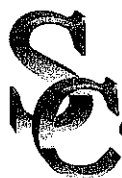


**EMMANUEL GOSPEL CENTER, INC.**

**Financial Statements**

**June 30, 2014**

**(With Comparative Totals for 2013)**



**SANDBERG & CREEDEN, P.C.**

*Certified Public Accountants*

*331 Page Street*

*Stoughton, MA 02072*

**EMMANUEL GOSPEL CENTER, INC.**

FINANCIAL STATEMENTS  
JUNE 30, 2014

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

Independent Auditor's Report

We have audited the accompanying financial statements of Emmanuel Gospel Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expense, 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.

**Auditor's 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 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 representation 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.

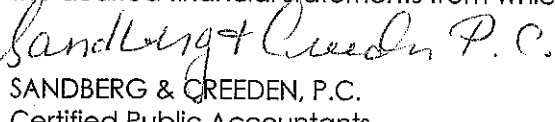
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emmanuel Gospel Center, Inc. as of June 30, 2014, 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**

We have previously audited the financial statements of Emmanuel Gospel Center, Inc.'s 2013 financial statements, and our report dated August 12, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information present herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
August 11, 2014



**EMMANUEL GOSPEL CENTER, INC.**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 198,677	\$ 164,855
Accounts receivable	23,573	10,510
Pledges receivable	57,500	122,805
Prepaid expenses	<u>12,274</u>	<u>14,801</u>
Total current assets	292,024	312,971
<b><u>Fixed Assets</u></b>		
Land	6,300	6,300
Building and building improvement	1,465,550	1,465,550
Furniture and fixtures	29,262	29,262
Equipment	<u>29,240</u>	<u>29,240</u>
Subtotal	1,530,352	1,530,352
Less accumulated depreciation	<u>757,776</u>	<u>696,904</u>
Net property and equipment	772,576	833,448
<b><u>Other Assets</u></b>		
Pledges receivable, net of current portion	50,000	157,500
Investments	119,216	105,581
Deferred financing costs, net	<u>7,375</u>	<u>7,768</u>
Total other assets	<u>176,591</u>	<u>270,849</u>
<b><u>Total Assets</u></b>	<u>\$ 1,241,191</u>	<u>\$ 1,417,268</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Current portion of mortgage payable	\$ 13,956	\$ 13,399
Accounts payable	9,854	10,256
Accrued expenses	<u>72,994</u>	<u>77,392</u>
Total current liabilities	96,804	101,047
<b><u>Long-Term Debt</u></b>		
Mortgage payable, net of current portion	<u>393,371</u>	<u>407,086</u>
Total long-term debt	393,371	407,086
<b><u>Net Assets</u></b>		
Unrestricted	515,014	563,133
Temporarily restricted	165,000	275,000
Permanently restricted	<u>71,002</u>	<u>71,002</u>
Total net assets	<u>751,016</u>	<u>909,135</u>
<b><u>Total Liabilities and Net Assets</u></b>	<u>\$ 1,241,191</u>	<u>\$ 1,417,268</u>

See accompanying notes and Independent Auditors' Report.



**EMMANUEL GOSPEL CENTER, INC.**

STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for 2013)

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b><u>Support and Revenue</u></b>					
Individual support	\$ 599,256	\$ 55,000	\$	\$ 654,256	\$ 920,723
Churches and organization support	307,972	38,500		346,472	379,142
Foundation grants	90,735	59,000		149,735	136,249
Released from restriction	262,500	(262,500)			
Program fees	55,573			55,573	69,577
Rental income	78,220			78,220	57,003
Interest and dividends	4,279			4,279	4,183
Unrealized and realized gain on investments	<u>11,141</u>			<u>11,141</u>	<u>1,223</u>
Total revenue	<u>1,409,676</u>	<u>(110,000)</u>		<u>1,299,676</u>	<u>1,568,100</u>
<b><u>Expenses</u></b>					
Program services	934,228			934,228	998,985
General and administrative	407,282			407,282	333,249
Fundraising	<u>116,285</u>			<u>116,285</u>	<u>141,186</u>
<b><u>Total Expenses</u></b>	<u>1,457,795</u>			<u>1,457,795</u>	<u>1,473,420</u>
<b><u>Change in Net Assets</u></b>	(48,119)	(110,000)		(158,119)	94,680
<b><u>Net Assets - Beginning of Year</u></b>	<u>563,133</u>	<u>275,000</u>	<u>71,002</u>	<u>909,135</u>	<u>814,455</u>
<b><u>Net Assets - End of Year</u></b>	<u>\$ 515,014</u>	<u>\$ 165,000</u>	<u>\$ 71,002</u>	<u>\$ 751,016</u>	<u>\$ 909,135</u>

See accompanying notes and Independent Auditors' Report.





**EMMANUEL GOSPEL CENTER, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for 2013)

	2014						2013
	Program Services						Total
	Church System	Issue Based	Ministry Development	Total Program Services	General and Administrative	Fundraising	
Salaries	\$ 257,908	\$ 77,791	\$ 237,740	\$ 573,439	\$ 224,480	\$ 66,817	\$ 887,349
Payroll taxes	17,646	5,322	16,266	39,234	15,359	4,572	59,369
Employee benefits	55,761	16,819	51,401	123,981	48,534	14,446	187,789
Total salaries and related expenses	331,315	99,932	305,407	736,654	288,373	85,835	1,134,507
Advertising and promotion	306		160	466		61	382
Bank and credit card fees	55	54	285	394	3,751		4,641
Consultants	3,284	4,969	41,214	49,467	20,911	559	66,749
Depreciation and amortization	18,272	5,511	16,843	40,626	15,905	4,734	59,527
Dues and membership		493	2,070	2,563	302	1,391	6,068
Equipment lease					6,384		6,280
Equipment rental					1,142		861
Filing fees					2,493		5,200
Insurance	4,826	1,455	4,448	10,729	4,200	1,250	13,306
Interest expenses					17,296		21,768
Investment fees					1,662		1,533
Ministry grants	540	483	136	1,159	8,568		18,916
Miscellaneous	957	320	763	2,040	4,554		4,430
Office supplies	7,400	6,962	5,703	20,065	3,489	1,003	10,450
Payroll processing					4,167		4,028
Postage and delivery	1,799	543	1,658	4,000	1,566	466	5,280
Printing	1,689	510	1,557	3,756	1,470	438	7,303
Professional fees			100	100	8,000		14,139
Rental					1,044		1,475
Repairs and maintenance	4,104	1,238	3,783	9,125	3,572	1,063	4,694
Special event						17,189	28,464
Telephone	1,943	586	1,791	4,320	1,691	503	7,192
Travel	8,287	8,439	10,029	26,755	648		26,847
Utilities	6,922	2,088	6,380	15,390	6,024	1,793	16,806
Website expense		5,144	1,475	6,619	70		2,574
	\$ 391,699	\$ 138,727	\$ 403,802	\$ 934,228	\$ 407,282	\$ 116,285	\$ 1,473,420

See accompanying notes and Independent Auditors' Report

EMMANUEL GOSPEL CENTER, INC.

STATEMENT OF CASH FLOWS  
FOR YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ (158,119)	\$ 94,680
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	61,265	59,527
Unrealized (gain) loss on investments	(11,141)	6,571
(Increase) decrease in:		
Accounts receivable	(13,063)	(8,497)
Pledges receivable	172,805	(157,305)
Prepaid expenses	2,527	(800)
Increase (decrease) in:		
Accounts payable	(402)	2,459
Accrued expenses	<u>(4,398)</u>	<u>20,685</u>
<b><u>Net Cash Provided by Operating Activities</u></b>	<u>49,474</u>	<u>17,320</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of equipment		(15,820)
Sale of investment	1,662	1,533
Purchase of investment	<u>(4,156)</u>	<u>(15,624)</u>
<b><u>Net Cash (Used in) Investing Activities</u></b>	<u>(2,494)</u>	<u>(29,911)</u>
<b><u>Cash Flows Provided by Financing Activities</u></b>		
Principal payments on mortgage note payable	<u>(13,158)</u>	<u>(11,366)</u>
<b><u>Net Cash (Used in) Financing Activities</u></b>	<u>(13,158)</u>	<u>(11,366)</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	33,822	(23,957)
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>164,855</u>	<u>188,812</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 198,677</u>	<u>\$ 164,855</u>
<b><u>Supplemental Information</u></b>		
Interest paid	<u>\$ 17,296</u>	<u>\$ 21,568</u>

See accompanying notes and Independent Auditors' Report.





## EMMANUEL GOSPEL CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

#### Note 1. Organization

The Emmanuel Gospel Center equips Christian leaders for effective ministry. Our 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 our website, [www.egc.org](http://www.egc.org).

#### **Brief History**

The Emmanuel Gospel Center 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. We have 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. Our 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.

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.



**EMMANUEL GOSPEL CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 1. Organization** (Continued)

**EGC's Program Activities**

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

- Issue Areas: Programs that work in a particular issue area
  - Abolitionist Network (human trafficking)
  - Boston Education Collaborative (urban education)
  - Starlight Ministries (homelessness)
  - Youth Violence Systems Project (youth peace)
- Church Systems: Programs that work primarily to strengthen church systems:
  - Cambodian Ministries
  - Greater Boston Church Planting Collaborative
  - Haitian Ministries International
  - Intercultural Ministries
- Ministry Development: Programs that develop or strengthen other ministries.
  - Applied Research
  - EGC Consulting
  - Living System Ministry Development
  - Fiscal Conduit Ministries and Other Ministry Development

We know 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. We also know 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, and we are well positioned to provide the stability, connections, ministerial framework and practical helps that Christian leaders need to be effective.

**Note 2. Summary of Significant Accounting Policies**

- a. Standards of Accounting and Reporting  
The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for 'Not-for-Profit Organizations'.



**EMMANUEL GOSPEL CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

b. Financial Statement Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. These also include donations pledged but not collected at year end.

Permanently Restricted - Net assets subject to donor-imposed restrictions that the balance be maintained permanently by the Organization.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, Emmanuel Gospel Center, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d. Promises To Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

e. Investments

EGC follows FASB ASC 820, *Fair Value Measurements*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. Under FASB ASC 820, fair value refers to the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, FASB ASC 820 establishes a fair value hierarchy that prioritizes the information used to develop these assumptions. Under FASB ASC 820, fair value measurements are separately disclosed by level within the fair value hierarchy.



EMMANUEL GOSPEL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

e. Investments (Continued)

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

**Level I:** Quoted prices are available in active markets for identical investments as of the reporting date.

**Level II:** Pricing inputs are other than quoted prices in active markets of comparable investments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

**Level III:** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.

f. Fixed Assets

These assets are recorded at cost when purchased, or if donated at their estimated fair value at the date of donation. All acquisitions of equipment in excess of \$2,500 and all expenditures that materially prolong the useful lives of assets are capitalized.

g. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method. Office equipment is being depreciated over 3-15 years.

h. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

i. Donated Materials and Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Emmanuel Gospel Center, Inc.

j. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



EMMANUEL GOSPEL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

k. Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative 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.

l. Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

**Note 3. Tax Status**

Emmanuel Gospel Center, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (a) and has been classified as an organization that is not a private foundation under Section 509(a) (1).

Unrelated business income, of which the Organization had none for the year ending June 30, 2013, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Accounting principles generally accepted in the United States of America require the Organization management to evaluate tax positions taken by the Organization and recognize a tax liability (or assets) if it has taken an uncertain position that more likely would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken and has concluded that as of June 30, 2014, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is not required to file the IRS Form 990 as a religious organization but remains subject to routine audits by taxing jurisdictions, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for the years prior to 2011.

**Note 4. Concentration of Credit Risk**

The organization maintains its cash balance in two financial institutions. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution.

The investment portfolio has a fair market value of June 30, 2014, of \$119,216, representing 16% of EGC's total asset base. The fair market value of these investments is not federally insured and is subject to market fluctuation.

Credit risk with respect to receivables is considered low as the entire balance was received prior to the report date or from well-established donors.



**EMMANUEL GOSPEL CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 5. Pledges Receivable**

Unconditional grants and promises to give at June 30, 2014 consist of the following:

2015	\$ 57,500
2016	<u>50,000</u>
Total	<u>\$ 107,500</u>

No discount has been recorded at the financial statement date as the amount was not significant to the statements as a whole.

**Note 6. Investments**

All EGC investments include listed equity or debt instruments which are publicly traded, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair value measurement was determined using Level I inputs and, as of June 30, 2014, Trust investments consist of the following:

	2014		2013	
	Market	Cost	Market	Cost
Cash equivalents	\$ 885	\$ 805	\$ 1,291	\$ 1,291
Fixed income securities	57,978	52,991	54,290	50,635
Equity securities	<u>60,353</u>	<u>47,914</u>	<u>50,000</u>	<u>47,357</u>
	<u>\$ 119,216</u>	<u>\$ 101,790</u>	<u>\$ 105,581</u>	<u>\$ 99,283</u>

Investment income is as follows:

	2014	2013
Interest and capital gain	\$ 4,279	\$ 3,982
Unrealized gain (loss)	11,141	(6,571)
Realized gain		<u>7,794</u>
	<u>\$ 15,420</u>	<u>\$ 5,205</u>

Investment fees totaled \$1,662 and \$1,533 for June 30, 2014 and 2013, respectively.

**Note 7. Line of Credit**

Emmanuel Gospel Center, Inc. has an available \$50,000 revolving line of credit agreement with a bank. Borrowings are due on demand and interest is payable monthly at the time draws on the line occur. As of June 30, 2014 there were no amounts outstanding.



**EMMANUEL GOSPEL CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 8. Mortgage Payable**

Mortgage payable consists of a promissory note on Emmanuel Gospel Center, Inc.'s building with an original balance of \$500,000 dated March 12, 2004. The note is payable in monthly payments of \$2,811 including principal and interest through February 12, 2034, at which time the principal balance is due. The interest rate is currently set at a 3% adjustable rate and the outstanding balance at June 30, 2014 was \$407,324 with maturities summarized as follows:

2015	\$ 13,956
2016	14,537
2017	15,141
2018	15,770
2019	16,426
2020 and thereafter	331,497

**Note 9. Temporarily Restricted Net Assets**

At June 30, 2014, temporarily restricted net assets consist of the following:

Starlight/Time	\$ 15,000
Strategic Plan/Time	<u>150,000</u>
	<u>\$ 165,000</u>

**Note 10. Permanently Restricted Net Assets**

At June 30, 2014, permanently restricted net assets consist of Emmanuel Gospel Center, Inc.'s interest in the original principal of the Leta and Stewart Gray Trust.

Emmanuel Gospel Center, Inc. is the sole income beneficiary of the Leta and Stewart Gray Trust (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.

The Board has interpreted Massachusetts General Law as requiring realized and unrealized gains on permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board and expended. Massachusetts General Law allows the Board to appropriate as much of net appreciation of permanently restricted net assets as is prudent considering the Center's long and short-term needs, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. In the absence of evidence to the contrary, Chapter 180A (the "Uniform Management of Institutional Funds") of the Commonwealth of Massachusetts General Law ("Chapter 180A") defines prudent as expending realized and unrealized gains up to 7% of such assets.



**EMMANUEL GOSPEL CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 10. Permanently Restricted Net Assets** (Continued)

Emmanuel Gospel Center, Inc.'s Executive Committee may, at its sole discretion, alter or change the allocation of income received, but only within the general area of supplemental staff benefits and excluding capital items. Upon approval of the Executive Committee, a portion of the Trust's capital appreciation may be transferred for use in accordance with trust provisions, provided that this amount combined with income transferred, does not exceed 7% of the value of the trusts assets. In the event that Emmanuel Gospel Center, Inc. is dissolved, the principal and all earnings of the Trust shall be transferred to Vision New England, Inc. Accumulated earnings remains temporarily restricted at June 30, 2014 and 2013 was \$0 and \$0, respectively.

**Note 11. Rental Income**

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.

The Organization shares its space on a regular basis with three ministry partners: South End Neighborhood Church of Emmanuel, Emmanuel Discipleship Church, and the Center for Urban Ministerial Education (CUME), the Boston campus of Gordon-Conwell Theological Seminary. Rent is on a sliding scale and below market as part of the Organization's support of other ministries, particularly new churches, and of urban ministerial education through CUME.

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 year consisted of the following:

	<u>2014</u>	<u>2013</u>
Hall Hotel	\$ 36,100	\$35,480
Ministry Partners	41,990	19,500
Other rentals	<u>130</u>	<u>2,023</u>
Total rental income	<u>\$ 78,220</u>	<u>\$57,003</u>

**Note 12. Pension Plan**

The Organization offers a 403(b) plan available to all employees after 12 continuous months. Through this Plan, each pay period eligible employees may make contributions from their salaries on a pre-tax basis, up to the maximum annual amount permitted by applicable law. The Organization provides non-matching contributions equal to four percent (4%) of the employees' salary and housing allowance. Emmanuel Gospel Center contributed \$31,487 and \$29,179 for the year ended June 30, 2014 and 2013, respectively.





**EMMANUEL GOSPEL CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
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(Continued)

**Note 13. Operating Lease**

The Organization leases a copier under an operating lease arrangement dated September 20, 2010 for sixty months expiring August 20, 2015. Lease requires monthly payments of \$360. Future minimum lease payments are as follows:

2015	4,320
2016	720

**Note 14. Subsequent Event**

The Organization has evaluated events through September 17, 2014 the date the financial statements were available to be issued.

The Organization entered into a consulting agreement effective August 4, 2014 for an initial five year period that requires an annual expenditure of \$30,000.

There were no other subsequent events to be disclosed based on this evaluation.

