EMMANUEL GOSPEL CENTER, INC.

Financial Statements

June 30, 2015

EMMANUEL GOSPEL CENTER, INC.

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June 30, 2015

Independent Auditors' Report

To the Board of Directors of
Emmanuel Gospel Center, Inc.

We have audited the accompanying financial statements of Emmanuel Gospel Center, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows 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 audit. We conducted our audit 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 auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Emmanuel Gospel Center, Inc., Inc. as of June 30, 2014, were audited by other auditors whose report dated August 11, 2014 expressed an unmodified opinion on those statements. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principal generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

November 10, 2015

EMMANUEL GOSPEL CENTER, INC.

Statement of Financial Position

As of June 30, 2015
With Comparative Totals as of June 30, 2014

	2015	2014
Current Assets		
Cash and cash equivalents	$ 236,614	$ 198,677
Accounts receivable	-	23,573
Pledges receivable	190,148	57,500
Prepaid expenses	13,459	12,274
Total current assets	440,221	292,024
Fixed Assets		
Land	6,300	6,300
Buildings and building improvements	1,484,636	1,465,550
Furniture and fixtures	38,719	29,262
Equipment	29,240	29,240
Total fixed assets	1,558,895	1,530,352
Less: accumulated depreciation	(820,455)	(757,776)
Total net fixed assets	738,440	772,576
Other Assets		
Pledges receivable, net	50,000	50,000
Investments	122,330	119,216
Deferred financing cost, net	6,981	7,375
Total other assets	179,311	176,591
Total Assets	$ 1,357,972	$ 1,241,191
Current Liabilities		
Mortgage payable, current portion	$ 14,537	$ 13,956
Accounts payable	18,781	9,854
Accrued expenses	52,986	72,994
Total current liabilities	86,304	96,804
Long Term Liabilities		
Mortgage payable, net of current portion	379,076	393,371
Total long term liabilities	379,076	393,371
Total liabilities	465,380	490,175
Net Assets		
Unrestricted	581,443	515,014
Temporarily restricted	240,147	165,000
Permanently restricted	71,002	71,002
Total net assets	892,592	751,016
Total Liabilities and Net Assets	$ 1,357,972	$ 1,241,191

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

EMMANUEL GOSPEL CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Revenue and Support					
Contributions					
Individual support	$ 663,616	$ 89,547	$ -	$ 753,163	$ 654,256
Churches and organization support	311,281	71,827	-	383,108	346,472
Foundation grants	269,039	203,000	-	472,039	149,735
Released from restrictions	292,085	(292,085)	-	-	-
Program service fees	70,101	-	-	70,101	55,573
Rental income	76,805	-	-	76,805	78,220
Interest income	1,564	2,019	-	3,583	4,279
Unrealized and realized gain on investment	606	839	-	1,445	11,141
Total revenue and support	1,685,097	75,147	-	1,760,244	1,299,676
Expenses					
Program services	1,145,179	-	-	1,145,179	934,228
General and administrative	326,853	-	-	326,853	407,282
Fundraising	146,636	-	-	146,636	116,285
Total expenses	1,618,668	-	-	1,618,668	1,457,795
Change in net assets	66,429	75,147	-	141,576	(158,119)
Net Assets at Beginning of Year	515,014	165,000	71,002	751,016	909,135
Net Assets at End of Year	$ 581,443	$ 240,147	$ 71,002	$ 892,592	$ 751,016

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

EMMANUEL GOSPEL CENTER, INC.

Statement of Cash Flows

For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

Cash Flows from Operating Activities	2015	2014
Change in net assets	$ 141,576	$ (158,119)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	63,073	61,265
Donation of investments	10,339	
Unrealized (gain) loss on investment	(3,081)	(11,141)
Decrease (increase) in assets:		
Accounts receivable	(58,887)	(13,063)
Pledges receivable	(50,188)	172,805
Prepaid expenses	(1,185)	2,527
Increase (decrease) in liabilities:		
Account payable	8,927	(402)
Accrued expenses	(20,008)	(4,398)
Net Cash Provided by Operating Activities	90,566	49,474
Cash Flows from Investing Activities		
Purchase of fixed assets	(28,543)	-
Sale of investment	49,116	1,662
Purchase of investments	(59,488)	(4,156)
Net Cash Used in Investing Activities	(38,915)	(2,494)
Cash Flows from Financing Activities		
Principal payments on mortgage note payable	(13,714)	(13,158)
Net Cash Used in Financing Activities	(13,714)	(13,158)
Net Increase in Cash and Cash Equivalents	37,937	33,822
Cash and Cash Equivalents - Beginning	198,677	164,855
Cash and Cash Equivalents - Ending	$ 236,614	$ 198,677
Supplement Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 16,593	$ 17,296

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

EMMANUEL GOSPEL CENTER, INC.

Statement of Functional Expenses

As of June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	2015							2014
	Church System	Issue Based	Ministry Development	Total Program Services	General and Administrative	Fundraising	Total	Total
Salaries	$ 64,921	$ 239,811	$ 347,414	$ 652,146	$ 150,032	$ 101,673	$ 903,851	$ 864,735
Payroll taxes	153	17,776	22,120	40,049	21,082	5,340	66,471	59,165
Fringe benefits	79,918	22,998	39,162	142,078	29,760	8,438	180,276	186,961
Subtotal	144,992	280,585	408,696	834,273	200,874	115,451	1,150,598	1,110,861
Advertising	60	2,122	130	2,312	1,787	-	4,099	527
Bank and credit card charges	-	-	-	-	5,167	-	5,167	4,144
Consultants	22,701	15,906	85,881	124,488	6,771	1,862	133,121	70,936
Depreciation	4,502	16,630	24,092	45,224	10,797	7,051	63,072	61,265
Dues and subscriptions	114	2,352	1,777	4,243	349	-	4,592	4,256
Equipment lease	-	-	-	-	7,797	-	7,797	6,384
Equipment rental and repair	100	367	59	526	851	693	2,070	1,142
Filing fees		247	-	247	1,718	330	2,295	2,492
Insurance	1,077	3,977	5,761	10,815	2,487	1,686	14,988	16,180
Interest expenses	-	-	-	-	16,593	-	16,593	17,296
Investment fees	-	-	-	-	1,810	-	1,810	1,662
Ministry grants	718	2,124	1,000	3,842	8,046	-	11,888	9,726
Miscellaneous	1,747	665	505	2,917	4,072	759	7,748	6,593
Outreach and office supplies	3,218	24,421	3,163	30,802	14,997	4,761	50,560	24,559
Payroll processing fees	-	-	-	-	4,130	-	4,130	4,167
Postage and delivery	114	239	186	539	3,902	-	4,441	6,032
Printing	469	896	710	2,075	326	6	2,407	5,664
Professional fees	-	-	-	-	7,000	-	7,000	8,100
Rental	-	-	1,690	1,690	1,215	-	2,905	1,044
Repairs and maintenance	400	1,477	2,139	4,016	924	626	5,566	13,760
Special community events	870	4,246	3,817	8,933	15,578	10,435	34,946	17,190
Telephone	483	1,784	2,585	4,852	1,116	756	6,724	6,515
Travel	9,196	10,278	25,190	44,664	5,116	17	49,797	27,403
Utilities	1,406	5,195	7,526	14,127	3,251	2,203	19,581	23,208
Website expense	30	-	4,564	4,594	179	-	4,773	6,689
Total Functional Expenses	$ 192,197	$ 373,511	$ 579,471	$ 1,145,179	$ 326,853	$ 146,636	$ 1,618,668	$ 1,457,795

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

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by the Emmanuel Gospel Center, Inc. (the Organization) (EGC) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization equips Christian leaders for effective ministry. Their mission is to understand and nurture the vitality of urban churches and communities. A brief outline of EGC's history, living system ministry approach, and activities is given here. You can find much more on the Organization website, www.egc.org.

Brief History
The Organization was founded in 1938 as a Christian outreach to the residents of Boston's South End. For over 25 years, the ministry offered church services every night to the working poor of Boston's South End, along with Sunday School classes for children and youth, and a ministry to the elderly.

In 1964, a young couple named Doug and Judy Hall came to Boston while Doug was attending seminary. After several years, the Halls began to realize that indigenous local churches ministering to people in their own communities provides a far more effective approach to urban ministry than a simple neighborhood mission. So EGC changed its strategy from primarily being a direct ministry to our local neighborhood, to being a resource center supporting the effective ministry of growing numbers of churches across all of Boston's urban neighborhoods.

Over the past 50 years, EGC has equipped leaders and strengthened the work of hundreds of churches and ministries, and has helped start dozens more. These churches and ministries have impacted thousands. The Organization has learned a lot over these decades about how to do urban ministry well, and we have poured what we are learning into an approach to Christian ministry called Living System Ministry. It is this approach that will provide the foundation for EGC's work in the decades to come.

EGC's Living System Ministry Approach
Central to Living System Ministry is the conviction that God is at work in the layers of social systems in which we live our lives. These systems include families, communities, neighborhoods, organizations, churches, networks, the whole city and more. The Organization believes it is their job is not to bring God to these systems, but to discover how God is already active in them, and then to join in and cooperate with this work.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

EGC's Living System Ministry approach can be simply described using three words: Learn Connect and Equip.

- Learn: understanding the dynamics of key systems through relationships, ministry experience, and intentional Applied Research,
- Connect: "connecting the dots" of ministry stories, issues, people and systems, and identifying places (leverage points) in those systems where the church (broadly defined) can make a difference, and
- Equip: teaching, training and investing in leaders (including emerging and potential leaders and their teams) associated with these systems and leverage points.

EGC's Program Activities

EGC invests in Christian leaders through various programs, each of which includes some combination of teaching, training, consulting, connecting and partnering. The Organization programs fall into three broad groups:

- Church Systems: Programs that work primarily to strengthen church systems:
  - Cambodian Ministries
  - Greater Boston Church Planting Collaborative
  - Haitian Ministries International
  - Intercultural Ministries

- Issue Areas: Programs that work in a particular issue area
  - Abolitionist Network (human trafficking)
  - Boston Education Collaborative (urban education)
  - Starlight Ministries (homelessness)

- Ministry Development: Programs that develop or strengthen other ministries.
  - Applied Research and Consulting (ARC)
  - Teaching and Training
  - Living System Ministry Development
  - Fiscal Conduit Ministries and Other Ministry Development

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

The Organization knows from both research and experience that strong leaders are essential to healthy and effective churches and ministries, and that healthy and effective churches and ministries have a strong, positive impact in building strong urban communities. The Organization knows that Christian leaders benefit greatly from effective support. EGC has the knowledge, experience and desire to provide this support because of our long-standing relationship with Greater Boston's Christian leaders and their urban communities, the Organization are well positioned to provide the stability, connections, ministerial framework and practical helps that Christian leaders need to be effective.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts. Investment incomes are reported as non-operating revenue because such assets are managed for long-term stabilization of the Organization's activities.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents three classes of net assets (permanently restricted, temporarily restricted and unrestricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. 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.

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Permanently Restricted - Reflects the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at two financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2015.

(e) Investments

The Organization carries investments in marketable securities at fair value which is determined by quoted market prices. Changes in fair value are reflected in the statement of activities as gains or losses on investments. Investments are exposed to risks such as interest rate, credit and overall market volatility.

(f) Revenue Recognition

The Organization earns revenue as follows:

Contributions - Contributions are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Rental - Rental income is derived from commercial tenant rent from a sub-lease relationship. Rental revenue is recognized as occupancy is provided.

Program Service Fees - Program service fee revenue is earned and recognized by the Organization when units or services are provided and billed.

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2015, the Organization derived approximately 43% from individuals, 22% from churches and organization support, 27% from foundation grants, and 8% from other sources. All revenue is recorded at the estimated net realizable amounts.

(g) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2015, management has determined any allowance would be immaterial.

(h) Promises to Give

Unconditional promises to give are recognized as revenue and as assets, net of allowances, in the period in which the promises are made. Unconditional promises to give are recorded, in the year received, at the present value of estimated future cash flows using a risk-adjusted discount rate. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2015, management has determined any allowance would be immaterial.

(1) Summary of Significant Accounting Policies - continued

(i) Land, Building and Equipment

Land, building and equipment are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated useful lives:

Building and improvements	20 years
Furniture and equipment	3-7 years

(j) Contributed Services and Gifts in Kind

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by Organization personnel.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific educational programs, administrative, clerical, and maintenance functions as well as various committee assignments. The Organization would not have paid for these volunteered services if they had not been donated and therefore, they have not been reflected in the financial statements.

(k) Fair Value Measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

(1) Summary of Significant Accounting Policies - continued

(k) Fair Value Measurements - continued

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Measurements
In accordance with GAAP certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Organization had assets that were recognized or disclosed at fair value on a recurring basis under the above fair value hierarchy as of June 30, 2015. The Organization's policy is to recognize transfers in and out of levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year ended June 30, 2015.

The fair values of investments in trading securities using quoted market prices from daily exchange traded markets were based on the closing price as of the statement of financial position date and were classified as Level 1.

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2015:

Fair Value Measurements on a Recurring Basis

	Level 1	Level 2	Level 3	Total
Investments	$ 120,646	$ -	$ -	$ 120,646
	120,646	$	$	$ 120,646

Refer to Note 3 for additional information related to the composition of investments.

(1) Summary of Significant Accounting Policies - continued

(k) Fair Value Measurements - continued

Nonrecurring Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Organization records assets and liabilities at fair value on a nonrecurring basis as required by GAAP. The Organization had no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2015 .

(l) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization. Fundraising expenses as a percentage of total contribution was 9% for the year ended June 30, 2015. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(m) 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 and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon percentage of salary.

(n) Advertising Costs

The Organization expenses advertising costs when they are incurred. Advertising expense amounted to $4,099 for the year ended June 30, 2015.

(1) Summary of Significant Accounting Policies - continued

(o) Use of Estimates

In preparing the Organization's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(p) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore is not subject to income tax. The Organization was granted exemption and recognized as a church which is not required to file annual informational returns with the Internal Revenue Service. While the Organization continues to operate exclusively as a church they are not subject to tax on unrelated business income.

(q) Summarized Financial Information for 2014

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

(r) Reclassifications

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

(2) Promises to Give

The Organization has received unconditional promises to give related to a fundraising campaign initiated during prior years and is primarily due from individuals and foundations. Unconditional promises to give that are expected to be collected within one year are recorded are net realizable value. Unconditional promises to give that are expected to be received more than a year after June 30, 2015 are recorded at the present value of their future cash flows using discount rates ranging from 3% to 5%. Uncollectible amounts of pledges receivable are expected to be immaterial. Accordingly, no provision has been made for uncollectible amounts.

The following is an analysis of the promises to give as of June 30, 2015:

	Gross Promise	Allowance	Net Promise	Unamortized Discount	Total
Receivable less than 1 year	$ 190,148	$ -	$ 190,148	$ 0	$ 190,148
Receivable in 1 to 5 years	50,000		50,000		50,000
	$ 240,148	$	$ 240,148	$	$ 240,148

(3) Investments

As of June 30, 2015, all investments are classified as long-term. Investments are comprised of the following as of June 30, 2015:

	Fair Value
Money Funds	$ 1,684
Debt securities:	
Corporate fixed income	
Domestic	54,649
International	269
Equity securities	
Domestic	58,316
International	7,412
Total	$ 122,330

(3) Investments - continued

Investment return consisted of the following for the year ended June 30, 2015:

Interest and dividends	$	3,479
Net realized and unrealized losses		1,445
Total investments return	$	4,924

The marketable equity securities and corporate fixed income debt securities primarily consist of common stock and bonds, respectively, of companies traded on the New York Stock Exchange. Management fees were $1,810 for the year ended June 30, 2015.

(4) Other Intangible Assets

Intangible assets consist of the following as of June 30, 2015:

Loan fees, net of accumulated amortization of $6,981

Amortization expense amounted to $393 for the year ended June 30, 2015. Estimated future amortization expense for intangible assets owned at June 30, 2015 approximates $393 for each of the next five years.

(5) Debt

(a) Line of Credit

The Organization has available a demand line of credit with East Boston Savings Bank (a Massachusetts bank) of $50,000 to be drawn upon as needed, with interest at the prime rate as of June 30, 2015. The line is secured by the Organization's general business assets. There is no outstanding borrowings amount as of June 30, 2015.

(5) Debt - continued

(b) Mortgage Notes Payable

The Organization has a first mortgage note payable to East Boston Savings Bank in the original amount of $500,000. The note is due in monthly installments of $2,811, bears interest at 4.08% adjustable rate and is secured by real estate. The final payment on the note is due in 2034. At June 30, 2015, the principal balance due was $393,613.

(c) Debt Maturities and Interest

Maturities of mortgage notes payable are as follows:

2016	$ 14,537
2017	15,141
2018	15,770
2019	16,426
2020	17,109

Interest expense on all debt amounted to $16,593 for year ended June 30, 2015.

(6) Operating Lease Commitments

(a) Lessor

The Organization shares its space in ways that support its mission in three ways.

The Hall Hotel (379 Shawmut Ave.) is an intentional Christian community which, as a community, develops a meaningful relationship with EGC and its various ministries. Five bedrooms are available for rent at market rates, and community members pay their rent collectively through the community manager. The community manager pays a room rental fee and also contributes 20 – 25 hours per month in management and maintenance responsibilities. All utilities are the responsibility of the community members, under the coordination of the community manager.

(6) Operating Lease Commitments - continued

(a) Lessor - continued

The Organization shares its space on a regular basis with two ministry partners: South End Neighborhood Church of Emmanuel and Emmanuel Discipleship Church. Rent is on a sliding scale and below market as part of the Organization's support of other ministries, particularly new churches.

The Organization also rents space on a one-time basis at below-market rates to members of the local neighborhood as an expression of community engagement and occasionally to other ministries or related organizations needing an event space. Rental income for the year consisted of the following:

Hall Hotel	$ 32,115
Ministry Partners	44,620
Other rentals	70
Total rental income	$ 76,805

(b) Lessee

The Organization also leases equipment under an operating lease arrangement for a sixty month period expiring in August 2015. The Lease requires monthly payments of $360. The minimum annual operating non-cancelable lease commitments on property for the Organization are as follows:

2016	$720

Rent expense for the year ended June 30, 2015 was $7,797.

(7) Restricted Net Assets

(a) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2015, temporarily restricted net assets are restricted for the following purposes:

Applied Research and Consulting (ARC)	$ 137,500
Strategic planning	100,000
Starlight/time	2,647
Total	$ 240,147

(7) Restricted Net Assets - continued

(b) Permanently Restricted Net Assets

Permanently restricted net assets represent the Organization's interest in the original principal of the Leta and Stewart Gray Trust (the "Trust"). The Organization is the sole income beneficiary of the Trust. The principal of the Trust, $71,002, shall remain intact and all income of the Trust shall be paid to Emmanuel Gospel Center. The sole purpose of the Trust is to provide financial assistance to the Emmanuel Gospel Center and its employees in carrying out its mission with stipulations that they be invested to provide a permanent source of income to defray costs. The permanently restricted donations are being held in investments consisting of securities and cash equivalents. These amounts have been classified as investments on the statement of financial position. Consistent with donor restrictions unrealized gains and losses on these investments follow the treatment of investment income. Accordingly, unrealized gains and losses are reported in the statement of activities as increases or decreases in temporarily restricted net assets. Any excess unrealized losses over corpus are classified as decreases in unrestricted net assets. Accumulated earnings remains temporarily restricted at June 30, 2015 were zero.

Investment earnings on the Trust for the fiscal year ended June 30, 2015 totaled $2,858 and were used by the Organization in operations.

The Organization accepted the Trust interest under the stipulation that the funds are invested in perpetuity. Unless otherwise restricted by the donor, the investment income is to be used in accordance with the Organization's spending policy. The goals of the fund are to enhance existing programs, create new programs, make additional funding opportunities for donors and support capital improvements. The Organization's Executive Board (the Board) oversees the establishment and revision of goals, spending plans, and asset allocations for the fund.

(a) Uniform Prudent Management of Institutional Funds Act

The Organization's management and investment of donor-restricted funds are subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use enacting legislation. UPMIFA was adopted by the Commonwealth of Massachusetts effective June 30, 2009. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

(7) Restricted Net Assets - continued

(b) Permanently Restricted Net Assets - continued

(b) Uniform Prudent Management of Institutional Funds Act - continued

The Board has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. Further, per the interpretation, the UPMIFA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent fund, (b) the original value of subsequent gifts to the permanent fund, and (c) accumulations to the permanent fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

(c) Appropriation of Permanent Restricted Assets for Expenditure

The Organization considers the following factors in making a determination to appropriate funds for expenditure:

(1) The purposes of the Organization and the donor-restricted endowment fund
(2) The duration and preservation of the fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7)

(d) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for fund assets that invest in a thoughtful and prudent manner to preserve and/or enhance the Organization’s ability to help enhance the Organization’s mission. The oversight of the endowment funds is the responsibility of the Executive Committee, a committee of the Organization’s Executive Board. Fund assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Executive Board, the fund assets are invested in a manner that is intended to preserve the funds’ principal, considering inflation and to regulate the long term ability and short term needs to distribute income.

(7) Restricted Net Assets - continued

(b) Permanently Restricted Net Assets - continued

(e) Strategies Employed for Achieving Investment Objectives

To satisfy its objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation by investing a prudently determinable portion (currently 55%) of the funds in equity investments (to produce long-term appreciation) and a portion (currently 45%) to fixed income investments (to produce a consistent level of income and reduce overall volatility). Guidelines have been set forth in the policy for prudent investment options.

(f) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the fund to the required level will be classified as an increase in unrestricted net assets. There were no such deficiencies as of June 30, 2015.

(8) Employee Benefits

(a) Defined Contribution Plan

The Organization has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b) (7) of the IRC for the benefit of eligible employees. Employees with 1,000 hours or more of service during any consecutive 12-month period commencing with date of employment, or anniversary date, are eligible to participate in this plan. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. The Organization's contributions under this plan amounted to $31,385 for the year ended June 30, 2015.

(b) Section 125 Plan

The Organization has a plan that qualifies as "Cafeteria Plans" under Section 125 of the IRC. The plan allows the Organization's employees to pay for medical and dental insurance and daycare on a pre-tax basis. All employees whose customary employment is at least 40 hours per week are eligible to participate in the plans.

(9) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 10, 2015 which is the date the Organization’s financial statements were available to be issued. No material subsequent events have occurred since June 30, 2015 that required recognition or disclosure in these financial statements.

Emmanuel Gospel Center, Inc. received an unexpected foundation gift of $250,000 for one of its program during the first quarter of fiscal year 2016.