

**PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH  
AUDITED FINANCIAL STATEMENTS  
For the year ended December 31, 2016**



Church Accounting Management & Stewardship

John W. Spann Jr.  
Certified Public Accountant

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**PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH  
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Year Ended December 31, 2016

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Certified Public Accountant

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### **Report of Independent Auditors**

**PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
Charlotte, North Carolina

#### ***Report on the Financial Statements***

We have audited the accompanying statements of the PUBLISHING HOUSE of the African Methodist Episcopal Zion Church (TPH), which comprise statements of financial position as of December 31, 2016 and the related statements of activities and functional expenses 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 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 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 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 TPH'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 TPH'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 TPH's as of December 31, 2016, and related statement of activities and functional expenses for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "John W. Spann Jr. C.P.A." The signature is written in a cursive style with a large, stylized initial 'J'.

CAMS Ministries  
John W. Spann Jr. C.P.A.  
Charlotte, North Carolina  
May 20, 2017

**THE PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Statement of Financial Position**  
As of December 31, 2016

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**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$	119,518
Inventory		11,741
<b>Total Current Assets</b>		<b>131,259</b>
Property and Equipment, net	(Note 3)	27,431

**TOTAL ASSETS** **\$ 158,690**

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**LIABILITIES AND NET ASSETS**

Net Assets

Unrestricted		158,690
<b>Total Net Assets</b>		<b>158,690</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>158,690</b>

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

**THE PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
Statement of Activities  
Year Ended December 31, 2016

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SUPPORT AND REVENUE

Sales-Net	\$ 572,880
Cost of Goods Sold	
Merchandise Purchases	131,225
Less Inventory	(11,741)
Cost of Goods Sold	<u>119,484</u>
Gross Profit on Sales	453,396
Connectional Budget Department Allocation	51,267
Other Revenue	774
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<b><i>TOTAL</i></b>	<b>\$ 505,437</b>

EXPENSES

Program Services:	
Publishing House	200,880
AMEZ Headquarters Support	198,474
Support Services	
Management and General	68,390
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<b><i>TOTAL</i></b>	<b>\$ 467,744</b>

<b><i>CHANGE IN NET ASSETS</i></b>	<b>\$ 37,693</b>
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<b><i>PRIOR PERIOD ADJUSTMENT</i></b>	<b>\$ 29,828</b>
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<b><i>NET ASSETS, BEGINNING</i></b>	<b>\$ 91,169</b>
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<b><i>NET ASSETS, ENDING</i></b>	<b>\$ 158,690</b>
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The accompanying notes are an integral part of the financial statements.

**THE PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Statement of Functional Expenses**  
Year Ended December 31, 2016

	Program Services			Support Services	
	Publishing House	AMEZ Headquarters Support	Totals	Management and General	Totals
<b>PERSONNEL</b>					
Salaries	\$ 134,102	\$ 16,763	\$ 150,865	\$ 16,763	\$ 167,628
Payroll Taxes	5,131	641	5,772	641	6,413
<i>Total</i>	<i>139,233</i>	<i>17,404</i>	<i>156,637</i>	<i>17,404</i>	<i>174,041</i>
<b>OTHER EXPENSES</b>					
Ads and Advertising	1,200	-	1,200	-	1,200
Bank Charges, Credit Card Fees	-	-	-	6,878	6,878
Board and Staff Travel	3,104	-	3,104	-	3,104
Building and Grounds Maintenance	-	116,572	116,572	10,597	127,169
Contributions	8,940	-	8,940	-	8,940
Lease Cancellation	-	540	540	-	540
Leased Equipment	1,515	-	1,515	-	1,515
Miscellaneous Expense	-	-	-	1,210	1,210
Office Supplies	-	-	-	14,971	14,971
Postage	30,053	-	30,053	-	30,053
Professional Fees	-	-	-	12,273	12,273
Property Insurance	-	1,240	1,240	113	1,353
Registrations	963	-	963	-	963
Sales Taxes, Licenses	15,822	-	15,822	-	15,822
Security	-	96	96	-	96
Telecommunications	-	14,186	14,186	1,290	15,476
Utilities	-	34,298	34,298	3,118	37,416
Van Expense	50	-	50	-	50
Depreciation (Note 3)	-	14,138	14,138	-	14,138
Conference/Meetings	-	-	-	-	-
Other Administrative	-	-	-	536	536
<i>Total</i>	<i>61,647</i>	<i>181,070</i>	<i>242,717</i>	<i>50,986</i>	<i>293,703</i>
<b>TOTAL EXPENSES</b>	<b>\$ 200,880</b>	<b>\$ 198,474</b>	<b>\$ 399,354</b>	<b>\$ 68,390</b>	<b>\$ 467,744</b>

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

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**THE PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**

**Notes to the Financial Statements**

Year Ended December 31, 2016

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**Note 1- Organization and Purpose**

The Publishing House of the A.M.E. Zion church (TPH) is department of the A.M.E. Zion Church('The Church'). TPH serves to publish the literature of the Church, Sunday Schools, and Young People's Societies. TPH operates the James Varick Christian Bookstore and subsidizes the maintenance cost of The Church's headquarters located in Charlotte, North Carolina.

**Note 2 – Summary of significant accounting policies**

**Basis of accounting** – The financial statements of the TPH have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United State of America.

**Basis of presentation** – The TPH's financial statement presentation follows the recommendations of Financial Accounting Standards Board in Accounting Standards Codification (FASB ASC) Topic 958-205, *Not-For-Profit Entities - Presentation of Financial Statements*. Under ASC 958-205, the TPH is required to report 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. Net assets are defined as follows:

**Unrestricted net assets** – Unrestricted net assets include resources, which are available for the support of the TPH's operating activities.

**Temporarily restricted net assets** – Temporarily restricted net assets include resources that have been donated to the TPH subject to restrictions as defined by the donor. These restrictions are met by the action of the TPH and/or passage of time. When the restriction expires as a result of the lapse of time requirement or achievement of the specified purpose stipulated, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted net assets** – Permanently restricted net assets consist of endowment and similar type funds in which the donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may be expended. The TPH currently has no permanently restricted net assets.



**THE PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**

**Notes to the Financial Statements**

Year Ended December 31, 2016

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**Note 2 – Summary of significant accounting policies (continued)**

**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, 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.

**Cash and cash equivalents** – For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents includes balances on deposit in financial institutions, cash on hand and interest bearing money market accounts with an original maturity date of three months or less.

**Functional allocation of expenses** – The costs of providing the TPH’s various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the programs and supporting services benefited.

**Program services** – Comprises activities that contribute to the TPH mission of retailing the publications of church and subsidizing the operation cost of the Church’s headquarter.

**Supporting services** – Includes activities such as management and general services required to ensure an adequate working environment, provide administrative support and manage the TPH’s financial and budgetary functions.

**Income tax status** – The TPH is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the U.S. Internal Revenue Code and from state income taxes under similar provisions of North Carolina tax laws. Consequently, no provision for income taxes has been made in the accompanying statements.

**Note 3- Leasehold Improvements**

As of December 31, 2016, leasehold improvements of TPH were the following:

Phone System	\$	20,187
Information Technology Enhancements		30,302
		<u>50,489</u>
Accumulated Depreciation		<u>(23,058)</u>
Net	\$	<u>27,431</u>
2016 Depreciation	\$	<u>14,138</u>

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**THE PUBLISHING HOUSE OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**

**Notes to the Financial Statements**

Year Ended December 31, 2016

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**Note 4- Subsequent Events**-as required by FASB ASC No. 855, Subsequent Events, subsequent events have been evaluated by management through June 20, 2017, which is the date the financial statements were available to be released.