

EMMANUEL GOSPEL CENTER, INC.

Financial Statements
June 30, 2012
(With Comparative Totals for 2011)



SANDBERG & CREEDEN, P.C.

Certified Public Accountants

331 Page Street

Stoughton, MA 02072

EMMANUEL GOSPEL CENTER, INC.

FINANCIAL STATEMENTS
JUNE 30, 2012

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

Independent Auditors' Report

We have audited the accompanying statement of financial position of Emmanuel Gospel Center, Inc. as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Emmanuel Gospel Center, Inc.'s 2011 financial statements and, in our report dated August 31, 2011, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


SANDBERG & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
August 7, 2012

EMMANUEL GOSPEL CENTER, INC.

STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2012
 (With Comparative Totals for 2011)

	<u>ASSETS</u>	
	<u>2012</u>	<u>2011</u>
<u>Current Assets</u>		
Cash	\$ 188,812	\$ 109,660
Accounts receivable	2,013	7,906
Pledges receivable	66,000	73,419
Prepaid expenses	<u>14,354</u>	<u>9,847</u>
Total current assets	271,179	200,832
<u>Fixed Assets</u>		
Land	6,300	6,300
Building and building improvement	1,465,550	1,661,807
Furniture and fixtures	13,442	30,065
Equipment	<u>29,240</u>	<u>175,438</u>
Subtotal	1,514,532	1,873,610
Less accumulated depreciation	<u>637,736</u>	<u>935,763</u>
Net property and equipment	876,796	937,847
<u>Other Assets</u>		
Pledges receivable, net of current portion	57,000	123,000
Investments	98,061	162,023
Deferred financing costs, net	<u>7,774</u>	<u>8,128</u>
Total other assets	<u>162,835</u>	<u>293,151</u>
<u>Total Assets</u>	<u>\$ 1,310,810</u>	<u>\$ 1,431,830</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Current portion of mortgage payable	\$ 11,656	\$ 11,058
Current portion of capital lease obligation		6,676
Accounts payable	7,797	21,795
Accrued expenses	<u>56,707</u>	<u>68,227</u>
Total current liabilities	76,160	107,756
<u>Long-Term Debt</u>		
Mortgage payable, net of current portion	<u>420,195</u>	<u>430,988</u>
Total long-term debt	420,195	430,988
<u>Net Assets</u>		
Unrestricted	618,606	605,627
Temporarily restricted	124,847	216,457
Permanently restricted	<u>71,002</u>	<u>71,002</u>
Total net assets	<u>814,455</u>	<u>893,086</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,310,810</u>	<u>\$ 1,431,830</u>

See accompanying notes and Independent Auditors' Report.



EMMANUEL GOSPEL CENTER, INC.

STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support and Revenue</u>				
Individual support	\$ 553,020	\$ 115,939	\$	\$ 668,959
Churches and organization support	74,490	237,691		312,181
Foundation grants	163,226	136,750		299,976
In-kind salary	22,887			22,887
Released from restriction	584,140	(584,140)		
Program fees	65,906			65,906
Rental income	56,893			56,893
Interest and dividends	3,173	1,704		4,877
Unrealized and realized gain on investments	739	446		1,185
Total revenue	1,524,474	(91,610)		1,432,864
<u>Expenses</u>				
Program services	1,091,540			1,091,540
General and administrative	268,135			268,135
Fundraising	151,820			151,820
<u>Total Expenses</u>	1,511,495			1,511,495
<u>Change in Net Assets</u>	12,979	(91,610)	0	(78,631)
<u>Net Assets - Beginning of Year</u>	605,627	216,457	71,002	893,086
<u>Net Assets - End of Year</u>	\$ 618,606	\$ 124,847	\$ 71,002	\$ 814,455
				\$ 893,086

See accompanying notes and Independent Auditors' Report.





EMMANUEL GOSPEL CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	2012				2011		
	Church System	Issue Based	Ministry Development	Total Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 229,097	\$ 169,975	\$ 339,949	\$ 739,021	\$ 176,646	\$ 97,988	\$ 1,013,655
Payroll taxes	7,155	12,878	27,664	47,697	11,107	6,533	65,337
Employee benefits	22,060	12,809	36,291	71,160	16,570	9,748	97,478
Total salaries and related expenses	258,312	195,662	403,904	857,878	204,323	114,269	1,176,470
Advertising		1,957	123	2,080	663	351	3,094
Bank and credit card fees					4,615		4,615
Consultants	3,350	12,216	36,218	51,784	5,300	4,286	61,370
Depreciation and amortization	14,856	11,725	17,986	44,567	10,733	6,105	61,405
Dues and membership	1,166	771	4,071	6,008	2,794	1,204	10,006
Equipment lease	1,267	1,411	3,658	6,336	3,124	868	10,328
Equipment rental			121	121	511	2,377	3,009
Filing fees					376		376
Grant Expenses	2,100	3,257	6,661	12,018			12,018
Insurance	3,359	2,569	3,953	9,881	2,301	1,354	13,536
Interest expenses			16,580	16,580	5,286	2,163	24,029
Investment fees					1,673		1,673
Miscellaneous	1,047	1,273	1,144	3,464	370	218	4,052
Office supplies	2,226	3,878	2,625	8,729	1,410	829	10,968
Payroll processing					3,989		3,989
Postage and delivery	1,471	1,873	1,727	5,071	1,181	695	6,947
Printing	625	308	1,025	1,958	532	277	2,767
Professional fees					7,500		7,500
Program supplies							
Rental			2,505	2,505	583	343	3,431
Repairs and maintenance			4,652	4,652	1,430	676	6,758
Special event		2,333	15,032	17,365		9,300	26,665
Telephone	2,202	1,284	3,135	6,621	1,542	908	9,071
Travel	8,375	9,299	3,465	21,139	4,923	2,896	28,958
Utilities	4,346	3,324	5,113	12,783	2,976	1,751	17,510
Website expense						950	950
Total expenses	\$ 304,702	\$ 253,140	\$ 533,698	\$ 1,091,540	\$ 268,135	\$ 151,820	\$ 1,511,495
							\$ 1,978,318

EMMANUEL GOSPEL CENTER, INC.

STATEMENT OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (78,631)	\$ (100,425)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	61,405	61,258
Unrealized (gain) loss on investments	2,967	(22,841)
(Increase) decrease in:		
Accounts receivable	5,893	10,838
Pledges receivable	73,419	(96,419)
Prepaid expenses	(4,507)	5,598
Increase (decrease) in:		
Accounts payable	(13,998)	(4,474)
Accrued expenses	<u>(11,520)</u>	<u>(19,496)</u>
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>35,028</u>	<u>(165,961)</u>
<u>Cash Flows From Investing Activities</u>		
Disposal of property and equipment		3,784
Sale of investment	111,125	22,066
Purchase of investment	<u>(50,130)</u>	<u> </u>
<u>Net Cash Provided by Investing Activities</u>	<u>60,995</u>	<u>25,850</u>
<u>Cash Flows Provided by Financing Activities</u>		
Principal payments on mortgage note payable	(10,195)	(9,846)
Principal payments on capital lease obligation	<u>(6,676)</u>	<u>(7,279)</u>
<u>Net Cash (Used in) Financing Activities</u>	<u>(16,871)</u>	<u>(17,125)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	79,152	(157,236)
<u>Cash and Cash Equivalents- Beginning of Year</u>	<u>109,660</u>	<u>266,896</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 188,812</u>	<u>\$ 109,660</u>
<u>Supplemental Information</u>		
Interest paid	<u>\$ 24,029</u>	<u>\$ 26,265</u>
<u>Non-cash transaction</u>		
Write off of fully depreciated fixed assets.	<u>\$ 359,078</u>	<u>\$ 3,784</u>

See accompanying notes and Independent Auditors' Report.



EMMANUEL GOSPEL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1. Organization

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 40 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 involves 1) understanding the dynamics of key systems through Applied Research, 2) identifying places (leverage points) in those systems where the church (broadly defined) can make a difference, and 3) investing in leaders associated with these systems and leverage points. By "leaders," we mean existing, emerging and potential leaders, as well as their teams. Leaders do not exist in isolation, nor are they easily distinguished by conventional titles or positions within organizations. So EGC works with leaders appropriate to the given situation. EGC invests in these Christian leaders to help them grow as Living System Ministry practitioners to more effectively engage their system and its leverage points,

An example of this is the Youth Violence Systems Project (YVSP), which works with residents to understand the dynamics of youth violence in three urban communities. Through this work, we found that churches and ministries involved in the system were highly disconnected. We discovered that a leverage point in this system is helping individual leaders take a systemic view and learn to work well with other parts of the system. YVSP conducted a series of trainings with community leaders (including youth) to have a more systemic view. This has led to increased understanding and greater cooperation among these diverse but interdependent groups.



EMMANUEL GOSPEL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(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 Based: 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 International
 - 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 not only because of our long-standing relationship with Greater Boston's Christian leaders and their urban communities, but also because God has called us to and empowers us for this work. Therefore, we are well positioned to provide the connections, 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, 2012

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

b. Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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. 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.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they 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, 2011

(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, 2011

(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, 2011, 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, 2011, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

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, 2012, of \$98,061, representing 7% of EGC's total asset base. The fair market value of these investments is not federal-insured and is subject to market inflation.

Credit risk with respect to receivables is considered low as the entire balance was received prior to the report date.

Note 5. Pledges Receivable

Unconditional grants and promises to give at June 30, 2012 consist of the following:

2013	\$ 66,000
2014	56,000
2015	1,000
Total	<u>\$ 123,000</u>



EMMANUEL GOSPEL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(Continued)

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, 2012, Trust investments consist of the following:

	2012		2011	
	Market	Cost	Market	Cost
Cash equivalents	\$ 2,374	\$ 2,374	\$ 21,637	\$ 21,637
Fixed income securities	74,004	60,818	90,448	69,304
Equity securities	21,683	22,000	49,938	50,072
	<u>\$ 98,061</u>	<u>\$ 85,192</u>	<u>\$ 162,023</u>	<u>\$ 141,013</u>

Investment income is as follows:

	2012	2011
Unrealized gain (loss)	\$ (2,967)	\$ 22,841
Interest and capital gain	4,877	6,199
Realized gain	4,152	
	<u>\$ 6,062</u>	<u>\$ 29,040</u>

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, 2012 there were no amounts outstanding.

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, 2012 was \$431,851 with maturities summarized as follows:

2013	\$ 11,656
2014	12,287
2015	12,951
2016	13,652
2017	14,390
2018 and thereafter	366,915



EMMANUEL GOSPEL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(Continued)

Note 9. Temporarily Restricted Net Assets

At June 30, 2012, temporarily restricted net assets consist of the following:

Program Restricted:	
Capacity campaign	\$ 123,000
Temp Restricted Accumulated Earnings	<u>1,847</u>
	<u>\$ 124,847</u>

During the year ended June 30, 2011 Emmanuel Gospel Center, Inc. reevaluated the donor designation of temporarily restricted net assets. Following this analysis, a significant amount of temporarily restricted net assets as of June 30, 2011 was released as compared to prior years.

Note 10. Permanently Restricted Net Assets

At June 30, 2012, 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.'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, 2012 and 2011 was \$1,847 and \$9,528, respectively.



EMMANUEL GOSPEL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(Continued)

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 directly to the Organization. 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>2012</u>	<u>2011</u>
Hall Hotel	\$ 37,065	\$ 36,005
Ministry Partners	17,700	20,725
Other rentals	<u>2,128</u>	<u>810</u>
Total rental income	<u>\$ 56,893</u>	<u>\$ 57,540</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 \$25,369 and \$22,334 for the year ended June 30, 2012 and 2011, respectively.

Note 13. Subsequent Event

The Organization has evaluated events through August 20, 2012 the date the financial statements were available to be issued.

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

