ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.

TABLE OF CONTENTS

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
St. Luke's Community House (Episcopal), Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of St. Luke's Community House (Episcopal), Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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. Luke's Community House (Episcopal), Inc. as of December 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 14, towards the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. There have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses. Although it is not possible to reliably estimate the length or severity of this outbreak and, hence, its financial impact, any significant reduction in public support and resources caused by COVID-19 could negatively affect operations and have other material adverse effects on St. Luke's Community House (Episcopal), Inc. Our opinion is not modified with respect to this matter.

Cherry Bekaert LLP

Nashville, Tennessee
May 19, 2021

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,804,448	$ 1,045,870
Contributions and accounts receivable, net	130,086	123,060
Prepaid expense	26,611	17,717
Total Current Assets	1,961,145	1,186,647
Beneficial interest in trust	22,669	29,705
Land, buildings, and equipment, net of accumulated depreciation of $2,985,074 and $2,807,597, respectively	2,799,720	2,943,989
Investments, at fair value	1,364,288	1,269,060
Total Assets	$ 6,147,822	$ 5,429,401
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 58,736	$ 59,079
Deferred grant revenue	275,011	-
Total Current Liabilities	333,747	59,079
Net Assets:		
Without Donor Restrictions:		
Undesignated	4,219,122	3,886,176
Board designated	916,281	853,614
Total Without Donor Restrictions	5,135,403	4,739,790
With Donor Restrictions	678,672	630,532
Total Net Assets	5,814,075	5,370,322
Total Liabilities and Net Assets	$ 6,147,822	$ 5,429,401

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public Support:			
Contributions	$ 1,195,168	$ 196,104	$ 1,391,272
Contributions - thrift shop	180,000	-	180,000
United Way	207,000	-	207,000
Net assets released from restrictions	147,964	(147,964)	-
Total Public Support	1,730,132	48,140	1,778,272
Revenue:			
Program services	620,203	-	620,203
Investment gain, net	145,330	-	145,330
Grants	202,352	-	202,352
Miscellaneous	26,508	-	26,508
Total Revenue	994,393	-	994,393
Total Public Support and Revenue	2,724,525	48,140	2,772,665
Expenses:			
Program Services:			
Preschool childcare	1,241,329	-	1,241,329
Senior services	150,814	-	150,814
Family Resource Center	269,641	-	269,641
Total Program Services	1,661,784	-	1,661,784
Supporting Services:			
Management and general	434,959	-	434,959
Fundraising	232,169	-	232,169
Total Supporting Services	667,128	-	667,128
Total Expenses	2,328,912	-	2,328,912
Change in net assets	395,613	48,140	443,753
Net assets, December 31, 2019	4,739,790	630,532	5,370,322
Net assets, December 31, 2020	$ 5,135,403	$ 678,672	$ 5,814,075

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public Support:			
Contributions	$ 748,419	$ 183,613	$ 932,032
United Way	229,000	-	229,000
Contributions - thrift shop	239,300	-	239,300
Net assets released from restrictions	201,297	(201,297)	-
Total Public Support	1,418,016	(17,684)	1,400,332
Revenue:			
Program services	598,406	-	598,406
Investment gain, net	217,763	-	217,763
Gain on sale of building	195,765	-	195,765
Grants	63,188	-	63,188
Miscellaneous	39,067	-	39,067
Total Revenue	1,114,189	-	1,114,189
Total Public Support and Revenue	2,532,205	(17,684)	2,514,521
Expenses:			
Program Services:			
Preschool childcare	1,134,805	-	1,134,805
Senior services	139,117	-	139,117
Family Resource Center	280,706	-	280,706
Total Program Services	1,554,628	-	1,554,628
Supporting Services:			
Management and general	430,061	-	430,061
Fundraising	369,521	-	369,521
Total Supporting Services	799,582	-	799,582
Total Expenses	2,354,210	-	2,354,210
Change in net assets	177,995	(17,684)	160,311
Net assets, December 31, 2018	4,561,795	648,216	5,210,011
Net assets, December 31, 2019	$ 4,739,790	$ 630,532	$ 5,370,322

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services			
	Preschool Childcare	Senior Services	Family Resource Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 703,024	$ 52,569	$ 109,511	$ 865,104	$ 303,325	$ 137,095	$ 440,420	$ 1,305,524
Benefits	142,277	12,064	18,992	173,333	50,786	19,077	69,863	243,196
Food	76,485	43,480	-	119,965	189	844	1,033	120,998
Occupancy	53,406	8,445	23,311	85,162	8,105	7,506	15,611	100,773
Utilities	40,258	6,415	31,141	77,814	7,401	5,801	13,202	91,016
Equipment and maintenance	30,441	3,811	11,685	45,937	17,643	4,501	22,144	68,081
Professional	34,987	1,548	3,266	39,801	8,578	11,904	20,482	60,283
Insurance	22,899	3,385	8,038	34,322	4,491	4,095	8,586	42,908
Miscellaneous	15,086	311	6,077	21,474	5,243	5,873	11,116	32,590
Program supplies	9,887	20	7,729	17,636	291	1,540	1,831	19,467
Licenses, fees, and permits	2,560	206	-	2,766	3,150	9,533	12,683	15,449
Telephone	5,929	644	1,299	7,872	3,253	1,292	4,545	12,417
Contract labor	-	-	9,000	9,000	-	-	-	9,000
Equipment	6,083	220	-	6,303	-	1,956	1,956	8,259
Staff	4,529	202	288	5,019	1,406	1,046	2,452	7,471
Printing	-	16	-	16	442	3,763	4,205	4,221
Office supplies	1,027	52	717	1,796	1,688	274	1,962	3,758
Conference and meetings	1,798	300	-	2,098	-	780	780	2,878
Postage and shipping	43	16	16	75	1,136	1,091	2,227	2,302
Transportation	97	540	123	760	84	-	84	844
	1,150,816	134,244	231,193	1,516,253	417,211	217,971	635,182	2,151,435
Depreciation	90,513	16,570	38,448	145,531	17,748	14,198	31,946	177,477
	$ 1,241,329	$ 150,814	$ 269,641	$ 1,661,784	$ 434,959	$ 232,169	$ 667,128	$ 2,328,912

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services				Supporting Services			
	Preschool Childcare	Senior Services	Family Resource Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ 598,505	$ 43,309	$ 79,847	$ 721,661	$ 247,344	$ 199,614	$ 446,958	$ 1,168,619
Benefits	115,139	8,342	14,025	137,506	53,341	41,555	94,896	232,402
Food	90,315	60,036	-	150,351	111	19,320	19,431	169,782
Equipment and maintenance	71,860	3,864	20,819	96,543	25,380	3,849	29,229	125,772
Professional	26,177	661	8,645	35,483	50,161	20,087	70,248	105,731
Utilities	34,920	6,349	41,284	82,553	8,641	5,944	14,585	97,138
Occupancy	26,721	4,478	19,654	50,853	7,928	19,794	27,722	78,575
Insurance	22,196	1,866	10,456	34,518	5,102	5,854	10,956	45,474
Program supplies	21,947	173	12,324	34,444	30	12,165	12,195	46,639
Miscellaneous	15,495	263	641	16,399	5,258	11,914	17,172	33,571
Contract labor	-	-	16,500	16,500	-	-	-	16,500
Licenses, fees, and permits	4,583	315	-	4,898	2,505	2,184	4,689	9,587
Telephone	5,202	150	646	5,998	2,208	1,247	3,455	9,453
Conference and meetings	7,820	-	50	7,870	50	-	50	7,920
Printing	319	41	35	395	176	7,287	7,463	7,858
Equipment	4,496	101	-	4,597	-	657	657	5,254
Office supplies	933	29	451	1,413	1,331	587	1,918	3,331
Postage and shipping	43	-	76	119	346	2,559	2,905	3,024
Transportation	1,623	-	426	2,049	896	34	930	2,979
Staff	633	4	11	648	981	252	1,233	1,881
	1,048,927	129,981	225,890	1,404,798	411,789	354,903	766,692	2,171,490
Depreciation	85,878	9,136	54,816	149,830	18,272	14,618	32,890	182,720
	$ 1,134,805	$ 139,117	$ 280,706	$ 1,554,628	$ 430,061	$ 369,521	$ 799,582	$ 2,354,210

ST. LUKE'S COMMUNITY HOUSE (EPISCOPAL), INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 443,753	$ 160,311
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Contribution for endowment	(11,881)	(10,216)
Depreciation	177,477	182,720
Realized/unrealized gain on investments	(115,871)	(174,586)
Gain on sale of building	-	(195,765)
Changes in operating assets and liabilities:		
Contributions and accounts receivable	(7,026)	5,690
Prepaid expenses	(8,894)	(14,400)
Beneficial interest in trust	7,036	5,464
Accounts payable and accrued expenses	(343)	(26,857)
Deferred grant revenue	275,011	-
Net cash flows from operating activities	759,262	(67,639)
Cash flows from investing activities:		
Purchases of property and equipment	(33,208)	(70,083)
Sale of property and equipment	-	346,932
Purchases of investments	(30,327)	(35,073)
Proceeds from liquidation of investments	50,970	48,352
Net cash flows from investing activities	(12,565)	290,128
Cash flows from financing activities:		
Contribution for endowment	11,881	10,216
Net cash flows from financing activities	11,881	10,216
Change in cash and cash equivalents	758,578	232,705
Cash and cash equivalents, beginning of year	1,045,870	813,165
Cash and cash equivalents, end of year	$ 1,804,448	$ 1,045,870

Note 1—Nature of operations and summary of significant accounting policies

St. Luke's Community House (Episcopal), Inc. (the "Organization"), was founded in 1913 by the Daughters of the King, an order of the Episcopal Church. The Organization offers a diversity of services to the community, enabling people to maintain their lives in a more healthy and stable environment. The Organization concerns itself with the welfare and dignity of individuals and seeks to strengthen and support the family unit. The Organization is supported primarily through donor contributions and the United Way.

The following program services are offered by the Organization:

Preschool Childcare – The Organization offers a licensed preschool program with focus on kindergarten readiness, for children from six weeks of age through five years (pre-kindergarten).

Senior Services – The Organization provides free lunches Monday through Friday to low-income seniors, as well as sponsors social and recreational activities for West Nashville seniors.

Family Resource Center – The Organization provides various services to the community, including food boxes, counseling services, tax return preparation, and emergency financial assistance.

Financial Statement Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

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 Organization's management and the Board of Directors.

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent contributions receivable and amounts available for programs.

Use of Estimates – The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – For financial statement purposes, the Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Contributions – The Organization accounts for contributions in accordance with standards of accounting and reporting prescribed for not-for-profit organizations. In accordance with these standards, contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Under these standards, time or purpose restricted contributions are required to be reported as support with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the donor restrictions.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Allowances for uncollectible promises to give are based on management's estimates based on prior collection history.

Investments – Investments are stated at fair value. 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 as of the measurement date. Realized gains and losses, as well as appreciation or depreciation in market value, are reflected in the accompanying financial statements.

Fair Value Measurements – The Organization has an established process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data and third party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. U.S. GAAP has a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following are descriptions of the valuation methodologies used for asset measurement at fair value at December 31, 2020 and 2019:

Investments Maintained as Part of the Episcopal Endowment Corporation Common Trust Fund – Valued at net asset value of shares held by the Organization at year-end.

Beneficial Interest in Trust – Valued using information obtained from third party sources, including financial statements and other information from detailed listing of holdings from the trust. These valuations are typically performed annually, based on the present value of the estimated future distributions the Organization expects to receive over the term of the trust.

Note 1—Nature of operations and summary of significant accounting policies (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Beneficial Interest in Trust – Accounting standards require that the following instrument be recorded as an asset at the present value of the Organization's ultimate interest:

> *Charitable Lead Trust* – A donor has established and funded a trust designating the Organization as a beneficiary of specific distributions to be made over a specified period. Upon termination of the trust, the remainder of the trust assets is to be paid to a beneficiary designated by the donor.

Restricted Endowment Funds – The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the Organization's net asset classification of donor-restricted endowment funds, a description of the Organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the Organization's endowment investment policies, and additional disclosures not previously required.

Land, Buildings, and Equipment – Land, buildings, and equipment are stated in the accompanying statements of financial position at cost, or if contributed, at estimated fair market value at date of gift. Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. Depreciation is calculated using the straight-line basis with estimated useful lives ranging as follows:

Buildings and improvements	5 – 39 years
Equipment and furniture	3 – 10 years

Revenue Recognition – See Note 2.

Donated Services – Donated services are recognized if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by persons possessing those skills and would be purchased if not donated. Amounts have not been reported in the financial statements for certain donated services because they do not meet the criteria for recognition. However, a substantial number of volunteers have donated approximately 1,900 and 6,478 volunteer hours to the Organization's programs during the years ended December 31, 2020 and 2019, respectively. Donated equipment, supplies, and other items are included in the accompanying financial statements at their estimated fair value.

Income Taxes – The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. Accordingly, no provision for income taxes has been made in the financial statements.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort.

Accounting Policies for Future Pronouncements – In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. This new accounting guidance is intended to improve financial reporting about leasing transactions. The ASU affects organizations that lease assets such as real estate and equipment. The ASU will require organizations that lease assets referred to as "Lessees" to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. An organization is to provide disclosures designed to enable users of financial statements to understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements concerning additional information about the amounts recorded in the financial statements. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current U.S. GAAP which requires only capital leases to be recognized on the statement of financial position the new ASU will require both types of leases (i.e., operating and capital) to be recognized on the statement of financial position. The FASB lessee accounting model will continue to account for both types of leases. The capital lease will be accounted for in substantially the same manner as capital leases are accounted for under existing U.S. GAAP. For operating leases, there will have to be the recognition of a lease liability and a lease asset for all such leases greater than one year in term. The standard will be effective for the fiscal year ending December 31, 2023. The Organization is evaluating the impact that this new leasing ASU will have on its financial statements.

Subsequent events – The Organization evaluated subsequent events through May 19, 2021, when the financial statements were available to be issued.

Note 2—Revenue recognition

The Organization adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue when it transfers the promised goods or services to a customer in an amount that reflects consideration to which the entity expects to be entitled to in exchange for those goods and services. The Organization recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction prices
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when or as the Organization satisfies a performance obligation

The Organization has analyzed the provisions of ASC 606 and has concluded the following:

Preschool Tuition Fees – The Organization operates a daycare and preschool for newborns through five years. Such revenue is included in program service revenue in the statements of activities. Revenue is recognized over time as the customer receives the benefit of the Organization's services and when collectability is reasonably assured.

Note 2—Revenue recognition (continued)

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts with customers do not typically include multiple performance obligations.

Payment Terms –The Organization's payment terms vary by the type of products offered. The time between invoicing and when payment is due is not significant. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

Disaggregation of Revenue – The table below depicts the disaggregation of revenue by service for the years ended December 31, 2020 and 2019, and is consistent with how the Organization evaluates financial performance.

	2020	2019
Preschool program fees - general	$ 299,974	$ 434,131
Preschool program fees - DHS subsidy	310,395	152,484
Family Resource Center program fees	9,714	11,791
Development program fees	120	-
	$ 620,203	$ 598,406

Note 3—Liquidity and availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program services, as well as general and administration, to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, compromise the following at December 31, 2020 and 2019.

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 1,804,448	$ 1,045,870
Contributions and accounts receivable	130,086	123,060
Investments	1,364,288	1,269,060
Beneficial interest in trust	22,669	29,705
Total financial assets, at year-end	3,321,491	2,467,695
Less amounts unavailable for general expenditures within one year, due to:		
Net assets restricted for specific purposes	(91,942)	(38,176)
Net assets to be retained in perpetuity	(470,626)	(470,626)
Net assets subject to designation	(916,281)	(853,614)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,842,642	$ 1,105,279

Note 4—Contributions receivable

Contributions receivable are summarized below at December 31, 2020 and 2019:

	2020	2019
Receipts expected within one year	$ 133,086	$ 126,060
Less allowance for estimated uncollectible amounts	(3,000)	(3,000)
	$ 130,086	$ 123,060

Note 5—Beneficial interest in trust

A donor has established a trust held by a third party naming the Organization as a beneficiary of a charitable lead trust. Under terms of the split-interest agreement, the Organization is to receive 3% of the net fair market value of the trust principal for a period of 10 years. Upon termination of the trust, the remaining trust assets are to be distributed to others. Based upon earnings at an estimated rate of 3% over the life of the trust and a 3.04% discount rate, the present value of future benefits expected to be received by the Organization totaled approximately $22,669 and $29,705 at December 31, 2020 and 2019, respectively.

Note 6—Land, buildings, and equipment

Land, buildings, and equipment consist of the following at December 31, 2020 and 2019:

	2020	2019
Land	$ 211,746	$ 211,746
Building and improvements	4,937,565	4,918,137
Equipment and furniture	615,360	615,360
Construction in progress	20,123	6,343
	5,784,794	5,751,586
Accumulated depreciation	(2,985,074)	(2,807,597)
	$ 2,799,720	$ 2,943,989

Depreciation expense amounted to $177,477 and $182,720, respectively for the years ended December 31, 2020 and 2019.

Note 7—Investments

Investments (Level 2) consist of the following at December 31, 2020 and 2019:

	2020	2019
In perpetuity fund	$ 791,946	$ 744,729
Board-designated fund	272,204	255,981
Magruder family endowment fund	300,138	268,350
	$ 1,364,288	$ 1,269,060

The pooled investment funds are invested with other Episcopal churches and institutions at the Episcopal Endowment Corporation. The Organization may withdraw its fund at any time. Investment income recognized by the Organization includes the Organization's share of any gains or losses on such pooled funds. The Organization values these funds as Level 2 because the valuation methodology includes quoted prices for similar assets in active markets.

Investment income is comprised of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest	$ 29,459	$ 43,177
Realized and unrealized gain	115,871	174,586
	$ 145,330	$ 217,763

Note 8—Net assets with donor restrictions

The Organization receives specific contributions for expenses associated with the mission of the Organization. These contributions are classified as net assets with donor restrictions until the restricted purpose has been fulfilled.

The following table represents a summary of net assets with donor restrictions for the years ended December 31, 2020 and 2019:

	2020	2019
Donor-restricted endowment funds	$ 470,626	$ 470,626
Unconditional promise to give due in future periods, net	116,104	121,730
Capital improvements	80,000	11,953
Outcome measurement project	6,175	15,000
Living room project	5,767	6,883
Cultural enrichment	-	4,340
	$ 678,672	$ 630,532

Note 9—Endowment

The Organization's endowment consists of donor-restricted gifts as well as assets designated by the board which are held in investment accounts. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 916,331	$ -	$ 916,331
Donor-restricted endowment funds	-	470,626	470,626
	$ 916,331	$ 470,626	$ 1,386,957

Endowment net asset composition by type of fund as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 853,614	$ -	$ 853,614
Donor-restricted endowment funds	-	470,626	470,626
	$ 853,614	$ 470,626	$ 1,324,240

Changes in endowment net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 853,614	$ 470,626	$ 1,324,240
Contributions	11,881	-	11,881
Investment return	97,749	-	97,749
Distributions, net	(46,913)	-	(46,913)
Endowment net assets, end of year	$ 916,331	$ 470,626	$ 1,386,957

Note 9—Endowment (continued)

Changes in endowment net assets for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 780,896	$ 470,626	$ 1,251,522
Contributions	10,216	-	10,216
Investment return	80,363	-	80,363
Distributions, net	(17,861)	-	(17,861)
Endowment net assets, end of year	$ 853,614	$ 470,626	$ 1,324,240

Interpretation of Relevant Law
The Board of Directors of the Organization has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted endowment (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with time or purpose restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. To the extent unrealized losses exceed original net assets in perpetuity plus gains earned in prior periods and earnings for which donor restrictions have not been met, such losses are recognized as losses in the net asset with donor restriction class. As of December 31, 2020 and 2019, there were no donor-restricted endowment funds that had a market value below the original contribution value.

Endowment Investment Policy and Risk Parameters
The Organization has adopted investment and spending policies for endowment assets to support the Organization and to enable it to more completely fulfill its mission by providing funds for (a) capital needs, (b) operating expenses, (c) programs and special projects, and (d) such other purposes as specifically designated by donors. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as amounts designated by the Board of Directors to be held in perpetuity. Under this policy, as approved by the Board of Directors, the primary objective is to achieve a reasonable return on the assets, while limiting the risk exposure to ensure the preservation of capital. Investment funds are to be maintained as cash or as publicly traded securities.

Strategies Employed for Achieving Investment Objectives
To satisfy its long term objectives, the Organization relies on a strategy meant to preserve the corpus while providing a reasonable return on assets. The Organization has established a long-term investment goal of earning a minimum real rate of return equal to 5% per annum in excess of the rate of inflation, as measured by the greater of the Consumer Price Index or the GNP Deflator. This goal is measured over 5 to 10-year time periods.

Note 9—Endowment (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization determines expendable funds on the basis of a total return principle. The funds available for distribution during any one year shall be determined at the beginning of such year and are limited to 4% of the average value of the corpus. The average value is determined by computing a three-year rolling average of the 12 end-of-quarter market values. Any expended funds from those available for distribution for a given year are accrued and continue to be considered available for distribution in subsequent years, unless otherwise designated by the action of the Board of Directors.

Note 10—Deferred grant revenue

During fiscal 2020, the Organization received a Paycheck Protection Program loan ("PPP") in the amount of $275,011. The PPP loan was granted by the Small Business Administration under the Coronavirus Aid Relief, and Economic Security Act (the 'CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Organization has reflected the loan as deferred grant revenue at December 31,2020, because although the Organization had already taken steps to obtain forgiveness of the loan, conditions for forgiveness had not been met at December 31, 2020. Subsequent to December 31, 2020, the Organization received notification that the loan had been forgiven.

Note 11—Contributions - thrift shop and associated organizations

The Organization receives support from income generated by a local thrift shop. Such contributions totaled $180,000 and $239,300 for the years ended December 31, 2020 and 2019, respectively. The Organization's executive director serves as a board member of the thrift shop.

In addition, the Organization receives contributions from churches and other organizations associated with the Episcopal Church. Contributions from these organizations totaled $240,031 and $200,915 for the years ended December 31, 2020 and 2019, respectively.

Note 12—Benefit plan

Effective February 2001, the Organization established a 401(k) Retirement Savings Plan. Under the plan, the Organization will match up to 6% of employees' contributions to the plan. Retirement plan contributions totaled $36,527 and $36,148 for the years ended December 31, 2020 and 2019, respectively.

Note 13—Concentrations

The Organization maintains its deposits at financial institutions with accounts insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization's balances, at times, may exceed federally insured limits. Amounts in excess of federally insured limits at December 31, 2020 and 2019 were approximately $1,269,000 and $617,000, respectively.

Note 14—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak has caused a material adverse impact on the economic and market conditions. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.