

**DEPARTMENT OF CHRISTIAN EDUCATION OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH  
AUDITED FINANCIAL STATEMENTS  
For the year ended December 31, 2018  
With comparative totals for year ended December 31, 2017 and 2016**



Church Accounting Management & Stewardship

John W. Spann Jr.  
Certified Public Accountant

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**DEPARTMENT OF CHRISTIAN EDUCATION OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH  
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With Comparative Totals for 2017 and 2016

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J. Welton Spann Jr.  
Certified Public Accountant

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### **Report of Independent Auditors**

**Board of Christian Education Audit Committee:**  
**DEPARTMENT OF CHRISTIAN EDUCATION OF THE**  
**AFRICAN METHODIST EPISCOPAL ZION CHURCH**  
Charlotte, North Carolina

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

We have audited the accompanying financial statements of DEPARTMENT OF CHRISTIAN EDUCATION OF THE AFRICAN METHODIST EPISCOPAL ZION CHURCH (DCE) which comprise statements of financial position as of December 31, 2018, 2017, and 2016 and the related statements of activities, functional expenses 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.

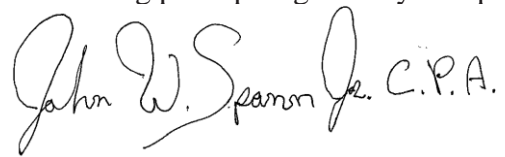
#### ***Auditor's Responsibility***

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 DCE'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 DCE'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 DCE as of December 31, 2018, 2017, and 2016, and related statements of activities, functional expenses and cash flows for the years 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  
June 11, 2019

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**DEPARTMENT OF CHRISTIAN EDUCATION OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2018**

Comparative Totals for the Year Ended December 31, 2017 and 2016

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**NOTE 1- ORGANIZATION AND PURPOSE**

*Christian Education Division*

The Christian Education Department (“the Department”), a non-profit organization, provides ministries and is dedicated to spreading the Gospel through effective educational programs to the people of African Methodist Episcopal Zion Church. The Department is a part of the African Methodist Episcopal Zion Church and is supported primarily through allocation from the general church and by educational conferences and conventions.

*Literature Division*

The Literature Division of the Church produces Sunday school lessons and children's ministry curriculum from toddlers to grade school, middle school, teens and adults. These lessons are Bible based and are used to develop your understanding and knowledge of the Bible. In addition to the Sunday school lesson, the Literature Division produces the Church School Herald, a teacher's resource guide for the weekly lesson and quarterly overview. The Department receives subscription revenues for the Church School Herald. Subscription are collected by each non-overseas conference of the AME Zion Church and forwarded to the Department. The Quarterly Sunday School literature is sold by the AME Zion Publishing House. Subscription revenues in the 2016 financial statements are recognized when received. Effective January 1, 2017, revenues from subscriptions are deferred and recognized ratably over the period of the subscription, generally one year.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement Presentation

All divisions of the Department of Christian Education use the accrual basis of accounting. In 2016, the Literature Division of the Department was moved from the cash basis of accounting to the accrual basis of accounting. The Cash basis of accounting reports when cash goes in and goes out of the organization, whereas accrual accounting spreads costs and revenues over time and tries to report revenues when it is earned and expenses when they are incurred.

The Church classifies its revenue, expenses, gains and losses into three classes of net assets based on the existence or absence of donor-imposed restrictions. The Net assets of the Department and changes therein are classified as follows:

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**DEPARTMENT OF CHRISTIAN EDUCATION OF THE  
AFRICAN METHODIST EPISCOPAL ZION CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2018**

Comparative Totals for the Year Ended December 31, 2017 and 2016

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**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

Financial Statement Presentation - Continued

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Department or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Department. The Department had no permanently restricted net assets as of December 31, 2018.

The amount for each of these classes of net assets is presented in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities.

Cash and Cash Equivalents

For financial statement purposes, the Department considers all cash and all highly liquid investments, which have maturities of three months or less when purchased, to be cash equivalents.

Accounts Receivable

The Department provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Department's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Department's estimate of the allowance for doubtful accounts will change. As of December 31, 2018, the Department considered all unpaid registration as uncollectable.

Events

The Department hosts one annual meeting for the sole purpose to educate all children, youth, young adult, women and men of the AME Zion Church. Registrations are recorded as revenue. In addition, the Department receives donations for Founder's Day and other ministries, which are reported as restricted support, if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Property and Equipment

Equipment is carried at cost, or if contributed, at fair market value at date of a gift. Depreciable assets are depreciated using the straight-line method over their estimated useful lives ranging from 3 years to 40 years. Repairs and maintenance are charged to expense as incurred.

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