

**GRACE CHURCH
OF OVERLAND PARK**

FINANCIAL STATEMENTS

**Year Ended December 31, 2016
with
Independent Auditors' Report**

GRACE CHURCH OF OVERLAND PARK

FINANCIAL STATEMENTS

December 31, 2016

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Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grace Church of Overland Park

We have audited the accompanying financial statements of **Grace Church of Overland Park** (a Kansas non-profit corporation) (the "Church"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities 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 of 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 auditors consider 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.

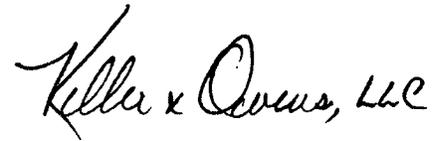
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Grace Church of Overland Park** as of December 31, 2016, 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 **Grace Church of Overland Park's** 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Keller & Owens, LLC". The signature is written in a cursive, flowing style.

Overland Park, Kansas
April 26, 2017

GRACE CHURCH OF OVERLAND PARK

STATEMENT OF FINANCIAL POSITION

December 31, 2016

(With comparative totals as of December 31, 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 1,321,723	\$ 1,651,369
Investments	7,749	33,869
Accounts receivable	1,622	465
Prepaid expenses	<u>26,328</u>	<u>42,719</u>
Total Current Assets	1,357,422	1,728,422
Assets Restricted for Capital Campaign:		
Cash and cash equivalents	<u>43,096</u>	<u>568,876</u>
Total Assets Restricted for Capital Campaign	43,096	568,876
Property and Equipment, net	15,132,095	14,505,921
Website Development Costs, net	<u>5,833</u>	<u>11,667</u>
 Total Assets	 <u>\$ 16,538,446</u>	 <u>\$ 16,814,886</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 154,058	\$ 178,372
Accrued expenses	166,194	130,048
Deferred revenue	18,588	6,687
Current portion of long-term debt	<u>146,722</u>	<u>15,210</u>
Total Current Liabilities	485,562	330,317
Long-Term Debt	<u>4,702,263</u>	<u>5,563,320</u>
Total Liabilities	5,187,825	5,893,637
Net Assets:		
Unrestricted:		
Net investment in property, equipment, and other assets	10,288,943	8,939,058
Board designated	725,410	914,015
Undesignated	<u>254,747</u>	<u>465,499</u>
Total Unrestricted	11,269,100	10,318,572
Temporarily restricted	<u>81,521</u>	<u>602,677</u>
Total Net Assets	<u>11,350,621</u>	<u>10,921,249</u>
 Total Liabilities and Net Assets	 <u>\$ 16,538,446</u>	 <u>\$ 16,814,886</u>

See accompanying notes

GRACE CHURCH OF OVERLAND PARK

STATEMENT OF ACTIVITIES Year Ended December 31, 2016

(With comparative totals for the year ended December 31, 2015)

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
Support and Revenue:				
Cash contributions	\$ 5,128,204	\$ 407,552	\$ 5,535,756	\$ 6,340,875
Non-cash contributions	21,085	-	21,085	99,217
Program and activity fees	152,145	-	152,145	133,112
Other income	31,233	-	31,233	30,405
Investment income	3,885	-	3,885	4,744
Net assets released from restrictions	<u>928,708</u>	<u>(928,708)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	6,265,260	(521,156)	5,744,104	6,608,353
Expenses:				
Program services:				
Leadership development	77,666	-	77,666	91,030
Personal & corporate worship	922,322	-	922,322	722,847
Family ministries	1,603,485	-	1,603,485	1,204,234
Connections	1,153,201	-	1,153,201	1,008,715
Outreach	<u>713,051</u>	<u>-</u>	<u>713,051</u>	<u>657,652</u>
Total Program Services	4,469,725	-	4,469,725	3,684,478
Support services:				
General and administration	825,452	-	825,452	715,837
Fundraising	<u>19,555</u>	<u>-</u>	<u>19,555</u>	<u>58,177</u>
Total Support Services	<u>845,007</u>	<u>-</u>	<u>845,007</u>	<u>774,014</u>
Total Expenses	<u>5,314,732</u>	<u>-</u>	<u>5,314,732</u>	<u>4,458,492</u>
Change in Net Assets	950,528	(521,156)	429,372	2,149,861
Net Assets, Beginning of Year	<u>10,318,572</u>	<u>602,677</u>	<u>10,921,249</u>	<u>8,771,388</u>
Net Assets, End of Year	<u>\$ 11,269,100</u>	<u>\$ 81,521</u>	<u>\$ 11,350,621</u>	<u>\$ 10,921,249</u>

See accompanying notes

GRACE CHURCH OF OVERLAND PARK

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

(With comparative totals for the year ended December 31, 2015)

	2016	2015
Cash Flows from Operating Activities:		
Cash received from donations and other activities	\$ 5,515,729	\$ 4,821,722
Cash paid to employees, vendors and others	(4,512,529)	(3,787,331)
Interest paid	(148,299)	(106,580)
Net Cash Provided by Operating Activities	854,901	927,811
Cash Flows from Investing Activities:		
Change in cash and cash equivalents restricted for acquisition of new church facilities	525,780	1,366,613
Purchases of property and equipment	(1,233,987)	(6,326,833)
Proceeds from sale of stock	47,566	40,600
Net Cash Used by Investing Activities	(660,641)	(4,919,620)
Cash Flows from Financing Activities:		
Contributions received for the purchase of buildings and furnishings	218,830	1,689,399
Proceeds from sale of stock donated for the purchase of buildings and furnishings	-	28,066
Principal payments on long-term debt	(5,586,705)	(482,725)
Deferred loan costs incurred	(67,840)	-
Proceeds from the issuance of long-term debt	4,925,000	3,134,966
Payment of short-term trade account used to finance land, buildings, and equipment acquisition	(13,191)	(159,206)
Net Cash (Used) Provided by Financing Activities	(523,906)	4,210,500
Net Change in Cash and Cash Equivalents	(329,646)	218,691
Cash and Cash Equivalents, Beginning of Year	1,651,369	1,432,678
Cash and Cash Equivalents, End of Year	\$ 1,321,723	\$ 1,651,369

NONCASH INVESTING AND FINANCING ACTIVITIES

Land, Buildings, and Equipment Acquired Using Accounts Payable	\$ -	\$ 13,191
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See accompanying notes

GRACE CHURCH OF OVERLAND PARK

STATEMENT OF CASH FLOWS (continued)

Year Ended December 31, 2016

(With comparative totals for the year ended December 31, 2015)

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities

	<u>2016</u>	<u>2015</u>
Change in Net Assets	\$ 429,372	\$ 2,149,861
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	626,838	452,739
Unrealized losses	105	1,032
Realized gains	(466)	(870)
Donated securities	(21,085)	(61,240)
Loss on disposal of assets	-	23,939
Donated securities restricted for the purchase of buildings and furnishings	-	(37,977)
Contributions restricted for purchase of buildings and furnishings	(218,830)	(1,689,399)
(Increase) decrease in operating assets:		
Prepaid expenses	16,391	14,843
Accounts receivable	(1,157)	3,569
Increase (decrease) in operating liabilities:		
Accounts payable	(24,314)	9,360
Accrued expenses	36,146	60,131
Deferred revenue	11,901	1,823
Net Cash Provided by Operating Activities	<u>\$ 854,901</u>	<u>\$ 927,811</u>

See accompanying notes

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization - Grace Church of Overland Park (the "Church") is a Kansas nonprofit corporation. The Church was incorporated on January 7, 1997 under the laws of the State of Kansas. The Church exists to fulfill its vision: "Help everyone become an outward focused follower of Jesus." This, coupled with the Church's mission statement, "Love, Learn, Lead...with God, household, church," calls others into a personal relationship with Jesus, relationship with others around them, and encourages growing closer to Christ daily.

The Church's donors reside primarily in the greater Kansas City metropolitan area.

Advertising - The Church incurs costs to promote their activities through various media types. These costs are expensed as incurred and amounted to \$45,462 and \$31,450 for 2016 and 2015, respectively.

Basis of Accounting - The Church's policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain support and revenue are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, noninterest-bearing checking, certificates of deposit, and interest-bearing money market accounts subject to minimal withdrawal restrictions.

Comparative Financial Information - The financial statements include certain prior year summarized information in total, but not by net asset category. 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 Church's financial statements for the year ended December 31, 2015 from which the summarized information is derived.

Concentration of Cash Risk - The Church maintains its cash in bank accounts in amounts that may exceed federally insured limits at times. The Church has not experienced any losses in these accounts in the past, and management believes the Church is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which it deposits funds.

Contributions - The Church follows the accounting principles under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred financing costs – Deferred financing costs of \$67,840 are included as a reduction in the mortgage liability. All costs are considered to be long-term. The amounts are being amortized over the 7 year term of the loan.

Donated Materials, Equipment and Services - Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt. A number of volunteers donated service to the Church in 2016 and 2015. These services do not meet the criteria for recognition as a contribution and are not reflected in the accompanying financial statements.

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.

Fair Value of Financial Instruments - The carrying amounts of financial instruments including cash and cash equivalents, receivables, accrued expenses, and accounts payable approximated fair values as of December 31, 2016 due to their short-term nature. The carrying value of the long-term debt approximates fair value based on the terms available to the Church. The fair value of investments is disclosed in Note 2.

Financial Statement Presentation - Financial statement presentation follows the recommendations of FASB ASC 958-210. Under FASB ASC 958-210, entities are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are those currently available at the discretion of the Board for use in the entity's operations and those resources invested in land, buildings, and equipment.

Temporarily restricted net assets are those which are stipulated by donors for specific operating purposes, special projects, or for the acquisition or construction of land, buildings, and equipment.

Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts. At December 31, 2016, there are no permanently restricted net assets.

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses - Expenses are charged to each program based on direct expenditures incurred. Expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, estimated usage, or other reasonable methods. Supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Church.

Income Taxes - The Church is a nonprofit organization exempt from Federal income taxes, with certain exceptions, under Section 501(c)(3) of the Internal Revenue Code. The Church has been classified as a publicly-supported entity which is not a private foundation under Section 509(a) of the Code.

The Church's policy with regard to FASB ASC 740-10 is to record a liability for any tax position that is beneficial to the Church, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2016 and, accordingly, no liability has been accrued.

Property and Equipment - Expenditures for property and equipment over \$1,500 with an anticipated useful life of more than one year are recorded at cost and depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives are as follows:

Building and building improvements	7 - 40 years
Land improvements	7 - 35 years
Furniture and equipment	3 - 7 years
Vehicles	5 years

Reclassifications - Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

Subsequent Events - Management has evaluated events and transactions that have occurred since December 31, 2016 and reflected their effects, if any, in these financial statements through April 26, 2017, the date the financial statements were available to be issued.

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2. FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, 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). The three-tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 - inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 - inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 - inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Church's financial assets and liabilities are measured on a recurring basis at December 31, 2016:

	Level 1	Level 2	Level 3	Total
Equities	\$ 3,937	\$ -	\$ -	\$ 3,937
Mutual Funds	3,812	-	-	3,812
 Total Assets - Recurring Basis	 \$ 7,749	 \$ -	 \$ -	 \$ 7,749

Fair values for the Level 1 assets were determined by unadjusted quoted market prices in active independent markets for identical assets and liabilities.

The following table sets forth information about the level within the fair value hierarchy at which the Church's financial assets and liabilities are measured on a recurring basis at December 31, 2015:

	Level 1	Level 2	Level 3	Total
Equities	\$ 33,869	\$ -	\$ -	\$ 33,869
 Total Assets - Recurring Basis	 \$ 33,869	 \$ -	 \$ -	 \$ 33,869

Fair values for the Level 1 assets were determined by unadjusted quoted market prices in active independent markets for identical assets and liabilities.

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

3. INVESTMENTS

Investment income for the years ended December 31, 2016 and 2015 is comprised of the following:

	<u>2016</u>	<u>2015</u>
Interest	\$ 3,293	\$ 4,698
Dividends	231	208
Unrealized losses	(105)	(1,032)
Realized gains	<u>466</u>	<u>870</u>
Total Investment Income	<u>\$ 3,885</u>	<u>\$ 4,744</u>

4. PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation are summarized as follows at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 1,485,655	\$ 1,035,313
Land improvements	279,343	248,193
Building	14,365,818	14,296,834
Furniture and equipment	2,245,000	1,557,836
Vehicles	26,023	26,023
Accumulated depreciation	<u>(3,269,744)</u>	<u>(2,658,278)</u>
Total Property and Equipment, net	<u>\$ 15,132,095</u>	<u>\$ 14,505,921</u>

Depreciation expense was \$621,005 and \$433,787 for the years ended December 31, 2016 and 2015, respectively.

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

5. WEBSITE DEVELOPMENT COSTS

The Church accounts for website development costs in accordance with FASB ASC 350-50. All costs incurred in the planning stage are expensed as incurred, costs incurred in the website application and infrastructure development stage are accounted for in accordance with ASC 350-50, which requires the capitalization of certain costs that meet specific criteria, and costs incurred in the day to day operation of the website are expensed as incurred. Capitalized website development costs are subject to straight-line amortization over a three-year period. Website development costs as of December 31, 2016 and 2015 are summarized as follows:

Capitalized Costs	\$ 174,918	\$ 174,918
Less: Accumulated Amortization	<u>(169,085)</u>	<u>(163,251)</u>
Total Website Development Costs, net	<u>\$ 5,833</u>	<u>\$ 11,667</u>

Amortization expense was \$5,833 and \$18,952 for the years ended December 31, 2016 and 2015, respectively.

6. LONG-TERM DEBT

On August 19, 2014, the Church signed a mortgage note with a maximum balance not to exceed \$8,500,000. Construction financing provided by this note was \$3,134,966 for the year ended December 31, 2015. The note was secured by real property, capital campaign pledges and receipts, and the assignment of a life insurance policy on a Church employee. This note was paid in full on October 12, 2016.

On October 12, 2016, the Church signed a term note for \$4,925,000. Proceeds from the note were used to retire the construction financing mortgage. The note has the following payment terms: monthly principal and interest payments of \$21,528 are due on the note beginning December 1, 2016 through maturity on November 1, 2023 at which time the balance of the loan is due in full. The note bears a fixed interest rate of 2.27%. The note is secured by assets of the Church.

Note covenants require the Church to maintain its primary operating and savings accounts with the lender, submit annual financial reports and operating budgets to the lender and maintain a key man life insurance policy on a Church employee.

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

6. LONG-TERM DEBT (continued)

In connection with the term note signed on October 12, 2016, the Church entered into a line of credit agreement for \$300,000 with the bank. The line of credit bears interest at a rate of one percent plus the One-Month LIBOR Rate. The Church may draw funds against the note for working capital until the expiration date of July 1, 2017. There is no balance on the line of credit as of December 31, 2016.

Mortgage loan	\$ 4,916,825
Less:	
Unamortized loan issuance costs	(67,840)
Current portion of long-term debt	<u>(146,722)</u>
Total Long-Term Debt	<u>\$ 4,702,263</u>

Estimated maturities of long-term debt are as follows:

<u>Year ending December 31,</u>	
2017	\$ 146,722
2018	150,134
2019	153,626
2020	156,915
2021	160,849
Thereafter	<u>4,148,579</u>
Total	<u>\$ 4,916,825</u>

Interest expense was \$148,535 and \$111,418 for the years ended December 31, 2016 and 2015, respectively.

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

7. OPERATING LEASES

In November 2016, the Church entered into a 63-month operating lease on a copier. This lease will expire February 2022. Lease charges for the copier for the years ended December 31, 2016 and 2015 were \$10,146 and \$10,152, respectively. The following is a schedule by year of future minimum lease payments under this lease:

Years Ended December 31,

2017	\$	10,077
2018		10,077
2019		10,077
2020		10,077
2021		10,077
2022		<u>1,681</u>
 Total	 \$	 <u>52,066</u>

Effective December 6, 2016, the Church entered into a 44-month operating lease for office space in Olathe, Kansas. This lease will expire August 2020. Lease charges for the office space for the years ended December 31, 2016 and 2015 were \$-0- and \$-0-, respectively. The following is a schedule by year of future minimum lease payments under this lease:

Years Ended December 31,

2017	\$	29,973
2018		36,588
2019		36,588
2020		<u>22,798</u>
 Total	 \$	 <u>125,947</u>

8. BOARD-DESIGNATED UNRESTRICTED NET ASSETS

Board-designated unrestricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Strategic reserve	\$ 284,012	\$ 379,600
Projects	129,140	189,599
Outreach	196,843	-
Capital expenditures	23,049	20,549
Depreciation reserves	92,366	64,267
Debt reduction	<u>-</u>	<u>260,000</u>
 Total Board-Designated Unrestricted Net Assets	 <u>\$ 725,410</u>	 <u>\$ 914,015</u>

GRACE CHURCH OF OVERLAND PARK

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

9. TEMPORARILY RESTRICTED NET ASSETS

The following tables set forth information about temporarily restricted net assets for the year ended December 31, 2016:

	Ultimate Investment	Ministries & Programs	Outreach	Total
Beginning balance	\$ 568,876	\$ 17,519	\$ 16,282	\$ 602,677
Restricted contributions	218,830	35,234	153,488	407,552
Releases from restriction	(744,610)	(22,349)	(161,749)	(928,708)
Ending balance	\$ 43,096	\$ 30,404	\$ 8,021	\$ 81,521

The following table sets forth information about temporarily restricted net assets for the year ended December 31, 2015:

	Ultimate Investment	Ministries & Programs	Outreach	Total
Beginning balance	\$ 1,935,489	\$ 13,650	\$ 7,677	\$ 1,956,816
Restricted contributions	1,727,376	39,521	188,551	1,955,448
Releases from restriction	(3,093,989)	(35,652)	(179,946)	(3,309,587)
Ending balance	\$ 568,876	\$ 17,519	\$ 16,282	\$ 602,677

10. EMPLOYEE BENEFITS

The Church has a 403(b) defined contribution salary deferral plan covering eligible employees. Under the plan, employees can contribute the maximum amount allowed by the Internal Revenue Code. Contributions, if any, by the Church under this Plan are at the discretion of the Board. Contributions of \$65,273 and \$48,320 were made for the years ended December 31, 2016 and 2015, respectively.

11. COMMITMENTS

In September 2016, the Church entered into an agreement with a contractor to provide furnishings and equipment. As of December 31, 2016, \$121,994 of this agreement was unbilled and is not reflected in the financial statements.

In August 2016, the Church entered into an agreement to purchase land in Olathe, Kansas. As part of this agreement, the seller and the Church agreed to equally divide between them the future construction costs of the bordering public collector streets that the City of Olathe, Kansas will require to be privately constructed in the future.