Religious Organization Case Study

Chippenham Square United Church

Chippenham Square United Church has submitted its FYE Audited Financial Statements per your loan agreement. These statements include balance sheets and income statements for separate funds as well as comparisons of budgets to actual results. Consider the following questions as you review the audit:

1. What do you notice about the Balance Sheet?

2. Does the Statement of Changes in Financial Position make any sense to you?

3. Look at the Statement of Income and Disbursements. Can you identify the different funds?

4. Do you see any discretionary expenses that you may be able to add back to cash flow available for debt service?

5. What amount of cash does the Church have to service debt? How do you view this amount in relation to the riskiness of the borrower?

6. Where would you expect to see the proceeds and can you examine a specific repayment source, or do you just use the general fund?

7. Look at the statement of Budgeted Income and Disbursements. What are your thoughts about the figures presented? Is this comparison useful?

Chippenham Square United Church

Financial Statements

December 31, 2024

Chippenham Square United Church
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December 31, 2024

Index of Contents

Chippenham Square United Church
Auditors Report
December 31, 2024

To the Congregation of Chippenham Square United Church
Greensboro NC

We have audited the balance sheet of the Church as of December 31, 2024, and the statement of income and disbursements and surplus and the statement of changes I the financial position for the year then ended. These financial statements are the responsibility of the Church's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards required that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In common with many charitable organizations, the Church derives receipts from general public in the form of donations and collections, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these receipts was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation and collection of receipts, excess receipts over disbursements, assets and equity.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and collections referred to in the preceding paragraph, the financial information presents fairly, in all material respects, the financial position of the Church as at December 31, 2024 and the results of its income and disbursements for the year ended in accordance with generally accepted accounting principles.

Signed
Your Audit Team

Assets

Current	**2024**	**2023**
Cash and Deposits	30,063	30,434
Accounts Receivable (Note 1)	15,974	16,727
Non-Current		
Property and Equipment (Note 2)	1,609,015	1,613,175
Total Assets	**1,655,052**	**1,660,337**

Liabilities

Current		
Bank Indebtedness	0	0
Payables and Accruals	1,875	1,435
Payable to Special Funds (Note 3)	51,435	55,881
Total	**53,310**	**57,315**

Equity

Equity in Church Property	1,595,535	1,596,535
Surplus	5,207	6,486
Total Equity	**1,601,742**	**1,603,021**

Cash Derived from (applied to)

Operating	**2024**	**2023**
Net Surplus (Deficit)	(1,279)	(10,479)
Deposits to Special Fund Accounts	44,715	48,658
Payments from Special Fund Accounts	(49,161)	(58,509)
Change in non-cash operating working capital		
Accounts receivable	754	(7,248)
Payables and Accruals	440	(415)
Total	**(4,531)**	**(27,993)**
Investing		
Purchase of Property and Equipment	0	(24,0/0)
Amortization of MFP	4,160	4,160
Funds used to purchase fixed assets	0	24,080
Net Increase in cash	**(371)**	**(23,833)**
Cash beginning of year	30,434	54,266
CASH END OF YEAR	**30,063**	**30,434**

INCOME

Offerings	2024	2023
General	304,395	278,766
Easter	5,130	4,039
Anniversary	2,441	3,061
Christmas	9,754	8,520
Initial	1,739	1,796
Other	0	0
Total Offerings	**323,458**	**296,182**
Other Income		
Loose Offerings	15,472	21,742
Women's Club	8,824	6,930
Trust Investments (Note 8)	2,077	2,904
Sunday School (Note 5)	8,394	2,845
Miscellaneous (Note 4)	15,872	19,768
Total General Revenue	**374,098**	**350,372**
Special Funds Receipts (Note 3)		
Building Fund	10,998	18,338
Building Fund – Accessibility	9,660	950
Bursary Fund	170	125
Camp Fund	1,801	2,206
Cemetery Fund (Note 8)	67	122
Community Outreach Fund	3,417	2,726
Food Bank Fund	6,427	8,923
Memorial Fund	290	2,188
Ministers Benevolent Fund	6,292	4,994
Miscellaneous Funds	0	2,081
Music Capital Fund	50	75
Organ Fund	25	100
Other Gift Fund	5,550	5,330
Total Special Funds Revenue	**44,715**	**48,658**
Mission and Service Fund Receipts		
Congregational Offerings	48,327	49,849
Church Women	5,800	5,875
Lenten Folders	3,439	2,548
Trust Investments (Note 8)	5,959	4,575
World Development and Other Appeals	1,245	674
Total Mission and Service Revenue	**64,740**	**63,521**
Total Income	**483,554**	**462,551**

Disbursements

Salaries and Benefits	**2024**	**2023**
Salaries	158,267	157,833
Benefits	31,202	29,184
Housing Allowance	42,735	38,504
Travel Allowance	5,115	3,878
Study Allowance	1,379	1,232
Total	**239,811**	**231,591**
Property Expenditures		
Utilities	6,035	5,670
Heating Fuel	17,536	18,261
Maintenance – Building	15,049	5,826
Maintenance – Outside	2,949	3,298
Furniture and Equipment	2,247	2,400
Cleaning Materials	827	1,047
Insurance	4,742	6,140
Taxes	280	288
Total	**49,665**	**42,931**
Committee Expenditures (Note 6)		
Christian Development	19,474	13,668
Community Outreach	0	44
Congregational Life	1,303	1,509
Music	2,424	1,682
Pastoral Care	1,504	138
Pastoral Relations	0	7,224
Pulpit and Music Supply	975	1,050
Session	588	181
Stewards	220	449
Worship	2,973	2,373
Total	**29,460**	**28,317**
Conference		
Annual Assessment	9,126	8,015
General Operating Expenditures		
Telephone	6,615	5,808
Postage	2,599	1,983
Office Expenses and Supplies (Note 7)	18,911	20,760
Offering Envelopes	1,044	1,183
Bank Charges and Interest	2,206	2,373
Sales Tax	15,940	17,889
Total	**47,315**	**49,996**

Disbursements

Other Disbursements	2024	2023
Special Funds to Liability Accounts	44,715	48,658
Mission & Service Funds	64,740	63,521
Total	**109,455**	**112,180**
Total Disbursements	**484,832**	**473,030**
Excess of Income over Disbursements	**(1,279)**	**(10,479)**