

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.  
DALLAS, TEXAS**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2015 AND 2014**

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.  
DECEMBER 31, 2015 AND 2014**

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**HENRY & PETERS, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Church of God, a Worldwide Association, Inc.  
Dallas, Texas

***Report on the Financial Statements***

We have audited the accompanying financial statements of Church of God, a Worldwide Association, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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.

***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 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 assessments, the auditor considers 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Church of God, a Worldwide Association, Inc., as of December 31, 2015 and 2014, and the results of its activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Henry & Peters P.C.*

Tyler, Texas  
March 23, 2016

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

<b>ASSETS</b>		<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 3,180,464	\$ 2,689,604
Other assets		<u>31,037</u>	<u>18,687</u>
Total current assets		3,211,501	2,708,291
 <b>PROPERTY AND EQUIPMENT, NET</b>			
Total assets		<u>92,971</u>	<u>117,300</u>
		<u>\$ 3,304,472</u>	<u>\$ 2,825,591</u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 23,243	\$ 20,540
Accrued payroll and related liabilities		376,296	321,445
Other accrued liabilities		<u>79,293</u>	<u>58,262</u>
Total current liabilities		478,832	400,247
 <b>NET ASSETS</b>			
Unrestricted		2,825,640	2,425,344
Temporarily restricted		-	-
Permanently restricted		-	-
Total net assets		<u>2,825,640</u>	<u>2,425,344</u>
Total liabilities and net assets		<u>\$ 3,304,472</u>	<u>\$ 2,825,591</u>

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Tithes and offerings, individuals	\$ 7,958,555	\$ -	\$ -	\$ 7,958,555
Local congregation contributions	56,598	-	-	56,598
Holy Day/Festival Fund offerings	2,566,312	-	-	2,566,312
Temporarily restricted contributions	-	463,901	-	463,901
Other income	24,482	-	-	24,482
Net assets released from restrictions:				
Satisfaction of program restrictions	463,901	(463,901)	-	-
Total revenues, gains and other support	11,069,848	-	-	11,069,848
<b>EXPENSES</b>				
Program services:				
Public proclamation	1,015,577	-	-	1,015,577
Congregational care	5,014,514	-	-	5,014,514
Education	274,481	-	-	274,481
Festivals	547,312	-	-	547,312
International	1,731,767	-	-	1,731,767
Total program services	8,583,651	-	-	8,583,651
General and administrative:				
Headquarters office, management and administrative	840,420	-	-	840,420
Board of directors	4,912	-	-	4,912
Insurance and related	1,240,569	-	-	1,240,569
Total general and administrative	2,085,901	-	-	2,085,901
Total expenses	10,669,552	-	-	10,669,552
<b>CHANGE IN NET ASSETS</b>	400,296	-	-	400,296
<b>NET ASSETS</b>				
Beginning of period	2,425,344	-	-	2,425,344
End of period	\$ 2,825,640	\$ -	\$ -	\$ 2,825,640

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Tithes and offerings, individuals	\$ 7,309,221	\$ -	\$ -	\$ 7,309,221
Local congregation contributions	77,784	-	-	77,784
Holy Day/Festival Fund offerings	2,473,800	-	-	2,473,800
Temporarily restricted contributions	-	687,401	-	687,401
Other income	22,962	-	-	22,962
Net assets released from restrictions:				
Satisfaction of program restrictions	687,401	(687,401)	-	-
Total revenues, gains and other support	10,571,168	-	-	10,571,168
<b>EXPENSES</b>				
Program services:				
Public proclamation	919,283	-	-	919,283
Congregational care	5,051,088	-	-	5,051,088
Education	259,221	-	-	259,221
Festivals	547,715	-	-	547,715
International	1,721,276	-	-	1,721,276
Total program services	8,498,583	-	-	8,498,583
General and administrative:				
Headquarters office, management and administrative	834,989	-	-	834,989
Board of directors	9,151	-	-	9,151
Insurance and related	1,111,083	-	-	1,111,083
Total general and administrative	1,955,223	-	-	1,955,223
Total expenses	10,453,806	-	-	10,453,806
<b>CHANGE IN NET ASSETS</b>	117,362	-	-	117,362
<b>NET ASSETS</b>				
Beginning of period	2,307,982	-	-	2,307,982
End of period	\$ 2,425,344	\$ -	\$ -	\$ 2,425,344

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 400,296	\$ 117,362
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,687	36,634
Changes in assets and liabilities:		
Increase in other assets	(12,350)	(1,800)
Increase (decrease) in accounts payable	2,703	(6,896)
Increase in payroll liabilities	54,851	60,776
Increase in other payables	21,031	845
Total adjustments	107,922	89,559
Net cash provided by operating activities	508,218	206,921
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment purchases	(17,358)	(19,670)
Net cash used in investing activities	(17,358)	(19,670)
Net increase in cash and cash equivalents	490,860	187,251
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	2,689,604	2,502,353
End of period	\$ 3,180,464	\$ 2,689,604

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION AND NATURE OF ACTIVITIES**

Church of God, a Worldwide Association, Inc. (COGWA or the Church) was formed on December 23, 2010 as a result of separating from a similar church organization, United Church of God, an International Association (UCGIA). Most of COGWA's employees, comprised primarily of church pastors and administrators, were formerly employed by UCGIA.

The Church's mission reflects Jesus Christ's words to preach the gospel to the whole world, make disciples and to educate, train and care for believers.

COGWA receives financial support through tithes and other contributions from individual church members, local congregations and others and allocates the funds received to its associated domestic and international churches and projects, all in an effort to fulfill its mission.

**BASIS OF FINANCIAL STATEMENT PRESENTATION**

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

The accompanying financial statements reflect the activity of COGWA's centralized operations and do not include the separate activities of local congregation accounts or associated international organizations.

COGWA follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-profit Organizations* in preparing the financial statements. Under ASC 958-210-50-3, the Church 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. Descriptions of the three net asset categories and the types of transactions affecting each category follow:

Unrestricted – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met by actions of COGWA or that expire with the passage of time.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by COGWA.

**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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**INCOME TAX STATUS**

COGWA is an organization exempt from Federal income tax under the Internal Revenue Code Section 501(c)(3), except to the extent the entity has unrelated business income. COGWA had no taxable unrelated business income during the years ended December 31, 2015 and 2014. According to the letter of determination received from the Internal Revenue Service (IRS), it has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions, as provided in Section 170(a)(1).



**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**CONTINUED**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**PROPERTY AND EQUIPMENT**

COGWA follows the practice of capitalizing all expenditures in excess of \$1,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

**PREPAID EXPENSES**

COGWA makes monthly subsidy payments to international churches. In order to ensure the subsidy is received in time to pay bills, the amounts are occasionally paid in advance for the subsequent month. There were no prepaid subsidies outstanding as of December 31, 2015 and 2014.

**ACCRUED PAYROLL AND RELATED LIABILITIES**

COGWA's vacation policy entitles full-time and part-time employees to be paid vacation benefits after one year of service. The amount is based on each employee's length of employment and yearly work schedule. COGWA accrues vacation time for each employee on a bi-weekly basis according to the number of hours worked.

**CONTRIBUTIONS**

Contributions are recognized by COGWA as revenue when received. Additionally, COGWA has adopted ASC 958-605-45, "Accounting for Contributions Received and Contributions Made," which requires contributions received to be recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires during the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Under ASC 958-605-45, contributions required to be reported as temporarily restricted support are reclassified upon expiration of the donor restrictions.

**ACCOUNTS RECEIVABLE**

Receivables are maintained for contributions due from third party collection service providers, but not yet received by COGWA. There were no contributions receivable as of December 31, 2015 and 2014.

**CASH AND CASH EQUIVALENTS**

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

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

COGWA maintains cash deposits at federally insured financial institutions. At times, these deposits may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash deposits.

**NOTE 3 - DONATED ASSETS AND SERVICES**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. COGWA receives certain volunteer services which are not measurable, and therefore, have been excluded from the financial statements.

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**CONTINUED**

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	Estimated Useful Lives	2015	2014
Nondepreciable assets:			
Land	N/A	\$ 1,250	\$ -
Depreciable assets:			
Audio equipment	7 years	36,606	36,606
Video equipment	3 - 5 years	60,221	60,221
Computer equipment	5 years	55,503	39,395
Machinery and equipment	7 years	9,213	9,213
Furniture and furnishings	7 years	28,982	28,982
Leasehold improvements	7 years	19,658	19,658
Total		<u>211,433</u>	<u>194,075</u>
Less: accumulated depreciation		<u>(118,462)</u>	<u>(76,775)</u>
Property and equipment, net		<u>\$ 92,971</u>	<u>\$ 117,300</u>

Depreciation expense related to furniture and equipment totaled \$41,687 and \$36,634 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 5 - RESTRICTIONS ON NET ASSETS**

All of the restrictions on net assets during 2015 and 2014 were designated to be spent on programs and services. There were no temporarily or permanently restricted net assets at December 31, 2015 and 2014.

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors as follows:

	2015	2014
Assistance Fund	\$ 160,222	\$ 316,166
Foundation Outreach International	2,263	-
Festival Fund	250,638	323,162
Foundation Institute	2,735	10,062
Camps Fund	19,871	18,589
International Donations	27,172	19,202
Jordan Project	1,000	220
	<u>\$ 463,901</u>	<u>\$ 687,401</u>

**NOTE 6 - RETIREMENT PLAN**

COGWA sponsors a 403(b) Thrift Plan (Plan) that is available to all employees. Employees are eligible to participate on the first day of the month coinciding with or immediately following their date of hire. There are no age or service requirements for participation in the Plan. Employees may defer compensation amounts up to annual limits set by the IRS. Additionally, COGWA, at its discretion, may make contributions to the plan. COGWA made no contributions to the plan for the years ended December 31, 2015 and 2014.

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**CONTINUED**

**NOTE 7 - LEASES**

COGWA leases an office space for its administrative offices. Monthly payments under the lease agreement range from approximately \$12,000 to \$13,000 and terminate upon maturity on May 31, 2017. The lease agreement contains a 12-month renewal option upon the maturity date. The minimum future lease payments as of December 31, 2015 are as follows:

2016	\$ 151,746
2017	<u>63,938</u>
Total minimum lease payments	<u>\$ 215,684</u>

Lease expense for the years ended December 31, 2015 and 2014 was \$149,046 and \$147,307, respectively.

**NOTE 8 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 23, 2016, the date on which the financial statements were available to be issued.

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**CONTINUED**

**NOTE 9 - SCHEDULE OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2015

	Program Services					General and Administrative			Total
	Public Proclamation	Congregational Care	Education	Festivals	International	Headquarters Office, Management and Administrative	Board of Directors	Insurance and Related	
<b>EXPENSES</b>									
Bank services and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,074	\$ -	\$ -	\$ 31,074
Building and equipment lease/rental	-	19,261	30,087	57,150	794	152,840	-	-	260,132
Contracted services and fees	78,700	22,732	-	1,716	2,934	108,091	-	-	214,173
Depreciation	-	-	-	-	-	41,687	-	-	41,687
Furniture and equipment	12,437	3,411	-	-	-	-	-	-	15,848
Grants and charitable support:									
International subsidies	-	-	-	-	887,533	-	-	-	887,533
Domestic support:									
Discretionary assistance	-	229,063	-	119,608	89,416	-	-	43,050	481,137
Discretionary retirement pay	-	-	-	-	-	-	-	306,224	306,224
Local congregation subsidies	-	1,157,622	-	-	-	-	-	-	1,157,622
Insurance and health care	-	-	-	-	-	-	-	891,295	891,295
Internet and related	31,598	-	-	-	-	4,800	-	-	36,398
Postage and shipping	78,732	5,479	-	904	1,386	3,204	-	-	89,705
Printing	75,666	16,429	-	-	12,121	-	-	-	104,216
Salaries and related expenses	679,344	2,892,547	106,358	314,923	451,276	356,726	-	-	4,801,174
Supplies	46,855	14,492	13,209	24,001	1,122	38,215	-	-	137,894
Telephone and utilities	996	29,904	-	-	959	50,181	-	-	82,040
Travel, mileage, meals and lodging	9,722	622,011	26,673	26,122	242,018	47,938	4,912	-	979,396
Youth camp and activities	-	-	92,974	2,818	42,208	-	-	-	138,000
Other	1,527	1,563	5,180	70	-	5,664	-	-	14,004
<b>Total expenses</b>	<b>\$ 1,015,577</b>	<b>\$ 5,014,514</b>	<b>\$ 274,481</b>	<b>\$ 547,312</b>	<b>\$ 1,731,767</b>	<b>\$ 840,420</b>	<b>\$ 4,912</b>	<b>\$ 1,240,569</b>	<b>\$ 10,669,552</b>

**CHURCH OF GOD, A WORLDWIDE ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**CONTINUED**

**NOTE 9 - SCHEDULE OF FUNCTIONAL EXPENSES - CONTINUED**

**For the year ended December 31, 2014**

	Program Services					General and Administrative			Total
	Public Proclamation	Congregational Care	Education	Festivals	International	Headquarters Office, Management and Administrative	Board of Directors	Insurance and Related	
<b>EXPENSES</b>									
Bank services and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,526	\$ -	\$ -	\$ 44,526
Building and equipment lease/rental	-	13,420	36,367	55,222	-	150,791	-	-	255,800
Contracted services and fees	106,660	-	-	-	-	105,176	-	-	211,836
Depreciation	-	-	-	-	-	36,634	-	-	36,634
Furniture and equipment	22,146	3,667	129	-	-	13,305	-	-	39,247
Grants and charitable support:									
International subsidies	-	-	-	-	831,959	-	-	-	831,959
Domestic support:									
Discretionary assistance	-	242,455	-	124,949	85,619	-	-	45,613	498,636
Discretionary retirement pay	-	-	-	-	-	-	-	312,907	312,907
Local congregation subsidies	-	1,129,753	-	-	-	-	-	-	1,129,753
Insurance and health care	-	-	-	-	-	-	-	752,563	752,563
Internet and related	19,480	-	-	-	-	6,806	-	-	26,286
Postage and shipping	70,244	6,464	-	121	2,839	4,101	-	-	83,769
Printing	72,231	6,578	-	-	3,084	440	310	-	82,643
Salaries and related expenses	529,631	2,900,146	108,491	297,603	485,815	332,470	-	-	4,654,156
Supplies	76,102	17,224	2,337	49,763	1,042	35,083	-	-	181,551
Telephone and utilities	840	34,656	-	-	1,334	45,842	-	-	82,672
Travel, mileage, meals and lodging	19,576	672,997	23,450	18,374	286,384	55,635	8,841	-	1,085,257
Youth camp and activities	-	-	85,203	1,169	23,200	-	-	-	109,572
Other	2,373	23,728	3,244	514	-	4,180	-	-	34,039
<b>Total expenses</b>	<u>\$ 919,283</u>	<u>\$ 5,051,088</u>	<u>\$ 259,221</u>	<u>\$ 547,715</u>	<u>\$ 1,721,276</u>	<u>\$ 834,989</u>	<u>\$ 9,151</u>	<u>\$ 1,111,083</u>	<u>\$ 10,453,806</u>