

**EAST 91ST STREET CHRISTIAN CHURCH
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2020 AND 2019**

**GOLDSHOT, LAMB & HOBBS, INC.
CERTIFIED PUBLIC ACCOUNTANTS
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DAYTON, OHIO 45439**

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Certified Public Accountants

Business Advisors

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Elder Council and Management
East 91st Street Christian Church
Indianapolis, Indiana

We have reviewed the accompanying financial statements of East 91st Street Christian Church (a nonprofit corporation), which comprise the statements of assets, liabilities and net assets – modified cash basis as of August 31, 2020 and the related statements of support, revenue, expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2020 financial statements in order for them to be in accordance with the modified cash basis of accounting as described in Note 2.

Report on 2019 Financial Statements

The 2019 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated October 31, 2019. We have not performed any auditing procedures since that date.

Goldstat, Lamb + Hobbs, Inc.

December 1, 2020

EAST 91ST STREET CHRISTIAN CHURCH

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS**

AUGUST 31, 2020 (UNAUDITED) AND 2019 (AUDITED)

ASSETS

	2020 (Unaudited)	2019 (Audited)
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 709,486	\$ 788,392
 <u>PROPERTY AND EQUIPMENT</u>		
Land and Land Improvements	3,423,874	3,423,874
Buildings	33,339,103	33,116,945
Equipment	2,465,179	2,421,239
Construction In Progress	0	107,050
Total Property and Equipment	<u>39,228,156</u>	<u>39,069,108</u>
Less: Accumulated Depreciation	<u>19,471,626</u>	<u>18,570,773</u>
Total Property and Equipment - Net	<u>19,756,530</u>	<u>20,498,335</u>
 <u>OTHER ASSETS</u>		
Loan Costs - Net of Amortization	<u>11,479</u>	<u>16,406</u>
 TOTAL ASSETS	 <u><u>\$ 20,477,495</u></u>	 <u><u>\$ 21,303,133</u></u>

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

EAST 91ST STREET CHRISTIAN CHURCH

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS**

AUGUST 31, 2020 (UNAUDITED) AND 2019 (AUDITED)

LIABILITIES AND NET ASSETS

	2020 (Unaudited)	2019 (Audited)
<u>CURRENT LIABILITIES</u>		
Funds Due to Events and Classes	\$ 20,369	\$ 28,777
Due to Counseling Center Vendor	9,370	-
Current Portion of Mortgage Payable	180,709	137,070
Total Current Liabilities	<u>210,448</u>	<u>165,847</u>
<u>LONG-TERM LIABILITY</u>		
Mortgage Payable (Net of Current Portion)	<u>2,512,610</u>	<u>3,506,295</u>
TOTAL LIABILITIES	<u>2,723,058</u>	<u>3,672,142</u>
<u>NET ASSETS</u>		
Without Donor Restrictions	17,678,610	17,482,024
With Donor Restrictions	75,827	148,967
Total Net Assets	<u>17,754,437</u>	<u>17,630,991</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,477,495</u>	<u>\$ 21,303,133</u>

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

EAST 91ST STREET CHRISTIAN CHURCH

**STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS**

YEAR ENDED AUGUST 31, 2020 (UNAUDITED)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 3,391,563	\$ 848,391	\$ 4,239,954
Early Learning Ministry Fees	843,636	-	843,636
E91 Counseling Support	112,331	-	112,331
Great Banquet	-	31,748	31,748
Other Income	40,194	-	40,194
Loss on Disposal of Assets	(30,331)	-	(30,331)
Realized and Unrealized Gain (Loss)	(224)	-	(224)
Interest Income	11,197	-	11,197
Net Assets Released from Restriction	953,279	(953,279)	-
Total Support and Revenue	<u>5,321,645</u>	<u>(73,140)</u>	<u>5,248,505</u>
<u>EXPENSES AND (GAIN) LOSS</u>			
Program	4,476,477	-	4,476,477
Management and General	621,728	-	621,728
Fundraising	48,127	-	48,127
Total Expenses	<u>5,146,332</u>	<u>-</u>	<u>5,146,332</u>
Insurance Claim (Gain) Loss (See Note 9)	<u>(21,273)</u>	<u>-</u>	<u>(21,273)</u>
Total Expenses and (Gain) Loss	<u>5,125,059</u>	<u>-</u>	<u>5,125,059</u>
<u>CHANGES IN NET ASSETS</u>	196,586	(73,140)	123,446
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>17,482,024</u>	<u>148,967</u>	<u>17,630,991</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 17,678,610</u>	<u>\$ 75,827</u>	<u>\$ 17,754,437</u>

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

EAST 91ST STREET CHRISTIAN CHURCH

**STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS**

YEAR ENDED AUGUST 31, 2019 (AUDITED)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 3,333,615	\$ 1,405,860	\$ 4,739,475
Early Learning Ministry Fees	842,464	-	842,464
E91 Counseling Support	125,251	-	125,251
Great Banquet	-	37,856	37,856
Other Income	19,619	-	19,619
Loss on Disposal of Assets	-	-	-
Realized and Unrealized Gain	213	-	213
Interest Income	16,604	-	16,604
Net Assets Released from Restriction	1,391,663	(1,391,663)	-
Total Support and Revenue	<u>5,729,429</u>	<u>52,053</u>	<u>5,781,482</u>
<u>EXPENSES AND (GAIN) LOSS</u>			
Program	5,156,383	-	5,156,383
Management and General	547,678	-	547,678
Fundraising	52,815	-	52,815
Total Expenses	<u>5,756,876</u>	<u>-</u>	<u>5,756,876</u>
Insurance Claim (Gain) Loss (See Note 9)	<u>42,526</u>	<u>-</u>	<u>42,526</u>
Total Expenses and (Gain) Loss	<u>5,799,402</u>	<u>-</u>	<u>5,799,402</u>
<u>CHANGES IN NET ASSETS</u>	(69,973)	52,053	(17,920)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>17,551,997</u>	<u>96,914</u>	<u>17,648,911</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 17,482,024</u>	<u>\$ 148,967</u>	<u>\$ 17,630,991</u>

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

EAST 91ST STREET CHRISTIAN CHURCH

**STATEMENTS OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS**

YEARS ENDED AUGUST 31, 2020 (UNAUDITED) AND 2019 (AUDITED)

2020 (Unaudited)

	CHURCH MINISTRIES	EARLY LEARNING MINISTRY	MISSIONS AND OUTREACH	TOTAL PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	\$ 1,134,061	\$ 813,218	\$ 62,584	\$ 2,009,863	\$ 459,155	\$ 48,127	\$ 2,517,145
Depreciation and amortization	773,759	145,080	-	918,839	48,360	-	967,199
Facility and facility maintenance	507,370	95,132	-	602,502	31,711	-	634,213
Contributions to ministry partners	-	-	245,154	245,154	-	-	245,154
Supplies and equipment	109,021	43,093	-	152,114	27,255	-	179,369
Contract labor	183,042	-	-	183,042	-	-	183,042
Interest	118,536	22,226	-	140,762	7,409	-	148,171
Meetings, retreats, and camps	73,804	-	-	73,804	18,451	-	92,255
Professional and merchant fees	54,375	24,430	-	78,805	13,594	-	92,399
Advertising, printing and promotion	49,561	2,745	-	52,306	12,390	-	64,696
Information technology	19,286	-	-	19,286	3,403	-	22,689
Total Expenses	<u>\$ 3,022,815</u>	<u>\$ 1,145,924</u>	<u>\$ 307,738</u>	<u>\$ 4,476,477</u>	<u>\$ 621,728</u>	<u>\$ 48,127</u>	<u>\$ 5,146,332</u>

2019 (Audited)

	CHURCH MINISTRIES	EARLY LEARNING MINISTRY	MISSIONS AND OUTREACH	TOTAL PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	\$ 1,185,145	\$ 805,095	\$ 62,576	\$ 2,052,816	\$ 349,407	\$ 48,517	\$ 2,450,740
Depreciation and amortization	802,870	150,538	-	953,408	50,179	-	1,003,587
Facility and facility maintenance	569,673	106,813	-	676,486	35,604	-	712,090
Contributions to ministry partners	-	-	590,747	590,747	-	-	590,747
Supplies and equipment	137,252	48,347	-	185,599	34,313	-	219,912
Contract labor	189,308	2,120	-	191,428	-	-	191,428
Interest	150,664	28,249	-	178,913	9,416	-	188,329
Meetings, retreats, and camps	126,674	-	-	126,674	31,669	-	158,343
Professional and merchant fees	58,304	29,929	-	88,233	14,576	-	102,809
Advertising, printing and promotion	68,768	4,831	-	73,599	12,894	4,298	90,791
Information technology	38,480	-	-	38,480	9,620	-	48,100
Total Expenses	<u>\$ 3,327,138</u>	<u>\$ 1,175,922</u>	<u>\$ 653,323</u>	<u>\$ 5,156,383</u>	<u>\$ 547,678</u>	<u>\$ 52,815</u>	<u>\$ 5,756,876</u>

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

EAST 91ST STREET CHRISTIAN CHURCH

**STATEMENTS OF CASH FLOWS -
MODIFIED CASH BASIS**

YEARS ENDED AUGUST 31, 2020 (UNAUDITED) AND 2019 (AUDITED)

	2020 (Unaudited)	2019 (Audited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 123,446	\$ (17,920)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation & Amortization	967,199	1,003,587
Gain on Disposal of Assets	30,331	-
Realized and Unrealized Gain on Investments	224	(213)
Donated Securities	(74,726)	(65,108)
Change in Operating Assets:		
Funds Due to Events and Classes	(8,408)	1,859
Due to Counseling Center Vendor	9,370	-
Net Cash Provided by Operating Activities	<u>1,047,436</u>	<u>922,205</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property and Equipment	(250,798)	(234,578)
Proceeds from Sale of Investments	74,502	65,321
Net Cash Used by Investing Activities	<u>(176,296)</u>	<u>(169,257)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal Payments on Mortgage Note	(950,046)	(1,006,896)
Net Cash Used by Financing Activities	<u>(950,046)</u>	<u>(1,006,896)</u>
<u>DECREASE IN CASH AND CASH EQUIVALENTS</u>	(78,906)	(253,948)
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	788,392	1,042,340
<u>CASH AND CASH EQUIVALENTS - ENDING OF YEAR</u>	<u>\$ 709,486</u>	<u>\$ 788,392</u>
<u>SUPPLEMENTAL DISCLOSURES:</u>		
Cash Paid for Interest	<u>\$ 148,171</u>	<u>\$ 188,329</u>
Cash Paid for Taxes	<u>\$ -</u>	<u>\$ -</u>

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

EAST 91ST STREET CHRISTIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

1. NATURE OF ORGANIZATION:

East 91st Street Christian Church (Church) is incorporated under the Indiana Not-For-Profit Act of 1971 and is statutorily exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (Code). The Church is classified as a publicly supported organization rather than a private foundation under section 509(a)(1) of the Code. Contributions to the Church are deductible for income tax purposes.

The Church is a multi-ministry outreach with ministry emphases in the areas of Christian education, missions, Christian outreach, nurturing and benevolence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements have been prepared on the modified cash basis of accounting; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred, except provisions for property, payroll withholdings, agency funds due to events and classes, and mortgage payable are recorded.

Basis of Presentation

The Church is required to report information regarding its statements of assets, liabilities and net assets – modified cash basis and statements of support, revenues, expenses and changes in net assets – modified cash basis according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Church's management and the board of trustees.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Church or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of support, revenues, expenses and changes in net assets - modified cash basis.

Cash and Cash Equivalents and Concentration of Credit Risk

Cash and cash equivalents includes cash on hand and checking and savings accounts. The Church maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Church has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

EAST 91ST STREET CHRISTIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

The Church's general policy is to liquidate donated investments upon receipt. These investments are reported at fair value.

Property, Equipment and Depreciation

Donated and purchased property and equipment items greater than \$2,500, and items that substantially increase the useful lives of existing assets are capitalized at cost for purchased items and fair value for donated items. The Church also capitalizes all technology items. Property and equipment are depreciated on the straight-line method over their estimated useful lives ranging from 3 to 40 years.

Fair Value Measurements

The Church uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Church measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Support and Revenue

Contributions are reported when received or ownership of donated assets to be used directly in the operations is transferred to the Church. Contributed investments and noncash items are reposted at fair value on the date of the gift. Bequests are reported as support at the time the Church receives the funds.

Revenue Recognition

Revenue from contracts with customers is derived primarily from preschool income. Revenue is recognized upon transfer of control of the promised products or services (performance obligations) contained in the customer contract in an amount that reflects the consideration the Church expects to receive from satisfying the performance obligations. Prior to recognizing revenue, the Church identifies the contract, performance obligations, and transaction price, and allocates the transaction price to the underlying performance obligations.

EAST 91ST STREET CHRISTIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The Church's revenues from contracts with customers are from performance obligations satisfied over time and at a point in time. Revenue from contracts with customers that are satisfied over time is derived from contracts with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

The Church has adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), as amended with retrospective application to the prior periods. The adjustment was applied to all contracts that are not complete as of the date of initial application. The Church does not believe the application of the provisions has a material effect on the amounts presented.

Concentration of Support Risk

Support for the Church comes primarily from tithes and offerings from constituents concentrated in the Indianapolis, Indiana geographical area.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Church. These contributed services are not reported as they do not meet the requirements under provisions of the modified cash basis of accounting.

Expenses and Advertising

Expenses are reported when paid. All advertising costs are expensed when paid. Advertising costs were \$2,745 and \$4,831 for the years ended August 31, 2020 and 2019, respectively.

Income Taxes

The Church is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The Church has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Church has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

EAST 91ST STREET CHRISTIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of support, revenue, expenses, and change in net assets – modified cash basis and in the statements of functional expenses – modified cash basis. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common among multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied. Salaries and benefits are allocated based on time and effort; depreciation and amortization, facility and facility maintenance, and interest are allocated based on square footage; contributions to ministry partners, and contract labor are allocated by specific purpose; all other categories were allocated based on management’s estimate.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year financial statements.

3. DEBT:

Mortgage Payable

In December 2015, the Church borrowed \$4,697,397 to refinance long-term debt and a related interest rate swap agreement. This loan bears interest at 4.5% and required monthly payments of interest-only through January 2019 and requires monthly principal and interest payments of \$24,851 through the maturity date of January 2023, when the remaining principal is required to be paid. The loan is secured by the first mortgage on the Church property. The loan balances were \$2,693,319 and \$3,643,365 at August 31, 2020 and 2019, respectively.

Principal payments on the mortgage payable are due as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	\$ 180,709
2022	189,016
2023	<u>2,323,594</u>
	<u>\$ 2,693,319</u>

EAST 91ST STREET CHRISTIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

4. OPERATING LEASES:

Operating leases consist of leases for office equipment. Total operating lease expense was \$15,952 and \$15,403 for the years ended August 31, 2020 and 2019, respectively. Future minimum lease payments are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	\$ 10,828
2022	<u>4,449</u>
	<u>\$ 15,277</u>

5. RETIREMENT PLAN:

The Church sponsors a 403(b) retirement plan through the Pension Plan of the Christian Church. The plan covers regular full-time and regular part-time employees as defined in the E91 Staff Manual and the E91 Early Learning Staff Manual. The plan has specific age and service requirements. The Church may make contributions on behalf of full-time employees. For the years ended August 31, 2020 and 2019, the Church made no contributions.

6. NET ASSETS:

Net assets with restrictions are available for the following purposes as of August 31, 2020 and 2019:

<u>August 31, 2020</u>	<u>Net Assets August 31, 2019</u>	<u>Contributions and Interest</u>	<u>Reclassifications</u>	<u>Net Assets August 31, 2020</u>
LIFT Campaign (See Note 10)	\$ 129,285	\$ 807,768	\$ (897,313)	\$ 39,740
Mission Trips	0	35,694	(30,867)	4,827
Great Banquet	16,774	31,748	(20,253)	28,269
American Heritage Girls	<u>2,908</u>	<u>4,929</u>	<u>(4,846)</u>	<u>2,991</u>
	<u>\$ 148,967</u>	<u>\$ 880,139</u>	<u>\$ (953,279)</u>	<u>\$ 75,827</u>

<u>August 31, 2019</u>	<u>Net Assets August 31, 2018</u>	<u>Contributions and Interest</u>	<u>Reclassifications</u>	<u>Net Assets August 31, 2019</u>
LIFT Campaign (See Note 10)	\$ 0	\$ 1,328,137	\$ (1,198,852)	\$ 129,285
Missions	70,967	7,082	(78,049)	0
Mission Trips	14,878	60,615	(75,493)	0
Great Banquet	11,069	37,856	(32,151)	16,774
American Heritage Girls	<u>0</u>	<u>10,026</u>	<u>(7,118)</u>	<u>2,908</u>
	<u>\$ 96,914</u>	<u>\$ 1,443,716</u>	<u>\$ (1,391,663)</u>	<u>\$ 148,967</u>

EAST 91ST STREET CHRISTIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

7. AVAILABILITY AND LIQUIDITY:

The following represents the Church's financial assets at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 709,486	\$ 788,392
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>75,827</u>	<u>148,967</u>
Financial assets available to meet general expenditures		
Within one year	<u>\$ 633,659</u>	<u>\$ 639,425</u>

The Church has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of this policy, the Church has a target of maintaining year-end balance of reserves of net assets without donor restrictions to meet 30 to 60 days of expected expenditures. During the years ended August 31, 2020 and 2019, the level of liquidity and reserves was managed within the policy target.

8. FAIR VALUE MEASUREMENTS:

The modified cash basis of accounting defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Church has the ability to access.
- Level 2 - Inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the assets own data.)

EAST 91ST STREET CHRISTIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

9. INSURANCE CLAIM:

The Church incurred expenses of \$52,777 and \$346,189 for the years ended August 31, 2020 and 2019, respectively, relating to the remediation and repairs to the building caused by a water main break. As of August 31, 2020 and 2019, the Church had received reimbursements from their insurance carrier of \$74,050 and \$303,663, respectively. In connection with this incident, the Church incurred unreimbursed expenses of \$21,253 including their insurance deductible.

10. LIFT CAMPAIGN:

In the fall of 2018, the Church launched the LIFT campaign to specifically raise \$3 million for missions, capital improvements, and reducing the debt of the Church over a three-year period. The following summarizes the financial impact on the Church:

	<u>2020</u>	<u>2019</u>
Contributions	\$ 807,768	\$ 1,327,062
Direct Expenses	<u>(4,363)</u>	<u>(15,595)</u>
Net Contributions Available	803,405	1,311,467
Expenditures:		
Missions	0	150,000
Capital Improvements (Counseling Center)	92,950	107,050
Debt Reductions	<u>800,000</u>	<u>925,132</u>
Total Expenditures	892,950	1,182,182
Net Activity	<u>(89,545)</u>	<u>129,285</u>
Lift Campaign Balance – Beginning of Year	<u>129,285</u>	<u>0</u>
Lift Campaign Balance – End of Year	<u>\$ 39,740</u>	<u>\$ 129,285</u>

11. SUBSEQUENT EVENTS:

The Church has evaluated subsequent events through December 1, 2020, the date the financial statements were available to be issued.

The COVID-19 pandemic is having a substantial impact on the economy and normal operations of most entities. The severity of the financial impact of this pandemic on the financial position and long-term operations of the Church is not known at this time; however, management is taking actions to mitigate any impact of the outbreak to the Church.