

EAST LANSING TRINITY CHURCH
FINANCIAL STATEMENTS – MODIFIED CASH BASIS
AND
INDEPENDENT AUDITORS' REPORT
For the year ended
August 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Elders
East Lansing Trinity Church
Lansing, Michigan

We have audited the accompanying financial statements of East Lansing Trinity Church (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of August 31, 2019, and the related statements of revenue, expense and change in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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.

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 audit 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 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 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 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 East Lansing Trinity Church as of August 31, 2019, and the changes in its net assets, its cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

We draw attention to Note L of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules presented on pages is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



East Lansing, Michigan
January 8, 2020

EAST LANSING TRINITY CHURCH
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
AS OF AUGUST 31, 2019

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 346,382
Investment in short-term certificates of deposit	610,987
Accounts receivable	3,287
Total Current Assets	<u>960,656</u>
Property and Equipment	
Land and Improvements	2,036,099
Furniture, fixtures and equipment	2,514,957
Building - Dunckel Rd	15,045,411
Less: Accumulated depreciation	<u>(9,203,624)</u>
Total Property and Equipment	<u>10,392,843</u>
Other Assets	
Investment in long-term certificates of deposit	<u>806,241</u>
TOTAL ASSETS	<u>\$ 12,159,740</u>

LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Accrued payroll withholdings	\$ <u>5,460</u>
Net Assets	
Net assets - without donor restrictions	10,495,810
Net assets - with board restrictions	
Operational funds reserve	341,915
Property development	194,251
Kingdom advancement grants	103,695
Building and grounds reserve	177,050
Net assets - with donor restrictions	
Deacon's assistance	210,271
Memorial funds	24,518
Property development	565,415
Specified programs	41,355
Total Net Assets	<u>12,154,280</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,159,740</u>

See independent accountants' audit report and notes to financial statements.

EAST LANSING TRINITY CHURCH
STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2019

REVENUE	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operations:			
General offering and contributions	\$ 3,447,330	\$ 45,086	\$ 3,492,416
Property development		24,267	24,267
Deacon's assistance		202,278	202,278
KAG	107,279		107,279
Memorial funds		2,605	2,605
Specified programs		94,468	94,468
Children's offering	707		707
Women's group studies	43		43
Flag football	261		261
Upward sports	768		768
Volleyball	33		33
GO Strategic partnerships	15,190		15,190
	<u>3,571,611</u>	<u>368,704</u>	<u>3,940,315</u>
Released from Restrictions	<u>256,318</u>	<u>(256,318)</u>	
Total Operating Revenue	<u>3,827,929</u>	<u>112,386</u>	<u>3,940,315</u>
Other Income:			
Gain (loss) on sale of investments	16,948		16,948
Gain (loss) on sale of assets	(7,694)		(7,694)
Interest income	28,139		28,139
Facility rental	8,716		8,716
Bookstore	14,484		14,484
Bookstore Expense	(22,714)		(22,714)
Total Other Income	<u>37,879</u>		<u>37,879</u>
Total Revenue	<u>3,865,808</u>	<u>112,386</u>	<u>3,978,194</u>
Expense			
Program	2,377,518		2,377,518
Supporting services			
Administrative	588,741		588,741
Building and grounds	1,189,982		1,189,982
Total Expense	<u>4,156,241</u>		<u>4,156,241</u>
	<u>(290,433)</u>	<u>112,386</u>	<u>(178,047)</u>
NET ASSETS - Beginning of year	<u>11,603,154</u>	<u>729,173</u>	<u>12,332,327</u>
NET ASSETS - End of year	<u>\$ 11,312,721</u>	<u>\$ 841,559</u>	<u>\$ 12,154,280</u>

See independent accountants' audit report and notes to financial statements.

EAST LANSING TRINITY CHURCH
STATEMENT OF FUNCTIONAL EXPENSE - MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2019

Expense	SUPPORTING SERVICES			TOTAL
	PROGRAM	BLDG AND GROUNDS	ADMIN	
Staff salaries	\$ 1,092,105	\$ 226,053	\$ 285,855	\$ 1,604,013
Payroll taxes and benefits	266,550	37,790	66,179	370,519
Staff expenses			28,790	28,790
Ministerial expenses			10,093	10,093
Board expenses			8,737	8,737
Professional services			50,332	50,332
Dues and subscriptions			1,022	1,022
Office expense			10,952	10,952
Equipment		23,580	33,212	56,792
Postage			8,520	8,520
Advertising			5,161	5,161
Telephone			12,379	12,379
Printing			12,546	12,546
Information technology			54,963	54,963
Repairs and maintenance		56,048		56,048
Building security		8,756		8,756
Building rentals		2,779		2,779
Grounds		56,146		56,146
Utilities		160,488		160,488
Insurance		30,619		30,619
Repair and maintenance		46,826		46,826
Early childhood ministry	12,675			12,675
Elementary children's ministry	11,636			11,636
Vacation bible school	4,922			4,922
Middle school ministry	16,548			16,548
Senior high ministry	33,769			33,769
Young adult ministry	4,588			4,588
Worship arts	22,174			22,174
Technical support	34,165			34,165
Special events	8,027			8,027
Music equipment purchases	2,886			2,886
Staff resources	12,014			12,014
Conferences and seminars	12,836			12,836
Communications	23,586			23,586
Guest speakers	5,857			5,857
Women's ministries	2,796			2,796
Men's ministries	30			30
Sports ministries	1,326			1,326
Transportation	5,766			5,766
International ministry	8,470			8,470

See independent accountants' audit report and notes to financial statements.

**EAST LANSING TRINITY CHURCH
STATEMENT OF FUNCTIONAL EXPENSE - MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2019**

	PROGRAM	SUPPORTING SERVICES		TOTAL
		BLDG AND GROUNDS	ADMIN	
Serving ministry	317			317
Care ministry	26,374			26,374
Celebrate Recovery	10,100			10,100
Group life	19,118			19,118
Leadership events	12,377			12,377
Connections Ministry	16,612			16,612
Lansing partners	18,740			18,740
Evangelism	506			506
Global Outreach	253,821			253,821
Deacon's Assistance	144,717			144,717
Memorial funds	2,160			2,160
Kingdom advancement grants	180,510			180,510
Specified programs	109,440			109,440
Depreciation expense		540,897		540,897
Total Expense	\$ 2,377,518	\$ 1,189,982	\$ 588,741	\$ 4,156,241

**EAST LANSING TRINITY CHURCH
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (178,047)
Adjustments to reconcile change in net asset to net cash provided (used) by operating activities	
Depreciation	540,897
Gain on sale of investments	(16,948)
Loss on disposal of assets	7,694
(Increase) decrease in assets	
Accounts receivable	(3,276)
Increase (decrease) in liabilities	
Accounts payable	(10)
Accrued payroll	539
Sales tax payable	<u>(16)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>350,849</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash paid for purchase of equipment	(366,013)
Proceeds from investments	<u>87,819</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(278,194)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS **72,655**

CASH AND CASH EQUIVALENTS SEPTEMBER 1 **273,727**

CASH AND CASH EQUIVALENTS AUGUST 31 **\$ 346,382**

See independent auditors' report and notes to financial statements

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

NOTE A - MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Programs

Founded in 1952, East Lansing Trinity Church (the Church) is a multi-generational, diverse group of people coming together to awaken people to full life with Christ. The mission of the church is to glorify God and make disciples by awakening people to full life with Christ.

The Church runs a number of programs to fulfill its mission.

Groups and classes – provide Christian education and worship for adults of all ages and children

Outreach – provides events and engagement opportunities in the local community and globally

Worship – provides opportunity to worship in a standard weekend format

Basis of Accounting

The Church prepares its financial statements using the modified cash basis of accounting, which is an other comprehensive basis of accounting. Under this method revenues are recorded when received and expenses are recorded when paid, without regard to the period to which they apply. Receivables and payables are not recognized except for (1) Receivables that arise from processing of certain cash receipts and the prepayment of some expenses. (2) Payables that arise from the processing of payroll.

Financial Statement Presentation:

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Church's net assets are classified and reported as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law.

With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization records donor-restricted contributions and investment returns whose restrictions have been satisfied in the same reporting period as unrestricted support in such year.

See Independent Auditors' Report

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

NOTE A • MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

Public Support and Revenue

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Cash and Cash Equivalents

The Church considers all highly liquid investments, with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to receive from outstanding balances. Balances that are considered uncollectible after the Church has attempted reasonable collection efforts are written off through a direct charge to bad debt expense and a credit to the applicable receivable account. Actual past write-offs have not exceeded management's expectations; accordingly, no allowance has been recorded.

Investments

Investments consist of cash in money market accounts and market valued certificates of deposit. See Note E for the classification of investments according to the fair value hierarchy set forth by *FASB ASC 820-10-50*.

Investments in certificates of deposit and money market accounts with readily available fair market values are stated at fair market value as determined by quoted market prices, with unrealized gains and losses recognized in the statement of activities and changes in net assets.

See Independent Auditors' Report

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

**NOTE A - MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)**

Use of Estimates

The preparation of financial statements on the modified cash basis of accounting 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 the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Income Taxes

East Lansing Trinity Church is a not-for-profit organization that is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Liquidity

The Organization has \$119,097 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date, which consists of the current assets per the statement of financial position, reduced by \$841,559 of current contributions not available for general use because of contractual or donor-imposed restrictions. The Organization also has \$806,241 of investment balance that is without donor restrictions which could be utilized to cover any potential shortfalls.

Property and Equipment

Property and equipment are stated at cost. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets (three to seven years). Building and improvements are depreciated using the straight-line method over the estimated useful lives of the assets (ten to forty years). Expenditures for maintenance and repairs that do not materially extend the useful life of the related asset are charged to expense as incurred. Management annually reviews these assets for impairment.

Functional Allocation of Expenses

In the statements of functional expenses, expenses have been allocated between program services, building and grounds and administrative services based on estimates of time and effort, as determined by management. Although the methods of allocation used are considered reasonable, other methods of allocation could be used which would produce different results.

See Independent Auditors' Report

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

NOTE B - RETIREMENT PLAN

The Church maintains a 403(b)-retirement plan for eligible employees per its plan documents. 403(b) expense for the year ended August 31, 2019 was \$34,679.

NOTE C – CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Church manages deposit concentration risk by placing cash, money market accounts and certificates of deposit with financial institutions believed to be creditworthy. At times amounts on deposit may exceed insured federal limits or include uninsured investments in money market mutual funds. To date the Church has not experience any losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the amounts are amounts due on unrecorded deposits. The investments are maintained by investment managers whose performance is monitored by the Board of Elders. Although the fair values of investments can fluctuate from year to year, the Board believes that the investment policies and guidelines are prudent for the long-term welfare of the Church.

NOTE D - FAIR VALUE MEASUREMENTS

The Church has adopted ASC 820 - Fair Value Measurements and Disclosures. This topic defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. The Organization has elected the option to defer the effective date of ASC topic Fair Value Measurements as it pertains to non-financial assets and liabilities.

ASC 820 - Fair Value Measurements establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. ASC topic Fair Value Measurements requires that assets and liabilities be classified in their entirety based on the lowest level of input that is significant to the fair value measurement in its entirety.

Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and its placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by ASC topic Fair Value Measurements as follows:

See Independent Auditors' Report

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

Level 1 - Consists of unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access as of the reporting date.

Level 2 - Consists of inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 - Consists of unobservable inputs for assets and liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost-benefit constraints.

All investments are considered Level 2. The following table presents assets measured and recorded at fair value on a recurring basis as of August 31, 2019:

Cash	\$ 115,673
Fixed income securities	<u>1,417,228</u>
Total	<u>\$ 1,532,901</u>

NOTE E - ADVERTISING

The Organization uses radio and television advertising to promote its programs throughout the area it serves. The cost of advertising is expensed as incurred. During the year ending August 31, 2019, advertising expense totaled \$5,161.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following components at August 31, 2019:

	August 31, 2018	Additions	Disposals	August 31, 2019
Land and Improvements	\$ 2,036,099	\$	\$	\$ 2,036,099
Furniture, fixtures and equipment	2,478,909	63,865	(27,817)	2,514,957
Building - Dunckel Rd	14,743,263	302,148		15,045,411
Less: Accumulated Depreciation	<u>(8,682,849)</u>	<u>(540,897)</u>	<u>20,122</u>	<u>(9,203,624)</u>
Total	<u>\$10,575,422</u>	<u>\$ (174,884)</u>	<u>\$ (7,695)</u>	<u>\$10,392,843</u>

Depreciation expense for the year ending August 31, 2019 was \$540,897

See Independent Accountants' Audit Report

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

NOTE G - LEASE COMMITMENTS

The Church currently has leased office equipment in the form of a copier and accessories. The 60-month lease began on September 25, 2018 and ends on August 25, 2023. The lease calls for payments of \$1,493 monthly for the copier and \$258 monthly for the related accessories. The future minimum payments under this operating lease are as follows:

2020	\$21,012
2021	\$21,012
2022	\$21,012
2023	\$21,012

On May 1, 2009 the Church entered into a month-to-month lease for a facility to house its vehicle ministry. The monthly rent is \$1,500 and the Church pays for utilities and maintenance.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

The Church received contributions that are restricted by donors either by purpose or time. At August 31, 2019, the Church had recorded the following activity in net assets that were restricted by purpose:

	August 31, <u>2018</u>	<u>Additions</u>	<u>Releases</u>	August 31, <u>2019</u>
Deacon's Assistance	\$ 152,711	\$ 202,278	\$ 144,718	\$ 210,271
Memorial funds	24,074	2,605	2,160	24,518
Property development	496,062	69,353		565,415
Specified programs	<u>56,327</u>	<u>94,468</u>	<u>109,440</u>	<u>41,355</u>
Total purpose restricted	<u>\$ 729,174</u>	<u>\$ 368,704</u>	<u>\$ 256,318</u>	<u>\$ 841,559</u>

NOTE I - UNCERTAINTY IN INCOME TAXES

The Church has been classified as a not-for-profit organization and is tax- exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

The Church adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and

See Independent Accountants' Audit Report

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

NOTE I - UNCERTAINTY IN INCOME TAXES (Continued).....

does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the

Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at August 31, 2019.

The Organization may be subject to random audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years ending before August 31, 2015. The Organization's policy is to classify income tax related interest and penalties, if any, in interest expense and penalties expenses, respectively. The Organization had no income tax related interest expense or penalties for the year ended August 31, 2019.

NOTE J - DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through January 8, 2020, the date the financial statements were available for issuance, in accordance with FASB ASC 855-10-50-4.

NOTE K - CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the financial statements:

- Unrestricted net asset class has been renamed Net Assets Without Donor Restrictions
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called Net Assets with Donor Restrictions
- The financial statements include a disclosure about liquidity and availability of resources (Note A)
- Investment expenses are included in net investment return

The ASU has been applied retrospectively to all periods presented, which had no effect on net assets without donor restrictions or net assets with donor restrictions.

NOTE L – MODIFIED CASH BASIS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Church maintains its books and records on the modified accrual basis of accounting. If the books and records were maintained using accounting principles generally accepted in the United States of America (the accrual basis) they might reach a different conclusion. Under the accrual method the following entries would be recorded:

See Independent Accountants' Audit Report

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

NOTE L – MODIFIED CASH BASIS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES – (Continued)...

	Net Assets	Revenue (Increase)/Decrease
Record August 31, 2018 Accounts Payable	\$ (7,375)	
Reverse August 31, 2018 Accounts Payable		\$ (7,375)
Record August 1, 2019 Accounts Payable		33,452
Record August 31, 2018 Accrued Payroll	(59,070)	
Reverse August 31, 2018 Accrued Payroll		(59,070)
Record August 31, 2019 Accrued Payroll		61,303
Record August 31, 2018 Accrued Leave	(108,470)	
Reverse August 31, 2018 Accrued Leave		(108,470)
Record August 31, 2019 Accrued Leave		<u>128,706</u>
Net decrease in Net Assets	<u>\$(174,915)</u>	
Net decrease in August 31, 2019 Revenue		<u>\$ 48,546</u>

NOTE M - RECENT ACCOUNTING PRONOUNCEMENTS

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one or two methods. The standard will be effective for the Organization for the year ending December 31, 2019. Early adoption is permitted. Management is evaluating the impact of the amended revenue recognition guidance on the Organization's financial statements.

Clarifying Scope and the Accounting Guidance for Contributions

In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This amended guidance distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in Subtopic 958-605, Not-for-Profit Entities—Revenue Recognition, should be followed. For exchange transactions, Topic 606, Revenue from Contracts with Customers, should be followed. In addition, once a transaction is deemed to be a contribution, this amended guidance assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. The guidance should be applied on a modified prospective basis. As a resource

See Independent Accountants' Audit Report

EAST LANSING TRINITY CHURCH
Notes to the Financial Statements – Modified Cash Basis
For the Fiscal Year Ended August 31, 2019

NOTE M - RECENT ACCOUNTING PRONOUNCEMENTS – (CONTINUED).....

recipient, the guidance will be effective for the Organization for the year ending December 31, 2019. As a resource provider, the guidance will be effective for the Organization for the year ending December 31, 2020. Early adoption is permitted.

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**EAST LANSING TRINITY CHURCH
SCHEDULE OF GENERAL FUND OF REVENUE AND EXPENSE
MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2019**

REVENUE:	
General contributions	\$ 3,492,416
EXPENSES:	
Administrative:	
Staff salaries	285,855
Staff benefits	66,179
Staff expenses	28,790
Ministerial expenses	10,093
Board expenses	8,737
Professional services	50,332
Office supplies	11,974
Office equipment repair	19,635
Advertising	5,161
Telephone	12,379
Postage and printing	21,066
Office equipment rent	23,556
Website	5,631
Information systems	52,901
Total administrative	<u>602,289</u>
Building and grounds:	
Staff salaries	226,053
Staff benefits	37,790
Building repair	43,456
Building improvements	11,597
Building security	8,756
Facilities and building rental	-4,943
Ground maintenance	56,146
Utilities	160,488
Insurance	30,619
Safety	9
Building supplies	32,034
Kitchen supplies	14,792
Equipment and fixture purchases	5,363
Building and ground reserve	150,000
Total building and grounds	<u>772,160</u>

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EAST LANSING TRINITY CHURCH
SCHEDULE OF GENERAL FUND OF REVENUE AND EXPENSE
MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2019

Programs:

Staff salaries	1,092,105
Staff benefits	266,551
Early childhood ministry	12,675
Elementary children's ministry	10,929
Vacation bible school	4,922
Middle school program	16,547
Youth program	33,769
Young adult ministry	4,588
Bookshop	8,230
Worship arts	22,174
Technical support	45,882
Special events	8,027
Music equipment purchases	2,886
Staff resources	12,014
Communication	23,584
Conferences and seminars	12,836
Consultants, honorarium and travel	5,857
Women's ministry	2,753
Men's ministry	30
Sports ministry	264
Transportation	28,536
International ministry	8,470
Serving ministry	317
Care ministry	26,374
Celebrate recovery	10,100
Group life	19,118
Leadership events	12,377
Connections ministry	32,442
Evangelism	506
Lansing partnership	18,740
Global outreach	238,629
KAG	20,000
Total program	<u>2,002,232</u>
Total expenses	<u>3,376,681</u>

Excess of revenue over expense 115,735

ADJUSTMENTS:

Capitalize fixed assets	63,865
Loss on disposal of assets	-7,694
Depreciation expense	-540,897
Adjustment for building and grounds reserve	<u>150,000</u>

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EAST LANSING TRINITY CHURCH
SCHEDULE OF GENERAL FUND OF REVENUE AND EXPENSE
MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2019

EXCESS OF EXPENSE OVER REVENUE	\$	-218,991
NET ASSETS - Beginning of year		10,904,570
Transfer to building and grounds reserve		-150,000
Transfer from building and grounds reserve to fixed assets		<u>302,148</u>
NET ASSETS - End of year	\$	<u><u>10,837,727</u></u>

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EAST LANSING TRINITY CHURCH
SCHEDULE OF NON-BUDGETED REVENUE AND EXPENSE
MODIFIED CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2019

REVENUE:	
Property development (contributions)	\$ 24,267
Property development investment gain (loss)	45,087
Deacons' assistance	202,278
Memorial funds	2,605
Kingdom advancement grants	107,279
Specified programs	94,468
Building and grounds	150,000
Total revenue	<u>625,984</u>
EXPENSES:	
Deacons' assistance	144,718
Memorial funds	2,160
Kingdom advancement grants	160,510
Specified programs	109,440
Building and grounds	320,354
Total expense	<u>737,182</u>
Deficiency of revenue over expenses, before capitalization of fixed assets	(111,198)
Less: adjustment for building and ground reserve	(150,000)
Add: adjustment to capitalize fixed assets	<u>302,148</u>
Excess of revenue over expenses	40,950
NET ASSETS - Beginning of Year	1,427,757
TRANSFER FROM GENERAL FUND	
Building and ground reserve	150,000
Transfer to capitalized assets	<u>(302,148)</u>
NET ASSETS - End of year	<u>\$ 1,316,559</u>

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