

THE GOSPEL COALITION, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2017**

THE GOSPEL COALITION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Gospel Coalition, Inc.
Deerfield, Illinois

We have audited the accompanying financial statements of The Gospel Coalition, Inc. which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, 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 the financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the Organization as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Beckley & Associates, LLP

Austin, Texas
August 30, 2018

THE GOSPEL COALITION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current Assets:	
Cash	\$ 1,200,448
Accounts Receivable	274
Total Current Assets	<u>1,200,722</u>
Investments	1,000,000
Property and Equipment - Net	<u>-</u>
TOTAL ASSETS	<u><u>\$ 2,200,722</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 121,503
Total Current Liabilities	<u>121,503</u>
Net Assets - Unrestricted	<u>2,079,219</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,200,722</u></u>

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

THE GOSPEL COALITION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions	\$ 1,198,981	\$ 421,383	\$ 1,620,364
Conference Revenue	1,686,554	-	1,686,554
Other Income	421,894	-	421,894
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	421,383	(421,383)	-
Total Support and Revenue	<u>3,728,812</u>	<u>-</u>	<u>3,728,812</u>
Expense:			
Program Services	3,243,800	-	3,243,800
Support Services:			
Management and General	436,509	-	436,509
Fund raising	170,206	-	170,206
Total Support Services	<u>606,715</u>	<u>-</u>	<u>606,715</u>
Total Expense	<u>3,850,515</u>	<u>-</u>	<u>3,850,515</u>
Change in Net Assets	(121,703)	-	(121,703)
Net Assets - Beginning of Year	<u>2,200,922</u>	<u>-</u>	<u>2,200,922</u>
Net Assets - End of Year	<u>\$ 2,079,219</u>	<u>\$ -</u>	<u>\$ 2,079,219</u>

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

THE GOSPEL COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salaries	\$ 947,439	\$ 66,878	\$ 100,317	\$ 167,195	\$ 1,114,634
Employee Benefits	303,087	21,394	32,092	53,486	356,573
Payroll Taxes	78,242	5,523	8,284	13,807	92,049
Total Personnel Costs	1,328,768	93,795	140,693	234,488	1,563,256
Professional Fees and Contract Services	682,420	111,092	-	111,092	793,512
Conferences and Projects	730,134	-	-	-	730,134
TGC International	390,710	-	-	-	390,710
Staff Travel and Development	54,423	54,422	-	54,422	108,845
Information and Technology	46,618	46,618	-	46,618	93,236
Other	-	90,101	-	90,101	90,101
Business Expenses	-	29,754	-	29,754	29,754
Office Expenses	10,727	10,727	-	10,727	21,454
Advancement Expenses	-	-	29,513	29,513	29,513
Total Expense	<u>\$ 3,243,800</u>	<u>\$ 436,509</u>	<u>\$ 170,206</u>	<u>\$ 606,715</u>	<u>\$ 3,850,515</u>

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

THE GOSPEL COALITION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Increase (Decrease) in Cash

Cash Flows from Operating Activities:	
Change in Net Assets	\$ (121,703)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Increases (Decreases) in Current Liabilities:	
Accounts Payable	<u>92,375</u>
Net cash used by operating activities	<u>(29,328)</u>
Cash Flows from Investing Activities:	
Purchase of investments	<u>(1,000,000)</u>
Net cash used by operating activities	<u>(1,000,000)</u>
Cash Flows from Financing Activities:	
	<u>-</u>
Net Increase in Cash	(1,029,328)
Cash - Beginning of Year	<u>2,229,776</u>
Cash - End of Year	<u><u>\$ 1,200,448</u></u>

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

THE GOSPEL COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: Summary of Organizational Purpose and Significant Accounting Policies

Organizational Purpose

The Gospel Coalition, Inc. (TGC) is a fellowship of evangelical churches deeply committed to renewing our faith in the gospel of Christ and to reforming our ministry practices to conform fully to the Scriptures. We exist to promote gospel-centered ministry in the church and in the Christian life. We aim to do these things by providing free resources on our website, by hosting national and regional conferences, by producing a free theological journal, and through our online community of churches and individuals.

TGC is incorporated under the laws of the State of Illinois as a not-for-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, classified as a publicly supported organization, which is not a private foundation under Section 509(a). It is exempt from federal and state income taxes and contributions by the general public are deductible for income tax purposes.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Financial Statement Presentation

TGC reports under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Organizations*. Under FASB ASC 958-205, TGC is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment are reported as unrestricted net assets.

Temporarily Restricted Net Assets - The part of net assets of the TGC resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Permanently Restricted Net Assets - The part of net assets of the TGC resulting from contributions and other inflows of assets with donor-imposed stipulations that they be maintained permanently by TGC. TGC had no permanently restricted assets during the year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, TGC considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

THE GOSPEL COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: Summary of Organizational Purpose and Significant Accounting Policies - Continued

Accounts Receivable and Doubtful Accounts

TGC extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and TGC does not charge interest on accounts receivable balances. TGC reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts and grants receivable are considered collectable.

Property and Equipment

Property and equipment in excess of \$1,000 are recorded at cost if purchased, or an estimated market value if donated. Depreciation is provided through the use of the straight-line method over the useful lives of the assets acquired.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statement of Activities under the Support and Revenue Category- Net Assets Released from Restrictions.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, TGC will record such disallowance at the time the final assessment is made.

THE GOSPEL COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: Summary of Organizational Purpose and Significant Accounting Policies - Continued

Investments

Investments are carried at their market value and unrealized gains and losses are reflected in the statements of activities. Market values are determined by the most recently traded prices of securities at the statements of financial position date. Net realized gains or losses are determined on the specific identification cost method.

Fair Value Measurements

TGC's investments are accounted for at fair value with unrealized gains and losses reported in the statement of activities. FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date, and establishes a framework for measuring fair value. This standard also establishes a three-level hierarchy for such measurements based on the reliability of observable and unobservable inputs as follows:

Level 1- Valuations are based on quoted prices in active markets for identical assets or liabilities that TGC has the ability to access at the measurement date.

Level 2- Valuations are based on observable data other than quoted prices.

Level 3- Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017.

Certificates of Deposit: Valued at based on quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TGC believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE GOSPEL COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: Summary of Organizational Purpose and Significant Accounting Policies - Continued

Functional Allocation of Expense

Salaries and related expenses are allocated on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, that are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

TGC has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted ASC 740-10, *Accounting for Uncertainty in Income Taxes*. TGC's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. TGC continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status.

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires presentation on the face of the Statement of Financial Position amounts for two classes of net assets at the end of the period, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. The standard also requires the presentation on the face of the Statement of Activities the amount of the change in each of these two classes of net assets. The entity will be required to provide enhanced disclosures about liquidity in the footnotes to the financial statements. The standard is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted. TGC is currently evaluating the impact the standard will have on its financial statements.

Subsequent Events

The TGC has evaluated the effect that subsequent events would have on the financial statements through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

THE GOSPEL COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2: Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

TGC maintains its cash in a national bank which may, at times, exceed the insurable limits of the Federal Deposit Insurance Corporation (FDIC). TGC reviews the financial position of the bank on a regular basis and believes that any credit risk is mitigated because the bank is well capitalized. At December 31, 2017, TGC had \$750,594 at the bank in excess of FDIC limits.

NOTE 3: Investments

Investments at December 31, 2017, consist of certificates of deposit. As they are valued at quoted market prices, the fair values used are within level 1 of the fair value hierarchy.

NOTE 4: Property and Equipment

Property and equipment consisted of the following as of December 31, 2017:

Equipment	\$ 1,671
Less Accumulated Depreciation	<u>1,671</u>
	<u><u>\$ -</u></u>

Depreciation expense of \$0 was recorded for the year ended December 31, 2017.

NOTE 5: Pension Plan

The TGC maintains a Simple IRA Plan that covers those employees who meet eligibility requirements. TGC will match up to 9% of an employee's contribution. 3% goes directly to the Plan and the remaining is paid to the employee as additional compensation. Contributions of \$91,546 were made in the year ended December 31, 2017.