

**THE VARICK RENAISSANCE CENTER 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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**THE VARICK RENAISSANCE CENTER OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH  
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Year Ended December 31, 2016**

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### **Report of Independent Auditors**

**THE VARICK RENAISSANCE CENTER OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
Charlotte, North Carolina

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

We have audited the accompanying statements of THE VARICK RENAISSANCE CENTER of the African Methodist Episcopal Zion Church (VRC), which comprise statements of financial position as of December 31, 2016 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.

#### ***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 VRC'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 VRC'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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the VRC's as of December 31, 2016, and related statement of activities, functional expenses and cash flows 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 25, 2017

**THE VARICK RENAISSANCE CENTER OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**

**Statement of Financial Position**

As of December 31, 2016

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$	5,393
<b>Total Current Assets</b>		<b>5,393</b>

Leasehold Improvements, net	Note 3	340,927
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**TOTAL ASSETS** **\$ 346,320**

**LIABILITIES AND NET ASSETS**

Net Assets

Unrestricted	346,320
<b>Total Net Assets</b>	<b>346,320</b>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 346,320**

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

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**THE VARICK RENAISSANCE CENTER OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**

**Statement of Activities**

Year Ended December 31, 2016

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**SUPPORT AND REVENUE**

Allocations-Connectional Budget Department	\$ 108,847
Board of Bishops Renovation Subsidy	272,726
Utility Reimbursement	22,300
Rental Property Receipts	3,571
Room Rentals	890
Other Income	1,202
<b><i>TOTAL</i></b>	<b>\$ 409,536</b>

**EXPENSES**

Program Services:

Varick Renaissance Center	\$ 56,740
AME Zion Contiguous Property	73,536

Support Services

Management and General	2,714
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***TOTAL*** \$ 132,990

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***CHANGE IN NET ASSETS*** \$ 276,546

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***PRIOR PERIOD ADJUSTMENT*** \$ 64,806

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***NET ASSETS, BEGINNING*** \$ 4,968

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***NET ASSETS, ENDING*** \$ 346,320

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

**THE VARICK RENAISSANCE CENTER OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**

**Statement of Functional Expenses**

Year Ended December 31, 2016

	<u>Program Services</u>			<u>Support Services</u>	
	<u>Varick Renaissance Center</u>	<u>AME Zion Contiguous Property</u>	<u>Totals</u>	<u>Management and General</u>	<u>Totals</u>
<b><u>OTHER EXPENSES</u></b>					
Building and Grounds Maintenance	\$ 24,436	\$ 475	\$ 24,911	\$ -	\$ 24,911
Compliance Fees	-	-	-	2,714	2,714
Insurance Expense	3,200	-	3,200	-	3,200
Professional Fees	19,751	-	19,751	-	19,751
Utilities	-	70,534	70,534	-	70,534
Kitchen Expense	424	-	424	-	424
Telephone Expense	3,933	-	3,933	-	3,933
Property Management	765	-	765	-	765
Depreciation	4,231	2,527	6,758	-	6,758
<b>TOTAL EXPENSES</b>	<b>\$ 56,740</b>	<b>\$ 73,536</b>	<b>\$ 130,276</b>	<b>\$ 2,714</b>	<b>\$ 132,990</b>

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

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**THE VARICK RENAISSANCE CENTER OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
**Statement of Cash Flows**  
Year Ended December 31, 2016

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**OPERATING ACTIVITIES**

Change in Net Assets	\$	276,546
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation		6,758
Prior Period Adjustment		64,806
<b><i>Net Cash Provided By Operating Activities</i></b>		<b><i>348,110</i></b>

**INVESTING ACTIVITIES**

Purchase of Leasehold Improvements		(347,685)
<b><i>Net Cash Provided By Investing Activities</i></b>		<b><i>(347,685)</i></b>

***CHANGE IN CASH*** \$ **425**

***CASH, BEGINNING*** \$ **4,968**

***CASH, ENDING*** \$ **5,393**

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



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**THE VARICK RENAISSANCE CENTER 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 VARICK RENAISSANCE CENTER of the A.M.E. Zion church (VRC) is department of the A.M.E. Zion Church (“The Church”). VRC operates a full service event conference complex. In addition to conference center, VRC also operates one rental property and the storm water utility rights to contiguous property to VRC.

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

**Basis of accounting** – The financial statements of the VRC 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 VRC’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 VRC 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 VRC’s operating activities.

**Temporarily restricted net assets** – Temporarily restricted net assets include resources that have been donated to the VRC subject to restrictions as defined by the donor. These restrictions are met by the action of the VRC 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 VRC currently has no permanently restricted net assets.

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**THE VARICK RENAISSANCE CENTER 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 VRC’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 VRC 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 VRC’s financial and budgetary functions.

**Income tax status** – The VRC 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.

**THE VARICK RENAISSANCE CENTER OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH**

**Notes to the Financial Statements**

Year Ended December 31, 2016

**Note 3- Leasehold Improvements**

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

	Varick Renaissance Center	AME Zion Contiguous Property	Total
3032 Renaissance Lane	\$ -	\$ 10,152	\$ 10,152
Headquarters Leasehold improvement total	-	90,861	90,861
Varick Renaissance Center Renovations	108,802	-	108,802
Varick Renaissance Center Roof	137,870	-	137,870
	<u>246,672</u>	<u>101,013</u>	<u>347,685</u>
Accumulated Depreciation	<u>(4,231)</u>	<u>(2,527)</u>	<u>(6,758)</u>
Property Net	<u>\$ 242,441</u>	<u>\$ 98,486</u>	<u>\$ 340,927</u>
2016 Depreciation	<u>\$ 4,231</u>	<u>\$ 2,527</u>	<u>\$ 6,758</u>

**Note 6- Subsequent Events**

As required by FASB ASC No. 855, Subsequent Events, subsequent events have been evaluated by management through May 25, 2017, which is the date the financial statements were available to be released. On March 8, 2017 VRC completed negotiations on 3 year lease agreement for its building space. VRC based on this lease agreement with tenant, Have Life Ministries INC, will receive \$15,000 monthly (\$180,000 annually) the first year, \$16,000 monthly the second year (\$192,000 annually) and 3<sup>rd</sup> year \$17,000 monthly (\$204,000 annually). As of the date of this statement, Tenant is current on rental agreements.