

**ST. COLUMBA'S EPISCOPAL CHURCH**

**FINANCIAL STATEMENTS**

With Independent Auditors Report

For the Years Ended June 30, 2012 and 2011



**Walker & Co., LLP**

*Assurance, Business and Advisory Services*

# ST. COLUMBA'S EPISCOPAL CHURCH

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Walker & Co., LLP  
*Assurance, Business and Advisory Services*

## **REPORT OF INDEPENDENT AUDITORS**

The Members of the Vestry  
St. Columba's Episcopal Church

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

We have audited the accompanying financial statements of St. Columba's Episcopal Church (the Church), which comprise the statements of financial position as of June 30, 2012 and 2011, 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.

### ***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, 2012 and 2011, 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.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Walker & Co., LLP*

Washington D.C  
December 13, 2018

**ST. COLUMBA'S EPISCOPAL CHURCH**  
**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	2012	2011
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 951,551	\$ 1,623,589
Investments	1,267,847	980,453
Contributions receivable, net	770,810	766,781
Prepaid expenses and other assets	58,423	60,541
<b>Total Current Assets</b>	3,048,631	3,431,364
Property and equipment, net	6,431,559	6,436,778
Art, antiques, and collectibles	71,826	71,826
Shared equity	148,230	283,995
Loan costs, net	2,850	3,627
<b>TOTAL ASSETS</b>	\$ 9,703,096	\$ 10,227,590
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 295,457	\$ 296,060
Deferred revenue	642,066	668,047
Line of credit payable	573,361	573,361
Note payable, current	14,400	14,400
<b>Total Current Liabilities</b>	1,525,284	1,551,868
Note payable, net of current portion	369,028	383,075
<b>TOTAL LIABILITIES</b>	1,894,312	1,934,943
<b>Net Assets</b>		
Unrestricted	6,445,572	6,720,020
Temporarily restricted	1,363,212	1,572,627
<b>Total Net Assets</b>	7,808,784	8,292,647
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 9,703,096	\$ 10,227,590

See notes to financial statements.

**ST. COLUMBA'S EPISCOPAL CHURCH**  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30,					
	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>						
<b>OPERATING ACTIVITIES</b>						
Tuition and fees	\$ 1,288,842	\$ -	\$ 1,288,842	\$ 1,215,730	\$ -	\$ 1,215,730
Contributions	579,629	-	579,629	601,272	-	601,272
Program and event income	157,370	-	157,370	99,521	-	99,521
Investment income	65	-	65	531	-	531
Loss on shared equity	(135,765)	-	(135,765)	-	-	-
Other income	774	-	774	2,513	-	2,513
Net assets transferred and released from restrictions	1,682,592	(1,702,892)	(20,300)	1,708,822	(1,765,569)	(56,747)
Total operating activities	<u>3,573,507</u>	<u>(1,702,892)</u>	<u>1,870,615</u>	<u>3,628,389</u>	<u>(1,765,569)</u>	<u>1,862,820</u>
<b>NON-OPERATING ACTIVITIES</b>						
Contributions	248,924	1,638,190	1,887,114	394,317	1,714,056	2,108,373
Program and event income	207,287	-	207,287	191,888	-	191,888
Investment income	19,729	-	19,729	194,362	-	194,362
Other income	13,800	-	13,800	13,800	-	13,800
Net assets transferred and released from restrictions	165,013	(144,713)	20,300	316,565	(259,818)	56,747
Total non-operating activities	<u>654,753</u>	<u>1,493,477</u>	<u>2,148,230</u>	<u>1,110,932</u>	<u>1,454,238</u>	<u>2,565,170</u>
<b>Total Operating and Non-Operating Revenues</b>	<u>\$ 4,228,260</u>	<u>\$ (209,415)</u>	<u>\$ 4,018,845</u>	<u>\$ 4,739,321</u>	<u>\$ (311,331)</u>	<u>\$ 4,427,990</u>
<b>EXPENSES</b>						
<b>OPERATING ACTIVITIES</b>						
Program services	\$ 2,635,507	\$ -	\$ 2,635,507	\$ 2,837,827	\$ -	\$ 2,837,827
Management and general	891,952	-	891,952	517,217	-	517,217
Fundraising	52,151	-	52,151	96,420	-	96,420
Total Operating Expenses	<u>3,579,610</u>	<u>-</u>	<u>3,579,610</u>	<u>3,451,464</u>	<u>-</u>	<u>3,451,464</u>
<b>NON-OPERATING ACTIVITIES</b>						
Program services	867,968	-	867,968	932,392	-	932,392
Fundraising	55,130	-	55,130	6,979	-	6,979
Total Non-Operating Expenses	<u>923,098</u>	<u>-</u>	<u>923,098</u>	<u>939,371</u>	<u>-</u>	<u>939,371</u>
<b>Total Operating and Non-Operating Expenses</b>	<u>\$ 4,502,708</u>	<u>\$ -</u>	<u>\$ 4,502,708</u>	<u>\$ 4,390,835</u>	<u>\$ -</u>	<u>\$ 4,390,835</u>
<b>Total changes in net assets</b>	<u>(274,448)</u>	<u>(209,415)</u>	<u>(483,863)</u>	<u>348,486</u>	<u>(311,331)</u>	<u>37,155</u>
<b>NET ASSETS, Beginning of Year</b>	<u>6,720,020</u>	<u>1,572,627</u>	<u>8,292,647</u>	<u>6,371,534</u>	<u>1,883,958</u>	<u>8,255,492</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 6,445,572</u>	<u>\$ 1,363,212</u>	<u>\$ 7,808,784</u>	<u>\$ 6,720,020</u>	<u>\$ 1,572,627</u>	<u>\$ 8,292,647</u>

See notes to financial statements

**ST. COLUMBA'S EPISCOPAL CHURCH**  
**STATEMENTS OF CASH FLOWS**

	Year Ended June 30,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (483,863)	\$ 37,155
Adjustments to reconcile change in net assets to total operating activities:		
Bad debt expenses	71,790	-
Loss on equipment disposal	9,297	-
Loss on shared equity	135,765	-
Depreciation and amortization	293,039	278,100
Net unrealized loss on investments	3,691	(171,414)
Change in contributions receivable	(4,029)	67,330
Change in other assets	2,118	(2,646)
Change in accounts payable and accrued expenses	(603)	50,369
Change in deferred revenue	(25,981)	37,494
<b>Net Cash Provided by Operating Activities</b>	1,224	296,388
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	64,896	380,053
Purchases of investments	(386,405)	(28,670)
Purchases of property and equipment	(337,353)	(219,735)
<b>Net Cash Used in Investing Activities</b>	(658,862)	131,648
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note payable	(14,400)	(13,398)
Draws on line of credit	-	9,865
<b>Net Cash Provided by Financing Activities</b>	(14,400)	(3,533)
 <b>Net Change in Cash and Cash Equivalents</b>	(672,038)	424,503
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	1,623,589	1,199,086
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	\$ 951,551	\$ 1,623,589
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 52,142	\$ 41,384

See notes to financial statements.

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS**

St. Columba's Episcopal Church (St. Columba's, the Church or Parish), located in Northwest Washington, DC, 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.

*Operating Activities*

The Church is engaged in various activities and programs dedicated to mission, ministry and evangelism. These programs include worship and music, formation, outreach and nursery school. All the activities of these programs are included in the operating budget. These activities are primarily funded through annual giving, tuition and fees and other program and event income. Worship is the heart of life at St. Columba's. Sunday and weekday services are offered with preaching that seeks to bring the Gospel to life and music of many styles. Worship opportunities are available for people of all ages and all are welcome. Formation activities support faith development of all ages through exploration of the meaning of the Gospel, resources of the Christian tradition and challenges of the Christian vocation. Outreach includes those activities whereby the St. Columba's community is called to serve others and to work for greater justice and peace in the world. The mission groups provide numerous and varied opportunities to serve. The school's activities are focused on educating children ages two and one half through five years in full and half day programs from September through early June. The program has a socially focused curriculum which prepares young children for ongoing schooling and healthy productive lives.

*Non-Operating Activities*

The Parish includes in its non-operating activities expenses related to various missions, outreach and Parish beneficial activities. These expenditures are funded with designated or donor restricted funds.

Included in the non-operating activities of the Parish is the St. Columba's-Truesdell Education Partnership (STEP). In implementing STEP, St. Columba's, in conjunction with Truesdell Elementary School (a District of Columbia public school) agreed to an arrangement whereby the Parish would provide financial and other assistance to a number of students from a particular years' class. Concurrently, the students agreed to engage in certain activities in order to foster community relations in the neighborhood in Northwest DC where the Parish is located. In 1998, STEP joined the National I Have a Dream Foundation in order to facilitate STEP's goal of preparing students for and funding post-secondary education.

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies utilized in the preparation of the financial statements is as follows:

*Basis of accounting*

The Church prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). In accordance with GAAP, support, revenue and related assets are recognized when unconditionally awarded, pledged, transferred or earned and expenses and related liabilities recorded when the obligations are incurred.

*Basis of presentation*

The Church presents its financial statements in accordance with FASB ASC No. 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*, and reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Church does not have permanently restricted net assets.

*Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, gains, expenses and losses during the reporting period. Actual results could differ from those estimates.

*Cash and cash equivalents*

The Church considers all checking and money market accounts, certificates of deposit and short-term investments with original maturities of three months or less to be cash and cash equivalents.

*Contributions receivable*

Contributions receivable are stated at net realizable value. This represents the amounts pledged to the church from parishioners and grants from others. It is the Church's policy to write off uncollectible contributions and grants receivable when management determines that the receivable will not be collected.

*Reclassifications*

Certain prior year amounts have been reclassified to conform to current year presentation.

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities and mutual funds are reflected at fair value. To adjust the carrying values of these securities, the change in fair market value is recorded as a component of investment income or loss in the statement of activities and changes in net assets.

*Property and equipment*

The value of land and buildings acquired or received through November 30, 1988, has been recorded based on an independent appraisal as of that date. Subsequent to November 30, 1988, all property and equipment valued at \$1,000 and above are capitalized at cost, if purchased, or fair value, if donated. Property and equipment is 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.

*Art, antiques and collectibles*

The Church's art, antiques and collectibles 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. Art, antiques and collectibles 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.

*Loan acquisition costs*

The cost of securing certain long-term financing has been capitalized and is being amortized over a 7-year period, which coincides with the term of the loan.

*Deferred revenue*

Deferred revenue primarily represents tuition payments received in advance and is recognized as revenue monthly over a nine month period of the school year when the service is provided.

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fair value measurements*

FASB-ASC 820, *Fair Value Measurements and Disclosures*, establishes a valuation hierarchy for disclosure of the inputs in the valuation used to measure fair value as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In accordance with FASB-ASC 820, the Church values its trading securities and certificates of deposits based on Level 1 inputs. The carrying amounts of cash and cash equivalents, contributions receivable, other current assets, accounts payable and accrued expenses, deferred revenue, line of credit and current portion of note payable approximate fair value because of the relatively short maturity of those instruments.

*Note payable*

Note payable represent a future obligation based on formal written agreements at specific interest rates. Monthly payments consist of principal and interest. Principal payments are recorded as reductions of the balance, while interest payments are recorded as expense in the statement of activities and changes in net assets. The portion of principal payments to be paid within one year is classified as a current liability.

*Contributions*

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted using an appropriate credit adjusted discount rate which corresponds with the collection period of the respective pledge. Amortization of discount is recorded as additional contribution revenue in accordance with donor –imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided based upon management’s judgement including such factors as prior collection history, type of contribution and nature of fundraising activity. Contributions receivable are written – off in the period deemed uncollectible

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Unrestricted net assets* comprise two categories-

*Unrestricted net assets*

The Church's unrestricted net assets represent funds held from various sources to pay for the cost of operations and various other purposes. Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Certain amounts have been designated by the Parish for specific purposes.

*Operating* – Represents those resources available for support of the Church's ministerial services, missions and operations.

*Designated* – Represents resources designated for specific purposes. These consist of, but are not limited to, a maintenance account, memorial account, and an outreach account among other accounts. The maintenance account was established for the maintenance, care, and improvement of the Church properties. The memorial account was created for the support and maintenance of the Parish and its work. The outreach account was initiated to support missionary efforts outside the Parish.

*Temporarily restricted net assets*

Temporarily restricted net assets result from contributions where use is limited by donor-imposed stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. When a restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

*In-kind contributions*

As required by FASB ASC No. 958-605-25-2, *Accounting for Contributions Made and Contributions Received*, donated services include assistance which create or enhance the value of non-financial assets, or require specialized skills provided by individuals possessing those skills. Those skills would typically need to be purchased if not provided by donation and are recorded by the Church at fair value as revenue with corresponding expense in the period such services are provided. The Church receives a limited amount of donated services from unpaid volunteers who assist with various services.

No amounts have been recognized in the statements of activities and changes in net assets because the criteria for recognition as required by FASB ASC No. 958-605-25-2 have not been satisfied.

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Functional allocation of expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Costs that can be directly associated with particular programs or support functions are charged directly to those programs or functions. Salaries and related costs have been allocated among the programs and supporting services based on time reported. Other allocable costs have been allocated to program services, fundraising and to management and general expense based on management's judgment using an allowable methodology prescribed by OMB Circular A-122, *Cost Principles for Non-Profit Organizations*.

*New pronouncements*

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that are useful in assessing a not-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Church is in the process of evaluating the impact this standard will have on the financial statements.

**NOTE 3      INCOME TAXES**

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 Organization is classified as other than a private foundation under Section 509(a)(1) of the Code. In addition, it has been determined by the Internal Revenue Service not to be a private foundation. No provision for income taxes has been recorded in the accompanying financial statements.

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 4 INVESTMENTS**

Investments in mutual funds consisted of the following at June 30:

	<u>2012</u>	<u>2011</u>
Cost	\$ 1,247,982	\$ 980,913
Market	\$ 1,267,220	\$ 980,913

Investment income consisted of the following for the years ended June 30:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 23,514	\$ 24,900
Unrealized and realized gains (losses)	(3,691)	171,414
Total	<u>\$ 19,823</u>	<u>\$ 196,314</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The contributions receivable balances at June 30, 2012 and 2011, totaled \$770,810 and \$766,781, respectively and are presented net of allowance for doubtful accounts of \$77,896 and \$59,952, respectively.

**NOTE 6 FAIR VALUE MEASUREMENT**

The following table presents the Church's investment assets at June 30, 2012 and 2011. These assets are measured at fair value on a recurring basis consistent with the fair value hierarchy provisions of FASB ASC 820.

<u>June 30, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ <u>1,267,220</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,267,220</u>
<u>June 30, 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ <u>980,913</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>980,913</u>

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 7      PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	2012	2011
Land	\$ 1,535,600	\$ 1,535,600
Buildings	5,326,288	5,326,288
Building improvements	2,292,097	2,171,813
Construction in progress	67,058	-
Arts, Antiques & Collections	71,826	71,826
Closing cost	5,440	3,627
Furniture and fixtures	683,192	777,743
Musical instruments	348,568	347,482
 Total property and equipment	 10,330,069	 10,234,379
Less: Accumulated depreciation	(3,823,834)	(3,722,148)
Property and equipment, net	\$ 6,506,235	\$ 6,512,231

During 2012, the Church disposed of building improvement and furniture and wrote off the total cost and related accumulated depreciation of \$114,629 and \$114,629, respectively. The Church recorded a loss on disposal of \$9,297.

Depreciation expense for 2012 and 2011 totaled \$293,039 and \$277,323, respectively.

**NOTE 8      LINE OF CREDIT**

In March 2009, the Church entered into an agreement with a financial institution for a convertible line-of-credit in the amount of \$573,361. The line-of-credit is convertible into a term loan at conversion date (March 11, 2011) or later date determined by the bank at the going interest rate of the financial institution. Prior to conversion, interest on the line-of-credit is at LIBOR plus two hundred and fifty (250) basis points. The line matures in March 2016 and is collateralized by the building and property. At June 30, 2012 and 2011, the outstanding balance on the line of credit was \$573,631. As of the date of issuance of the financial statements, the line-of-credit has not converted to a loan and the Vestry continues to pay interest only payments on the line.

ST. COLUMBA'S EPISCOPAL CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012 and 2011

**NOTE 9      NOTE PAYABLE**

During 2009, the Church negotiated a refinance agreement with the bank and converted its notes payable into one debt instrument. The new agreement extended the note term to March 2016 and requires monthly payments of \$2,848 at a 5.064% interest rate, with a balloon payment paid in March 2016. The note was collateralized by a deed of trust on the Church's property.

Loan cost balances at June 30, 2012 and 2011 associated with the refinancing totaled \$2,850 and \$3,627, respectively, which as of those dates were net of accumulated amortization of \$2,590 and \$1,813, respectively.

Maturities of note payable were as follows at June 30:

2013	\$	14,400
2014		15,147
2015		15,932
2016		<u>337,596</u>
Total	\$	<u><u>383,075</u></u>

**NOTE 10      RELATED PARTY TRANSACTIONS**

*Loss of Shared Equity Interest*

In April 2007 the Church invested \$283,995 for a shared equity interest in a residence acquired by its Rector. The \$658,823 purchase price was financed by this 42% equity interest provided by the Church and the 58% remaining equity and mortgage financing was provided by the Rector. The residence was sold at a loss of \$135,768 including certain closing costs for \$554,500 in 2013. This loss was completely absorbed by the Church. In addition, proceeds of sale at closing of \$148,230 payable to the Church were retained by the former Rector as part of the funding of a severance agreement.

Accordingly, during the year ended June 30, 2012, \$135,768 of the Church's equity interest was recorded as anticipated loss on sale of residence and the remaining \$148,230 carried forward for additional write down of equity interest as severance costs granted to the former Rector during fiscal 2014. Severance payments to the former Rector including the \$148,230 retained from proceeds of the residence sale and other severance payments made through June 30, 2015 totaled \$338,047.

*Property Rental*

The Church rented an adjacent residential property to an employee of the Church. Rental income from this property of \$13,800 for the years ended June 30, 2012 and 2011 is included in other income in Statement of Activities.

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 11      CONCENTRATIONS OF RISK**

*Cash and cash equivalents*

The Church maintains its cash and cash equivalents in financial institutions where, at times balances may exceed the federally insured limit of \$250,000. The uninsured cash and cash equivalents balances totaled \$530,372 and \$807,522, at June 30, 2012 and 2011, respectively. The Church has not experienced any losses resulting from this risk.

*Investment concentration*

The Church invests in a professionally managed portfolio that contains mutual funds. These investments have credit exposure related to various risks subject to interest rate fluctuations and the vagaries of market and credit conditions. Credit risk is a consequence of carrying changing investment positions. To manage the related credit risk, the Church focuses on primarily higher quality securities; reviews the strength of entities in which it invests; limits its exposure in certain investments; and monitors portfolio quality.

*Revenue and contributions receivable*

At June 30, 2012 and 2011, 100% of contributions receivable were from the Church's parishioners. Funding may be affected by economic or budget factors facing the parishioners, which may impact the sufficiency of revenue or the collectability of contributions receivable.

**NOTE 12      TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	2012	2011
Time restriction on pledges received	\$ 827,729	\$ 896,426
STEP tuition assistance	82,268	187,616
Nursery School financial aid	46,030	120,630
Net investment in property equipment	80,193	86,492
STEP general	64,182	82,566
Building maintenance	78,637	78,637
Other programs	76,463	120,260
Capital campaign	71,870	-
Worship and music	35,840	-
Total	\$1,363,212	\$ 1,572,627

ST. COLUMBA'S EPISCOPAL CHURCH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

**NOTE 13      DESIGNATED NET ASSETS**

The Church has designated certain unrestricted contributions and other income to be set aside and held for the general operations of certain programs. The Church designated net assets of \$1,363,212 and \$1,572,627 at June 30, 2012 and 2011, respectively.

**NOTE 14      PENSION 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 Parish 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:

<u>Years of Service</u>	<u>Percent of Allowable Compensation</u>
2	20%
3	40%
4	60%
5	80%
6	100%

The Parish matching contributions to the Plan for the years ended June 30, 2012 and 2011, totaled \$126,474 and \$122,670, respectively.

*Ministerial pension plan*

The Church has a pension fund for members of the clergy through the Church Pension Fund of New York. The Parish contributes 18% of paid salaries plus allowances for clergy self-employment tax or FICA, utilities, and housing. The Church's matching contributions for the years ended June 30, 2012 and 2011, totaled \$76,958 and \$74,803, respectively.

**NOTE 15      SUBSEQUENT EVENTS**

In preparing these financial statements, the Church has evaluated events and transactions through December 13, 2018, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements for the year ended June 30, 2012.

SUPPLEMENTAL INFORMATION

**ST. COLUMBA'S EPISCOPAL CHURCH**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2012

	Program Services						Support Services				Grand Total
	Worship & Music	Formation	Outreach	Nursery School	Other Program Support	Total Program Services	Plant Operations	Management & General	Fundraising	Total Support Services	
Salaries and benefits	\$ 755,067	\$ 164,856	\$ 125,461	\$ 763,696	\$ 93,635	\$ 1,902,715	\$ 110,678	\$ 938,981	\$ -	\$ 1,049,659	\$ 2,952,374
Professional fees	-	-	11,686	5,975	7,071	24,732	33,811	15,227	5,000	54,038	78,770
Contributions	-	-	150,200	-	-	150,200	-	2,625	-	2,625	152,825
Flowers	20,591	-	-	-	-	20,591	-	-	-	-	20,591
Hospitality	3,594	3,062	-	-	42,315	48,971	-	1,440	40	1,480	50,451
Honoraria	22,754	6,109	-	-	-	28,863	-	-	-	-	28,863
Rent and other facility expenses	-	-	-	-	-	-	8,088	-	-	8,088	8,088
Insurance	-	-	-	-	-	-	41,386	16,217	-	57,603	57,603
Utilities	-	-	4,786	-	-	4,786	110,958	-	-	110,958	115,744
Repairs and maintenance	2,715	-	2,792	-	2,282	7,789	161,739	-	-	161,739	169,528
Professional development	-	-	-	18,128	-	18,128	-	-	-	-	18,128
Miscellaneous	-	3,041	1,656	6,118	1,683	12,498	10,347	13,896	9,694	33,937	46,435
Special events	1,027	8,781	5,861	7,210	-	22,879	-	-	4,891	4,891	27,770
Printing and publications	-	-	-	7,046	13,997	21,043	1,444	1,003	643	3,090	24,133
Postage	-	-	256	-	11,066	11,322	-	-	-	-	11,322
Supplies	12,846	18,357	36,572	25,012	15,309	108,096	-	14,341	6,825	21,166	129,262
Special assistance and support	-	176	36,034	-	-	36,210	-	-	-	-	36,210
Tuition, fees and transportation	-	-	103,571	-	-	103,571	-	-	-	-	103,571
Non-capitalized equipment	-	-	1,350	-	755	2,105	16,012	-	-	16,012	18,117
Depreciation and amortization	-	-	-	-	-	-	293,039	-	-	293,039	293,039
Bad debt	-	-	-	-	-	-	-	-	71,790	71,790	71,790
Missions and pilgrimages	-	23,112	12,840	-	-	35,952	-	-	-	-	35,952
Interest	-	-	-	-	-	-	52,142	-	-	52,142	52,142
Total expenses before support services allocations	818,594	227,494	493,065	833,185	188,113	2,560,451	839,644	1,003,730	98,883	1,942,257	4,502,708
Allocation of plant operations and management and general to program services and fundraising	287,937	77,472	189,340	292,357	95,918	943,024	(839,644)	(111,778)	8,398	(943,024)	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,106,531</b>	<b>\$ 304,966</b>	<b>\$ 682,405</b>	<b>\$ 1,125,542</b>	<b>\$ 284,031</b>	<b>\$ 3,503,475</b>	<b>\$ -</b>	<b>\$ 891,952</b>	<b>\$ 107,281</b>	<b>\$ 999,233</b>	<b>\$ 4,502,708</b>

See notes to financial statements

**ST. COLUMBA'S EPISCOPAL CHURCH**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2011

	Program Services						Support Services				Grand Total
	Worship & Music	Formation	Outreach	Nursery School	Other Program Support	Total Program Services	Plant Operations	Management & General	Fundraising	Total Support Services	
Salaries and benefits	\$ 712,516	\$ 135,602	\$ 116,387	\$ 899,796	\$ 232,290	\$ 2,096,591	\$ 207,781	\$ 389,538	\$ 76,874	\$ 674,193	\$ 2,770,784
Professional fees	-	-	20,358	880	14,885	36,123	1,030	62,683	-	63,713	99,836
Contributions	-	-	136,660	-	-	136,660	-	-	-	-	136,660
Flowers	18,662	-	-	-	-	18,662	-	-	-	-	18,662
Hospitality	3,318	1,848	-	-	34,887	40,053	-	-	-	-	40,053
Honoraria	21,655	11,000	-	-	-	32,655	-	-	-	-	32,655
Rent and other facility expenses	-	-	3,350	-	-	3,350	9,853	-	-	9,853	13,203
Insurance	-	-	-	-	-	-	38,751	16,404	-	55,155	55,155
Utilities	-	-	8,006	-	-	8,006	132,301	-	-	132,301	140,307
Repairs and maintenance	7,069	-	2,637	-	1,228	10,934	178,638	-	-	178,638	189,572
Professional development	-	-	-	14,880	-	14,880	-	-	-	-	14,880
Miscellaneous	-	4,990	400	14,606	2,193	22,189	1,086	45,911	8,093	55,090	77,279
Special events	-	-	-	-	-	-	-	-	2,423	2,423	2,423
Printing and publications	-	-	378	8,207	18,664	27,249	-	-	643	643	27,892
Postage	-	-	-	-	10,625	10,625	-	1,868	-	1,868	12,493
Supplies	11,426	11,463	45,524	24,698	18,276	111,387	-	14,945	6,372	21,317	132,704
Special assistance and support	-	-	10,514	-	-	10,514	-	-	-	-	10,514
Tuition, fees and transportation	-	-	209,350	-	-	209,350	-	-	-	-	209,350
Non-capitalized equipment	-	-	805	-	1,771	2,576	10,454	-	-	10,454	13,030
Depreciation and amortization	-	-	-	-	-	-	278,100	-	-	278,100	278,100
Bad debt	-	-	-	-	59,952	59,952	-	-	-	-	59,952
Missions and pilgrimages	-	-	13,947	-	-	13,947	-	-	-	-	13,947
Interest	-	-	-	-	-	-	41,384	-	-	41,384	41,384
Total expenses before support services allocations	774,646	164,903	568,316	963,067	394,771	2,865,703	899,378	531,349	94,405	1,525,132	4,390,835
Allocation of plant operations and management and general to program services and fundraising	265,328	53,361	173,316	293,664	118,847	904,516	(899,378)	(14,132)	8,994	(904,516)	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,039,974</b>	<b>\$ 218,264</b>	<b>\$ 741,632</b>	<b>\$ 1,256,731</b>	<b>\$ 513,618</b>	<b>\$ 3,770,219</b>	<b>\$ -</b>	<b>\$ 517,217</b>	<b>\$ 103,399</b>	<b>\$ 620,616</b>	<b>\$ 4,390,835</b>

See notes to financial statements