

**THE STAR OF ZION AND THE QUARTERLY REVIEW 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

**THE STAR OF ZION AND THE QUARTERLY REVIEW OF THE
AFRICAN METHODIST EPISCOPAL ZION CHURCH
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Report of Independent Auditors

Board of Communication Audit Committee:

THE STAR OF ZION AND THE QUARTERLY REVIEW OF THE AFRICAN METHODIST EPISCOPAL ZION CHURCH

Charlotte, North Carolina

Report on the Financial Statements

We have audited the accompanying statements of THE STAR OF ZION AND THE QUARTERLY REVIEW of the African Methodist Episcopal Zion Church (SOZ&QR), 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 SOZ&QR'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 SOZ&QR'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 STAR OF ZION AND THE QUARTERLY REVIEW** 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 initial 'J'.

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

THE STAR OF ZION AND THE QUARTERLY REVIEW
AFRICAN METHODIST EPISCOPAL ZION CHURCH
Statement of Financial Position
As of December 31, 2016

ASSETS

Current Assets:

Cash and cash equivalents	\$	30,972
Total Current Assets		30,972

TOTAL ASSETS **\$ 30,972**

LIABILITIES AND NET ASSETS

Net Assets

Unrestricted		30,972
Total Net Assets		30,972

TOTAL LIABILITIES AND NET ASSETS **\$ 30,972**

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

THE STAR OF ZION AND THE QUARTERLY REVIEW**AFRICAN METHODIST EPISCOPAL ZION CHURCH**

Statement of Activities

Year Ended December 31, 2016

SUPPORT AND REVENUE

Start of Zion Allocations-Connectional Budget Department	\$	28,000
Zion Quarterly Allocations-Connectional Budget Department		12,300
Adverstiment Receipts		27,763
Subscriptions		301,013
Prelate Posters		1,793
Other Income		808
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<i>TOTAL</i>	\$	371,677

EXPENSES

Program Services:

Star of Zion	\$	259,378
Zion Quarterly Review		85,885

Support Services

Management and General		22,090
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TOTAL \$ 367,353

CHANGE IN NET ASSETS \$ 4,324

NET ASSETS, BEGINNING \$ 26,648

NET ASSETS, ENDING \$ 30,972

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

THE STAR OF ZION AND THE QUARTERLY REVIEW
AFRICAN METHODIST EPISCOPAL ZION CHURCH

Statement of Functional Expenses

Year Ended December 31, 2016

	Program Services			Support Services	
	Star of Zion	Zion Quarterly Review	Totals	Management and General	Totals
PERSONNEL					
Salaries & Payroll Taxes	\$ 127,896	\$ 38,437	\$ 166,333	\$ 18,481	\$ 184,814
<i>Total</i>	<i>127,896</i>	<i>38,437</i>	<i>166,333</i>	<i>18,481</i>	<i>184,814</i>
OTHER EXPENSES					
Bank and service Charges	-	-	-	170	170
Booth Rent	600	-	600	-	600
Dues and Subscriptions	114	-	114	-	114
Employee Benefits	-	8,800	8,800	-	8,800
Media & Website	5,104	40	5,144	-	5,144
Miscellaneous	674	-	674	-	674
Offering	5,214	550	5,764	-	5,764
Office Supplies	6,265	2,409	8,674	-	8,674
Postage/Delivery	26,248	7,726	33,974	-	33,974
Printing, Delivery & Reproduction	27,719	20,229	47,948	-	47,948
Professional Fees	-	-	-	3,080	3,080
Registration and Representations	250	1,030	1,280	-	1,280
Return Deposit Item	1,100	-	1,100	-	1,100
Storage	-	3,107	3,107	-	3,107
Sub Contractors	16,335	724	17,059	-	17,059
Surety Bond	-	-	-	359	359
Telephone	8,597	-	8,597	-	8,597
Travel Lodging	15,130	2,833	17,963	-	17,963
Ground Transportation	18,132	-	18,131	-	18,131
<i>Total</i>	<i>131,482</i>	<i>47,448</i>	<i>178,930</i>	<i>3,609</i>	<i>182,538</i>
TOTAL EXPENSES	\$ 259,378	\$ 85,885	\$ 345,263	\$ 22,090	\$ 367,352

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

THE STAR OF ZION AND THE QUARTERLY REVIEW
AFRICAN METHODIST EPISCOPAL ZION CHURCH

Statement of Cash Flows

Year ended December 31, 2016

OPERATING ACTIVITIES

Change in Net Assets	\$	4,324
Adjustments to reconcile change in net assets		
<i><u>Net Cash Provided By Operating Activities</u></i>		<i><u>4,324</u></i>

INVESTING ACTIVITIES

Purchase of Leasehold Improvements		-
<i><u>Net Cash Provided By Investing Activities</u></i>		<i><u>-</u></i>

<i>CHANGE IN CASH</i>	\$	4,324
<i>CASH, BEGINNING</i>	\$	26,648
<i>CASH, ENDING</i>	\$	30,972

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

**THE STAR OF ZION AND THE QUARTERLY REVIEW OF THE
AFRICAN METHODIST EPISCOPAL ZION CHURCH**

Notes to the Financial Statements

For the year ended December 31, 2016

Note 1- Organization and Purpose

THE STAR OF ZION AND THE QUARTERLY REVIEW (SOZ&QR) are periodicals of the African Methodist Episcopal Zion Church (Church). The Star of Zion was established in 1876. The purpose of the Star of Zion to provide a publication that is an adequate and efficient weekly organ for the Church. The purpose of the Quarterly Review publication is to provide the Church with an adequate and effective theological and historical journal.

Note 2 – Summary of significant accounting policies

Basis of accounting – The financial statements of the SOZ&QR 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 SOZ&QR’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 SOZ&QR 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 SOZ&QR’s operating activities.

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

**THE STAR OF ZION AND THE QUARTERLY REVIEW OF THE
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Notes to the Financial Statements

For the year ended December 31, 2016

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 SOZ&QR'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 SOZ&QR mission of providing insurance, retirement, relief and risk management for the Church.

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

Income tax status – The SOZ&QR 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.