies expense	81,180	20,779	101,959	123,551	17,949	141,500
Professional ministry expenses	208,999		208,999	200,277		200,277
Special event expenses	327,369		327,369	209,347		209,347
Recruitment	18,392		18,392	9,311		9,311
Mission expenses	757,812		757,812	643,846		643,846
Benevolence	294,537		294,537	306,096		306,096
Education and training	64,314	1,133	65,447	82,911	640	83,551
Regional ministry development	268,089		268,089	250,904		250,904
Travel, meals and lodging	15,697	1,273	16,970	17,531	1,273	18,804
Youth program expenses	55,404		55,404	38,665		38,665
Printing, postage and shipping	8,726	199	8,925	7,019	5,095	12,114
Bank and online charges		31,750	31,750		18,548	18,548
Miscellaneous expenses	59,826	15,375	75,201	52,363	12,707	65,070
Total expenses before depreciation	6,812,919	857,659	7,670,578	6,230,330	907,602	7,137,932
Depreciation		16,246	16,246		14,489	14,489
Total expenses	<u>\$ 6,812,919</u>	<u>\$ 873,905</u>	<u>\$ 7,686,824</u>	<u>\$ 6,230,330</u>	<u>\$ 922,091</u>	<u>\$ 7,152,421</u>

See notes to financial statements.

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (386,898)	\$ (68,054)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	16,246	14,489
Donated securities	(38,122)	(30,951)
Proceeds from donated securities	43,027	30,951
Net unrealized and realized gains on investments	(5,375)	(386)
Changes in:		
Prepaid expenses and other assets	(51,025)	(52,717)
Beneficial interest in a charitable lead annuity trust	910	24,072
Accounts payable and accrued liabilities	12,210	(3,873)
Deferred revenue	<u>3,511</u>	<u>9,506</u>
Net cash used in operating activities	<u>(405,516)</u>	<u>(76,963)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from the maturity of investments	1,140,000	1,786,000
Purchases of investments	(900,000)	(1,390,000)
Purchases of furniture and equipment	<u>(16,165)</u>	<u>(10,102)</u>
Net cash provided by investing activities	<u>223,835</u>	<u>385,898</u>
<b>Net change in cash and cash equivalents</b>	<b>(181,681)</b>	<b>308,935</b>
Cash and cash equivalents, beginning of year	<u>733,697</u>	<u>424,762</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>552,016</u></b>	<b>\$ <u>733,697</u></b>

See notes to financial statements.

## **NEW YORK CITY CHURCH OF CHRIST, INC.**

### **Notes to Financial Statements December 31, 2017 and 2016**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **[1] Organization:**

The New York City Church of Christ, Inc. (the "Church") is a nondenominational church. The Church was established and incorporated under the laws of the State of New York in 1983 and currently ministers to the New York/New Jersey metropolitan area, as well as to foreign missions, as needed.

As a religious organization, the Church is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

##### **[2] Basis of accounting:**

The accompanying financial statements of the Church have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, ("U.S. GAAP"), as applicable to not-for-profit organizations.

##### **[3] Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

##### **[4] Cash and cash equivalents:**

For financial-reporting purposes, the Church considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, the values of such cash and cash equivalents may exceed federally insured limits.

##### **[5] Investments:**

Investments consist of certificates of deposits and are reported at their fair values in the statements of financial position based on quoted market prices. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in unrestricted net assets. Realized gains and losses on investments are determined by comparison of the cost basis to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values, as determined by the proceeds received on the dates of donation or by their net asset values as determined by the Church's management. The Church's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

##### **[6] Furniture and equipment:**

Furniture and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation. The Church capitalizes furniture and equipment with a cost of \$1,000 or more and a useful life of greater than one year, whereas, minor costs of repairs and maintenance are expensed as incurred. Depreciation of furniture and equipment is provided using the straight-line method over five years, the estimated useful lives of the related assets.

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Notes to Financial Statements December 31, 2017 and 2016

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [6] Furniture and equipment: (continued)

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairments as of December 31, 2017 and 2016, and, in the opinion of management, there were no impairments in value in either year. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimates of the recoverability of these assets.

#### [7] Net assets:

Net assets of the Church are classified and reported as follows:

(i) *Unrestricted and board-designated:*

Unrestricted net assets represent resources that are not subject to donor-imposed restrictions. Included in unrestricted net assets are unrestricted amounts that have been appropriated or designated by the Church's Board of Trustees for general purposes.

(ii) *Temporarily restricted:*

Temporarily restricted net assets represent those resources the use of which has been restricted by donors or state law to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statements of activities as "net assets released from restrictions."

#### [8] Revenue recognition:

(i) *Contributions:*

Contributions are recorded as revenue upon the receipt of cash or securities. Contributions are considered available for unrestricted use, unless specifically restricted by the donor, and consist of the following categories:

a. *Weekly contributions:*

These are donations from Church members received at regular weekly services. These contributions are used for general operations, as well as for special programs of the Church.

b. *Missions contributions:*

These are donations from Church members that are designated for specific domestic and foreign mission churches and programs.

c. *Special contributions:*

These are donations from Church members that are directed toward selective programs within the Church.



## NEW YORK CITY CHURCH OF CHRIST, INC.

### Notes to Financial Statements December 31, 2017 and 2016

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [8] Revenue recognition: (continued)

###### (i) Contributions: (continued)

###### d. Benevolence:

These are donations from Church members that are designated for the poor and needy, through financial or material assistance.

###### e. Beneficial interest in a charitable lead annuity trust:

Contribution revenue from a charitable lead annuity trust is recognized upon the establishment of the agreement, at the fair value of the estimated future receipts, discounted for the estimated time period necessary to complete the agreement (see Note C).

###### (ii) Special events fee income:

Registration fees represent various ministry special events, such as youth camps, marriage seminars, campus retreats and singles events. Amounts received in advance of the services performed are recorded as deferred revenue on the statements of financial position.

##### [9] Functional allocation of expenses:

The costs of providing the Church's program and supporting service have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting service using appropriate measurement methodologies determined by management.

The Church reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Ministry expenses are costs directly incurred as the Church ministers to the New York/New Jersey metropolitan area. This category of expenses includes minister salaries, benefits, reimbursement of ministry-related expenses, facility rental fees, and contributions to other charitable organizations. In addition, various special-event fee income related to youth camps, marriage seminars, campus retreats and singles events is recorded as ministry expenses. Ministry expense also included immaterial fund-raising costs.

##### [10] Income taxes:

The Church is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Church's general tax-exempt status, management believes that ASC Topic 740 has not had, and is not expected to have, a material impact on the Church's financial statements.

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Notes to Financial Statements December 31, 2017 and 2016

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [11] Upcoming accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Church will adopt this pronouncement in 2018.

#### [12] Reclassification:

Certain amounts in the accompanying prior-year's financial statements have been reclassified to conform to the current-year's presentation.

#### [13] Subsequent events:

The Church evaluated subsequent events through June 4, 2018, the date on which the financial statements were available to be issued.

### NOTE B - INVESTMENTS

At each year-end, investments consisted of certificates of deposit with a cost and fair value of \$1,150,000 and \$1,149,492, respectively, at December 31, 2017, and a cost and fair value of \$1,390,000 and \$1,389,022, respectively, at December 31, 2016.

During each year, investment returns consisted of the following:

	Year Ended December 31,	
	2017	2016
Interest and dividends	\$ 6,280	\$ 10,868
Net unrealized and realized gains	<u>5,375</u>	<u>386</u>
	<u>\$ 11,655</u>	<u>\$ 11,254</u>

ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Notes to Financial Statements December 31, 2017 and 2016

### NOTE B - INVESTMENTS (CONTINUED)

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments, or the investments cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During 2017 and 2016, there were no transfers among the fair-value hierarchy levels.

The Church's assets classified as Level 3 consist of a beneficial interest in a charitable lead annuity trust. The Trust is reported at its estimated fair value using discounted future cash flow (see Note C).

The following tables summarize the fair values of the Church's investments and other assets at each year-end, in accordance with the ASC Topic 820 fair-value levels:

	<u>December 31, 2017</u>		
	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ 1,149,492</u>		<u>\$ 1,149,492</u>
Total investments	1,149,492		1,149,492
Beneficial interest in a charitable lead annuity trust	_____	<u>\$ 590,632</u>	<u>590,632</u>
Total	<u>\$ 1,149,492</u>	<u>\$ 590,632</u>	<u>\$ 1,740,124</u>
	<u>December 31, 2016</u>		
	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ 1,389,022</u>		<u>\$ 1,389,022</u>
Total investments	1,389,022		1,389,022
Beneficial interest in a charitable lead annuity trust	_____	<u>\$ 591,542</u>	<u>591,542</u>
Total	<u>\$ 1,389,022</u>	<u>\$ 591,542</u>	<u>\$ 1,980,564</u>

The following table summarizes the change in fair value of the Church's Level 3 assets during each year:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Balance at January 1	<u>\$ 591,542</u>	\$ 615,614
Change in value of beneficial interest in charitable lead annuity trust	<u>19,402</u>	20,616
Payments received (related to 2014 through 2017)	<u>(20,312)</u>	<u>(44,688)</u>
Balance at December 31	<u>\$ 590,632</u>	<u>\$ 591,542</u>

## NEW YORK CITY CHURCH OF CHRIST, INC.

### Notes to Financial Statements December 31, 2017 and 2016

#### NOTE B - INVESTMENTS (CONTINUED)

Quantitative information regarding unobservable inputs developed by the Church and assumptions used to measure the fair value of the beneficial interest in a charitable lead annuity trust agreement as of December 31, 2017 are as follows:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Charitable lead annuity trust	\$ 590,632	Fair value of trust assets	Growth rate / discount rate	4%

#### NOTE C - BENEFICIAL INTEREST IN A CHARITABLE LEAD ANNUITY TRUST

On December 31, 2010, the Church became the beneficiary of an irrevocable charitable lead annuity trust (the "Trust"). Under the Trust agreement, the Church is estimated to receive annual annuity payments of \$50,400, payable quarterly for twenty years. The funds in the Trust are managed by an unrelated trustee and represent an interest in a limited partnership.

During 2017 and 2016, the Church recognized changes in fair value from the trust of approximately \$19,000 and \$21,000, respectively, representing the amortization of the present value of the estimated future annuity payments, using a discount rate of 4%. The payments received during 2017 and 2016 relate to partial interest payments from 2014 through 2017. The remaining annuity payments for 2014 through 2017 have not been received. The estimated fair value of the Church's interest in the Trust, as of December 31, 2017 and 2016, was \$590,632 and 591,542, respectively.

#### NOTE D - FURNITURE AND EQUIPMENT

At December 31 2017 and 2016, the Church's equipment consisted of furniture and equipment with a cost of \$229,429 and \$219,840, respectively, and accumulated depreciation of \$197,853 and \$188,183, respectively. During 2017 and 2016, the Church disposed of fully depreciated equipment of \$6,576 and \$5,197, respectively.

## NEW YORK CITY CHURCH OF CHRIST, INC.

### Notes to Financial Statements December 31, 2017 and 2016

#### NOTE E - TEMPORARILY RESTRICTED NET ASSETS

At each year-end, temporarily restricted net assets were available to satisfy the following purposes:

	December 31,	
	2017	2016
Specific programs:		
Missions	\$ 306,052	\$ 388,263
Benevolence	63,686	92,930
Children's programs	21,088	17,847
Adoption activities	10,280	10,280
Manhattan facility rentals	5,000	
Total specific programs	<u>406,106</u>	<u>509,320</u>
Time-restricted:		
Charitable trust (Note C)	<u>590,632</u>	<u>591,542</u>
	<u>\$ 996,738</u>	<u>\$ 1,100,862</u>

During each year, net assets released from restrictions consisted of the following:

	Year Ended December 31,	
	2017	2016
Specific programs:		
Missions	\$ 757,812	\$ 643,846
Benevolence	294,537	176,076
Children's programs	44,000	27,463
Total specific programs	<u>1,096,349</u>	<u>847,385</u>
Time-restricted:		
Charitable trust (Note C)	<u>20,312</u>	<u>44,688</u>
	<u>\$ 1,116,661</u>	<u>\$ 892,073</u>

#### NOTE F - RETIREMENT PLAN

The Church sponsors a tax-deferred annuity retirement plan established under Section 403(b) of the Internal Revenue Code. The Church provides a match for all employees age 50 and over. Employer contributions to the plan for 2017 and 2016 were \$149,505 and \$155,627, respectively.

## **NEW YORK CITY CHURCH OF CHRIST, INC.**

### **Notes to Financial Statements December 31, 2017 and 2016**

#### **NOTE G - COMMITMENTS**

##### **[1] Lease commitments:**

In April 2013, the Church entered into a lease agreement for property at 400 Plaza Drive in Secaucus, New Jersey, for use as its corporate headquarters. The lease expires in November 2018 and requires monthly payments of approximately \$3,900, increasing annually through November 2018. Subsequent to year-end the lease was renewed for an additional five years expiring on November 2023.

The estimated future minimum rental commitment under the lease agreement for the corporate headquarters are expected to be \$42,480 in 2018.

Rental expense for administrative offices for 2017 and 2016 was \$55,174 and \$53,940, respectively.

In addition, in order to conduct its weekly services, the Church has entered into short-term lease agreements for the use of various facilities throughout the New York/New Jersey metropolitan area. Rent expense for these facilities for 2017 and 2016 amounted to \$1,167,442 and \$1,062,961, respectively.

##### **[2] Other contracts:**

In the normal course of its business, the Church enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

#### **NOTE H - CONCENTRATION OF CREDIT RISK**

The Church maintains its cash and its investments in high-credit-quality financial institutions in amounts which, at times, may exceed federally insured limits. Management believes that the Church is not exposed to any significant risk of loss due to the failure of these financial institutions.