

ST. COLUMBA'S EPISCOPAL CHURCH

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Vestry
St. Columba's Episcopal Church
Washington, DC

We have audited the accompanying financial statements of St. Columba's Episcopal Church, which comprise the statements of financial position as of June 30, 2021 and 2020, 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 from 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 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Columba's Episcopal Church as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Alexandria, Virginia
October 1, 2021

ST. COLUMBA'S EPISCOPAL CHURCH
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,029,983	\$ 756,689
Investments	2,251,875	2,013,889
Contributions receivable, net	2,669,549	879,581
Accounts receivable	11,390	3,333
Prepaid expenses	70,756	28,906
Collections	109,815	109,815
Shared equity interest	-	375,000
Property and equipment, net	8,604,094	7,689,658
Total assets	\$ 14,747,462	\$ 11,856,871
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 660,442	\$ 405,186
Deferred revenue	800,861	197,260
Capital lease obligation	9,860	14,267
Notes payable	983,693	1,105,446
Total liabilities	2,454,856	1,722,159
NET ASSETS		
Without donor restrictions	9,473,782	9,576,884
With donor restrictions	2,818,824	557,828
Total net assets	12,292,606	10,134,712
Total liabilities and net assets	\$ 14,747,462	\$ 11,856,871

See accompanying notes.

ST. COLUMBA'S EPISCOPAL CHURCH
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 2,847,732	\$ 2,418,748	\$ 5,266,480
Tuition and fees, net	1,743,985	-	1,743,985
Program and event income	91,098	-	91,098
Investment income, net	370,936	-	370,936
Other income	2,060	-	2,060
	<u>5,055,811</u>	<u>2,418,748</u>	<u>7,474,559</u>
Total revenues	5,055,811	2,418,748	7,474,559
EXPENSES			
Program services			
Church	2,709,414	-	2,709,414
Nursery school	2,033,378	-	2,033,378
	<u>4,742,792</u>	<u>-</u>	<u>4,742,792</u>
Total program services	4,742,792	-	4,742,792
Management and general	447,402	-	447,402
Fundraising	126,471	-	126,471
	<u>5,316,665</u>	<u>-</u>	<u>5,316,665</u>
Total expenses	5,316,665	-	5,316,665
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	157,752	(157,752)	-
	<u>(103,102)</u>	<u>2,260,996</u>	<u>2,157,894</u>
Change in net assets	(103,102)	2,260,996	2,157,894
Net assets at beginning of year	9,576,884	557,828	10,134,712
	<u>9,576,884</u>	<u>557,828</u>	<u>10,134,712</u>
Net assets at end of year	<u>\$ 9,473,782</u>	<u>\$ 2,818,824</u>	<u>\$ 12,292,606</u>

See accompanying notes.

ST. COLUMBA'S EPISCOPAL CHURCH
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 2,777,174	\$ 213,538	\$ 2,990,712
Tuition and fees, net	1,713,422	-	1,713,422
Program and event income	163,535	-	163,535
Investment income, net	64,653	-	64,653
Paycheck Protection Program	596,100	-	596,100
Other income	6,326	-	6,326
Total revenues	5,321,210	213,538	5,534,748
EXPENSES			
Program services			
Church	2,756,694	-	2,756,694
Nursery school	2,109,090	-	2,109,090
Total program services	4,865,784	-	4,865,784
Management and general	768,486	-	768,486
Fundraising	73,627	-	73,627
Total expenses	5,707,897	-	5,707,897
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	147,628	(147,628)	-
Change in net assets	(239,059)	65,910	(173,149)
Net assets at beginning of year	9,815,943	491,918	10,307,861
Net assets at end of year	\$ 9,576,884	\$ 557,828	\$ 10,134,712

See accompanying notes.

ST. COLUMBA'S EPISCOPAL CHURCH
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services			Supporting Activities			Total Expenses
	Church	Nursery School	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 1,542,148	\$ 1,762,688	\$ 3,304,836	\$ 190,530	\$ 113,120	\$ 303,650	\$ 3,608,486
Depreciation and amortization	334,955	95,391	430,346	8,843	2,948	11,791	442,137
Professional fees	125,480	4,569	130,049	117,970	694	118,664	248,713
Repairs and maintenance	167,595	47,729	215,324	4,424	1,475	5,899	221,223
Contributions	210,708	876	211,584	-	-	-	211,584
Supplies	92,574	47,063	139,637	3,402	863	4,265	143,902
Utilities	95,908	27,313	123,221	2,532	844	3,376	126,597
Insurance	51,680	14,718	66,398	1,364	455	1,819	68,217
Interest and other fees	8,667	4,438	13,105	47,505	2,829	50,334	63,439
Bad debts	-	-	-	54,098	-	54,098	54,098
Office expenses	27,495	10,020	37,515	3,778	675	4,453	41,968
Dues and subscriptions	16,396	9,897	26,293	11,829	2,365	14,194	40,487
Other expenses	17,891	1,149	19,040	106	35	141	19,181
Hospitality	6,012	6,866	12,878	109	18	127	13,005
Music	7,552	-	7,552	-	-	-	7,552
Travel and lodging	4,353	661	5,014	912	150	1,062	6,076
Total expenses	\$ 2,709,414	\$ 2,033,378	\$ 4,742,792	\$ 447,402	\$ 126,471	\$ 573,873	\$ 5,316,665

See accompanying notes.

ST. COLUMBA'S EPISCOPAL CHURCH
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services			Supporting Activities			Total Expenses
	Church	Nursery School	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 1,376,913	\$ 1,699,496	\$ 3,076,409	\$ 234,393	\$ 65,011	\$ 299,404	\$ 3,375,813
Depreciation and amortization	309,294	120,450	429,744	8,165	2,723	10,888	440,632
Professional fees	106,966	25,301	132,267	189,611	117	189,728	321,995
Repairs and maintenance	352,793	129,459	482,252	498	3,090	3,588	485,840
Contributions	182,708	2,270	184,978	-	-	-	184,978
Supplies	107,181	53,921	161,102	5,929	1,422	7,351	168,453
Utilities	96,254	29,678	125,932	2,532	843	3,375	129,307
Insurance	40,835	11,629	52,464	1,078	360	1,438	53,902
Interest and other fees	13,910	9,406	23,316	38,832	-	38,832	62,148
Bad debts	-	-	-	273,936	-	273,936	273,936
Office expenses	25,685	10,055	35,740	3,356	44	3,400	39,140
Dues and subscriptions	11,480	7,891	19,371	9,499	17	9,516	28,887
Other expenses	42,723	-	42,723	-	-	-	42,723
Hospitality	52,276	5,950	58,226	629	-	629	58,855
Music	11,124	-	11,124	-	-	-	11,124
Travel and lodging	26,552	3,584	30,136	28	-	28	30,164
Total expenses	\$ 2,756,694	\$ 2,109,090	\$ 4,865,784	\$ 768,486	\$ 73,627	\$ 842,113	\$ 5,707,897

See accompanying notes.

ST. COLUMBA'S EPISCOPAL CHURCH
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,157,894	\$ (173,149)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	442,137	440,632
Allowance for uncollectible pledges	54,098	273,936
Contributions for long-term purposes	(2,225,974)	-
Realized gain on shared equity interest	(28,237)	-
Realized and unrealized gains on investments	(272,015)	(3,729)
Loss on disposal of equipment	278	-
(Increase) decrease in assets		
Contributions receivable, net	(213,683)	71,544
Accounts receivable	(8,057)	19,800
Prepaid expenses	(41,850)	25,846
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(67,626)	64,642
Deferred revenue	603,601	(393,471)
	400,566	326,051
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of shared equity interest	403,237	-
Proceeds from sale of investments	813,635	567,573
Purchases of investments	(779,606)	(598,105)
Purchases of property and equipment	(1,033,969)	(157,913)
	(596,703)	(188,445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	595,591	-
Principal payments of capital lease obligation	(4,407)	(4,317)
Payments on notes payable	(121,753)	(93,622)
	469,431	(97,939)
Change in cash	273,294	39,667
Cash at beginning of year	756,689	717,022
Cash at end of year	\$ 1,029,983	\$ 756,689
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 33,169	\$ 39,201
Noncash investing and financing transactions		
Donated stock	459,012	224,023
Property and equipment acquisitions included in accounts payable and accrued liabilities	322,881	-

See accompanying notes.

ST. COLUMBA'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

St. Columba's Episcopal Church (the "Church") is located in Northwest Washington, DC, and was admitted into union with the Convention of the Protestant Episcopal Church of the Diocese of Washington in 1925. St. Columba's is a not-for-profit religious organization. St. Columba's operates the St. Columba's Nursery School (the Nursery School), which is not a separate entity.

Investments

The Church reports investments in equity securities with readily determinable fair values at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

The Church carries a real-estate investment trust without readily determinable fair values at cost. There is no quoted market price for this investment and the Church has not obtained or developed a valuation model to determine if the fair values of this investment because the cost is not practical.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Contributions Receivable

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for use without donor restriction, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Contributions to be received over periods longer than one year are discounted at an interest rate commensurate with risk involved if material to the financial statements.

Accounts Receivable

Accounts receivable primarily represents amounts due from tuition and programs and events provided by the Church. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of June 30, 2021 and 2020, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Collections

The Church's collections are recorded based on an independent appraisal for items acquired or received prior to January 1, 1993. All items purchased after January 1, 1993 are recorded at cost. Collections are not depreciated. Each of these items is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. These items were last appraised in 2008, which resulted in no change to the value of the items. Collection sale proceeds can be used to acquire new items and provide for direct care of existing collections, which is defined as personnel, supply, maintenance, and facility costs to enhance their life, usefulness, or quality.

ST. COLUMBA'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Shared Equity Interest

The Church has elected to record investments in shared equity interests at cost in the statements of financial position.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 are capitalized at cost or, if donated, at the estimated fair value at the date of donation. Furniture and equipment and buildings are depreciated on a straight-line basis over estimated lives of the assets ranging from three to fifty years. Building improvements are capitalized and amortized over the lesser of the useful lives of the improvements or the remaining life of the building.

Contributions

Contributions are recorded as received as the conditions are met. All contributions are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Paycheck Protection Program Loan

The Church received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. The Church expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. The Church recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

Revenue Recognition

The Church receives tuition revenue, application fees, school fees, and program and event income. The tuition is billed and earned at the beginning of the school year. Advanced billings are deferred until the services are provided. The application fees are earned at the beginning of the school year. School fees are billed each month and earned that month. Each student is required to maintain a deposit with the school while they are enrolled. These are included with deferred revenue until the student withdraws. The program and event income is earned at a point in time and revenue is recognized when the services are provided. It is the policy of the Church not to refund any of these amounts.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

ST. COLUMBA'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, hospitality, dues and subscriptions, supplies, office expenses, travel and lodging, and other expenses, which are allocated on the basis of estimates of time and effort. Insurance, utilities, repairs and maintenance, depreciation, and interest and other fees are allocated on the basis of estimates of square footage.

The following program services and supporting activities are included in the accompanying financial statements:

Church—The Church is engaged in various activities and programs dedicated to its mission and ministry, including worship, music, formation, and outreach.

Nursery School—The Nursery School has operated since 1959 and provides programs for children ages 2-5, embracing play as a child's most natural and effective way of learning. The program is socially focused and is designed to prepare young children for ongoing schooling and healthy, productive lives.

Management and General—Activities relate to the overall direction of the Church and include the functions necessary to ensure proper administrative functioning of the Vestry, manage the financial and budgetary responsibilities, and perform other administrative functions.

Fundraising—Fundraising activities relate to soliciting contributions and any capital campaign activities.

Date of Management's Review

Management has evaluated subsequent events through October 1, 2021, the date which the financial statements were available to be issued.

Income Tax Status

The Church is exempt from federal income taxes and applicable District of Columbia income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). The Church is classified as other than a private foundation under Section 509(a)(1) of the Code. No provision for income taxes has been recorded in the accompanying financial statements.

The Church believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

ST. COLUMBA'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2—CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Contributions receivable in less than one year	\$ 1,525,350	\$ 998,051
Contributions receivable in one to five years	1,237,806	-
Total contributions receivable	2,763,156	998,051
Less allowance for uncollectible pledges	(73,582)	(118,470)
Less discount to net present value	(20,025)	-
Contributions receivable, net	<u>\$ 2,669,549</u>	<u>\$ 879,581</u>

Contributions receivable in one to five years are discounted at an effective rate of 0.082%.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash and money market accounts	\$ 114,469	\$ 486,140
Real estate investment trust	25,884	28,000
Mutual funds	2,111,522	1,499,749
	<u>\$ 2,251,875</u>	<u>\$ 2,013,889</u>

Fair values for the mutual funds and fixed income securities are determined by reference to quoted market prices and other relevant information generated by market transactions, which is considered a Level 1 fair value measurement. The real estate investment trust is stated at cost, plus or minus changes resulting from observable changes.

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,535,600	\$ 1,535,600
Furniture and equipment	1,304,694	1,328,469
Construction in progress	1,179,973	41,514
Building improvements	6,465,540	6,274,634
Buildings	5,326,289	5,326,289
Total property and equipment	15,812,096	14,506,506
Less accumulated depreciation	(7,208,002)	(6,816,848)
Property and equipment, net	<u>\$ 8,604,094</u>	<u>\$ 7,689,658</u>

ST. COLUMBA'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 5—LINE OF CREDIT

The Church has a \$440,000 revolving line of credit with no maturity date. Advances on the credit line are payable on demand and carry an interest rate of 3.75%. The credit line is secured by substantially all assets of the Church. There was no outstanding balance on the line at June 30, 2021 and 2020.

NOTE 6—NOTES PAYABLE

In November 2015, the Church borrowed \$600,000 with a fixed interest rate of 3.30% and a five-year maturity secured by a residential property owned by the Church from United Bank. After the five-year maturity, the loan was extended for an additional five years with interest calculated on the unpaid principal balance. This note is secured by the 4201 Albemarle property. The outstanding balance on this note payable at June 30, 2021 and 2020 was \$265,121 and \$349,716, respectively.

In March 2016, the Church refinanced another mortgage debt with United Bank for \$900,000 with a fixed interest rate of 3.30% and a five-year maturity. In March 2021, the Church and United Bank agreed to extend the loan term for an additional 90 days. In June 2021, the loan was extended for another 90-day period. The payments of principal and interest are calculated on a 20-year amortization schedule. This note is secured by the 4221 Albemarle property. The outstanding balances on this note payable at June 30, 2021 and 2020 were \$718,572 and \$755,730, respectively. On July 14, 2021, the Church paid all outstanding principal and accrued interest.

In July 2021, the Church acquired a loan through the Mission Investment Fund (MIF) of the Evangelical Lutheran Church in America. The maximum principal that can be drawn on this loan is \$2,000,000. The actual principal amount is variable and is based on the total amount that the Church draws for construction costs and to refinance the \$900,000 note from United Bank (which had a principal amount of \$720,811 at the time it was refinanced in July 2021). Drawdowns can be made until November 1, 2021. There was no balance on the loan as of June 30, 2021. The payment structure is as follows: from July through October 2021, the Church is only required to make monthly payments for accrued interest (3.625% of the current amount borrowed from MIF). Starting on November 1, 2021 and continuing through the maturity date of November 1, 2046, the Church is required to make monthly payments of both principal and interest. As of October 1, 2021, \$1,559,864 has been drawn down on the loan.

Interest expense was \$33,169 and \$39,201 for the years ended June 30, 2021 and 2020, respectively.

As of October 1, 2021, the future scheduled maturities of the outstanding balance on the \$600,000 United Bank and \$1,559,864 Mission Investment Fund notes payable for years ending June 30 are as follows:

2022	\$	100,197
2023		123,078
2024		127,399
2025		131,872
2026		69,615
Thereafter		1,272,825
		1,824,986
	\$	1,824,986

ST. COLUMBA'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7—LEASES

Operating Lease

The Church leases a copier requiring monthly payments of \$329 that expires October 2023. The Church leases a second copier requiring monthly payments of \$825 that expires January 2025. Lease expense for the years ended June 30, 2021 and 2020 was \$13,844 and \$6,422, respectively.

Future minimum lease payments under the operating lease for the years ending June 30 are as follows:

2022	\$ 13,844
2023	13,844
2024	11,212
2025	5,772
	\$ 44,672
	\$ 44,672

Capital Lease

The Church leases a copier under a capital lease that expires in August 2023. The asset and liability under the capital lease are recorded at the lower of present value of the minimum lease payments or the fair value of the asset. The asset is depreciated over the lesser of the related lease term or estimated useful life.

The asset held under a capital lease consists of the following at June 30, 2021:

Equipment	\$ 22,116
Less accumulated depreciation	12,256
	\$ 9,860
	\$ 9,860

Future minimum lease payments for the years ending June 30 are as follows, including amounts representing interest totaling \$228:

2022	\$ 4,656
2023	4,656
2024	776
	\$ 10,088
	\$ 10,088

ST. COLUMBA'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 8—NET ASSETS WITHOUT DONOR RESTRICTIONS

The Vestry has chosen to place the following limitations on net assets without donor restrictions at June 30, 2021 and 2020:

	2021	2020
Nursery School	\$ 547,097	\$ 547,097
Future Rector housing	403,237	-
Memorial fund for future endowment	229,065	229,065
Outreach	40,503	56,703
Youth ministries	46,551	39,676
Building reserve	40,000	-
Refugee response	-	4,958
Library fund	12,345	15,264
Other	15,582	22,484
Undesignated	8,139,402	8,661,637
Net assets without donor restrictions	\$ 9,473,782	\$ 9,576,884

NOTE 9—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Capital campaign for nave repair	\$ 2,225,574	\$ -
Building maintenance	325,867	299,517
Outreach fund	80,812	59,259
Youth fund	58,696	58,602
Other programs	53,618	46,744
Worship and music	42,723	37,537
Nursery School	31,534	5,669
Director of stewardship fund	-	50,500
Net assets with donor restrictions	\$ 2,818,824	\$ 557,828

NOTE 10—SHARED EQUITY INTEREST

In July 2015, the Church invested \$375,000 for a shared equity interest in a residence acquired by its Rector. The purchase price was financed by this 30% equity interest provided by the Church and the 70% remaining equity and mortgage financing was provided by the Rector. Any cost of major repairs or improvements to the property paid for by the party will be added to the purchase price and the payments remitted by a party for such costs will be added to the dollar value of that party's initial contribution to the purchase price. Any dismantling of the arrangement will be based off the fair market value of the property at that time or by mutual agreement. Each party will receive their proportionate share of the proceeds based on their contribution to the property at that time. As of June 30, 2020, the Church's investment of \$375,000 was reflected as the value of this shared equity interest in the statement of financial position. In March 2021, the Rector exercised his option to purchase the Vestry's interest in the property for \$403,237 based on mutual agreement.

ST. COLUMBA'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11—CONCENTRATIONS OF RISK

The Church maintains its cash in financial institutions where at times balances may exceed the federally insured limit of \$250,000. The uninsured cash balances at June 30, 2021 and 2020 totaled \$530,169 and \$365,629, respectively. The Church has not experienced any losses resulting from this risk.

NOTE 12—CONDITIONAL GRANT

The Church received a grant that is conditioned upon the Church incurring qualifying expenses for the Nursery School. At June 30, 2021, the amount totaled \$40,050. The conditional grant will be recognized as revenue when the respective conditions are met in future years.

NOTE 13—TUITION AND FEES

Tuition and fees for the years ended June 30, 2021 and 2020 consisted of the following:

	2021	2020
Gross tuition and fees	\$ 1,824,075	\$ 1,817,722
Less discounts and scholarships	(80,090)	(104,300)
Tuition and fees, net	\$ 1,743,985	\$ 1,713,422

NOTE 14—RETIREMENT PLAN

The Church has a 401(k) Profit Sharing Plan and Trust covering all eligible employees. Eligible employees include those employees having reached age 21 with one year of service. The Church contributes 10% to the participant's retirement account based on each respective individual's gross compensation.

The Church's contributions become vested in accordance with the following schedule:

Years of Service	Percent of Vested Contributions
2	20%
3	40%
4	60%
5	80%
6	100%

The Church's contributions to the plan for the years ended June 30, 2021 and 2020 were \$268,392 and \$261,016, respectively.

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NOTE 15—PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020, the Church received a \$596,100 loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1%, but payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Church during the covered period. Eligible expenses include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years. On January 13, 2021, the SBA preliminarily approved forgiveness of the loan and accrued interest. The Church must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Church's good-faith certification concerning the necessity of its loan request, whether the Church calculated the loan amount correctly, whether the Church used loan proceeds for the allowable uses specified in the CARES Act, and whether the Church is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Church was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 16—LIQUIDITY AND AVAILABILITY

The following reflects the Church's financial assets as of the dates of the statements of financial position, reduced by amounts not available for general expenditures within one year of the dates of the statements of financial position because of Vestry designations or donor-imposed restrictions:

	2021	2020
Financial assets at end of year		
Cash	\$ 1,029,983	\$ 756,689
Investments	2,251,875	2,013,889
Contributions receivable, net	2,669,549	879,581
Accounts receivable	11,390	3,333
Total financial assets at end of year	5,962,797	3,653,492
Less amounts unavailable for general expenditures within one year, due to:		
Designated by the Vestry board	(1,334,380)	(915,247)
Restricted by donors with purpose restrictions	(2,818,824)	(557,828)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,809,593	\$ 2,180,417

The Church has a goal to maintain financial assets, which consist of cash on hand and other amounts as noted above to meet 20 days of normal operating expenses, which are, on average, approximately \$300,000. The Church has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Church invests cash in excess of daily requirements in its investment portfolio. The Church also holds a line of credit as disclosed in Note 5 that may be drawn upon, if needed.

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NOTE 17—COVID-19 CONSIDERATIONS

The Church's operations were affected and may continue to be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption that may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Church's financial position, changes in net assets, and cash flows. Possible effects may include, but are not limited to, disruption to the Church's attendance and Nursery School enrollment resulting in lower donations or tuition, absenteeism in the Church's workforce, and unavailability of supplies used in the Church's programs.

NOTE 18—COMMITMENT

During the year, the Church signed a contract with CCSI Construction, LLC for the Nave remodeling project. As of October 1, 2021, the contract amount is approximately \$1.26 million. There are additional contracts for the project that have been signed with other vendors for a total project cost of approximately \$2 million.