



FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**ALL SAINTS CHURCH
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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Independent Accountant's Review Report

To the Vestry
All Saints Church

We have reviewed the accompanying financial statements of All Saints Church (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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 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 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.

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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of All Saints Church, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Qualified Conclusion

As described in Note 1 to the financial statements, the Church does not record depreciation in the financial statements. In our opinion, U.S. generally accepted accounting principles require that such depreciation be recorded. It was not practicable to determine the effects of the unrecorded depreciation on the financial statements.

To the Vestry
All Saints Church

Qualified Conclusion

Based on our review, except for the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Leaf & Cole LLP

San Diego, California
April 3, 2025

ALL SAINTS CHURCH
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current Assets:</u> (Notes 2, 4 and 5)		
Cash and cash equivalents	\$ 5,975,344	\$ 6,387,002
Investments	749,596	1,429,684
Accounts receivable	10,289	187
Prepaid expenses	93,404	86,008
Total Current Assets	<u>6,828,633</u>	<u>7,902,881</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 5, 6 and 10)		
Right of use asset - operating lease, net	24,197	-
Property and equipment	20,620,123	20,399,073
Endowment investments	2,034,487	1,695,387
Total Noncurrent Assets	<u>22,678,807</u>	<u>22,094,460</u>
TOTAL ASSETS	<u><u>\$ 29,507,440</u></u>	<u><u>\$ 29,997,341</u></u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 10)		
Accounts payable and accrued expenses	\$ 150,163	\$ 171,221
Payroll and related liabilities	135,425	102,835
Operating lease liability, current	8,102	-
Total Current Liabilities	<u>293,690</u>	<u>274,056</u>
<u>Noncurrent Liabilities:</u> (Notes 2 and 10)		
Operating lease liability, net of current portion	15,772	-
Total Noncurrent Liabilities	<u>15,772</u>	<u>-</u>
Total Liabilities	<u>309,462</u>	<u>274,056</u>
<u>Commitments:</u> (Note 10)		
<u>Net Assets:</u> (Notes 2, 7, 8 and 9)		
Without Donor Restrictions:		
Undesignated	21,684,289	21,559,558
Vestry designated	2,514,070	3,095,377
Total Net Assets Without Donor Restrictions	<u>24,198,359</u>	<u>24,654,935</u>
With Donor Restrictions:		
Purpose restrictions	2,354,430	2,264,440
Time restrictions	610,702	1,108,523
Perpetual in nature	2,034,487	1,695,387
Total Net Assets With Donor Restrictions	<u>4,999,619</u>	<u>5,068,350</u>
Total Net Assets	<u>29,197,978</u>	<u>29,723,285</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 29,507,440</u></u>	<u><u>\$ 29,997,341</u></u>

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

ALL SAINTS CHURCH
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and Support:</u>						
Contributions	\$ 3,267,801	\$ 809,435	\$ 4,077,236	\$ 4,574,677	\$ 404,158	\$ 4,978,835
Facilities income	339,125	-	339,125	108,149	-	108,149
Program income	43,349	2,783	46,132	7,295	-	7,295
Investment (loss) income	(106,821)	(358,716)	(465,537)	79,012	179,402	258,414
Net assets released from restrictions	522,233	(522,233)	-	509,193	(509,193)	-
Total Revenue and Support	<u>4,065,687</u>	<u>(68,731)</u>	<u>3,996,956</u>	<u>5,278,326</u>	<u>74,367</u>	<u>5,352,693</u>
<u>Expenses:</u>						
Ministry Expenses:						
Community and care	1,690,775	-	1,690,775	1,662,482	-	1,662,482
Liturgy and music	1,121,672	-	1,121,672	1,087,095	-	1,087,095
Justice and partnership	789,262	-	789,262	774,059	-	774,059
Total Ministry Expenses	<u>3,601,709</u>	<u>-</u>	<u>3,601,709</u>	<u>3,523,636</u>	<u>-</u>	<u>3,523,636</u>
Supportive Services:						
General and administrative	521,612	-	521,612	580,463	-	580,463
Fundraising	398,942	-	398,942	347,706	-	347,706
Total Supportive Services	<u>920,554</u>	<u>-</u>	<u>920,554</u>	<u>928,169</u>	<u>-</u>	<u>928,169</u>
Total Expenses	<u>4,522,263</u>	<u>-</u>	<u>4,522,263</u>	<u>4,451,805</u>	<u>-</u>	<u>4,451,805</u>
Change in Net Assets	(456,576)	(68,731)	(525,307)	826,521	74,367	900,888
Net Assets at Beginning of the Year	<u>24,654,935</u>	<u>5,068,350</u>	<u>29,723,285</u>	<u>23,828,414</u>	<u>4,993,983</u>	<u>28,822,397</u>
NET ASSETS AT END OF YEAR	<u>\$ 24,198,359</u>	<u>\$ 4,999,619</u>	<u>\$ 29,197,978</u>	<u>\$ 24,654,935</u>	<u>\$ 5,068,350</u>	<u>\$ 29,723,285</u>

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

ALL SAINTS CHURCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Ministry Expenses				Supporting Services			
	Liturgy & Music	Community & Care	Justice & Partnership	Total	General and Administrative	Fundraising	Total	Total Expenses
<u>Salaries and Related Expenses:</u>								
Clergy stipend/housing	\$ 125,791	\$ 150,949	\$ 125,791	\$ 402,531	\$ 75,474	\$ 25,158	\$ 100,632	\$ 503,163
Lay compensation	500,253	682,163	45,477	1,227,893	106,114	181,910	288,024	1,515,917
Employee benefits	175,048	233,376	47,977	456,401	50,868	58,005	108,873	565,274
Payroll Taxes	39,362	53,676	3,578	96,616	8,350	14,314	22,664	119,280
Total Salaries and Related Expenses	<u>840,454</u>	<u>1,120,164</u>	<u>222,823</u>	<u>2,183,441</u>	<u>240,806</u>	<u>279,387</u>	<u>520,193</u>	<u>2,703,634</u>
<u>Nonsalary Related Expenses:</u>								
Bad debt	-	-	-	-	38,945	-	38,945	38,945
Communications	9,942	31,182	9,232	50,356	-	14,742	14,742	65,098
Conference and travel	-	4,916	22,077	26,993	2,244	-	2,244	29,237
Contracted services	147,339	153,654	36,557	337,550	36,609	10,456	47,065	384,615
Copying and printing	27,818	12,685	3,689	44,192	2,989	15,969	18,958	63,150
Diocesan assessment	-	-	434,488	434,488	-	-	-	434,488
Dues and subscriptions	4,094	-	-	4,094	657	-	657	4,751
Fees and charges	7,300	9,954	664	17,918	7,117	31,932	39,049	56,967
Fellowship and events	7,797	65,592	2,601	75,990	-	174	174	76,164
Grants to others	-	1,009	35,561	36,570	-	-	-	36,570
Insurance	4,154	26,998	2,077	33,229	6,230	2,077	8,307	41,536
Professional services	-	-	-	-	137,755	18,784	156,539	156,539
Property tax	706	4,587	353	5,646	1,059	353	1,412	7,058
Repairs and maintenance	4,673	30,373	2,336	37,382	7,009	2,336	9,345	46,727
Security and fire services	6,008	39,052	3,004	48,064	9,012	3,004	12,016	60,080
Supplies and equipment	51,014	123,186	8,614	182,814	15,621	14,542	30,163	212,977
Utilities	10,373	67,423	5,186	82,982	15,559	5,186	20,745	103,727
Total Nonsalary Related Expenses	<u>281,218</u>	<u>570,611</u>	<u>566,439</u>	<u>1,418,268</u>	<u>280,806</u>	<u>119,555</u>	<u>400,361</u>	<u>1,818,629</u>
TOTAL EXPENSES	<u>\$ 1,121,672</u>	<u>\$ 1,690,775</u>	<u>\$ 789,262</u>	<u>\$ 3,601,709</u>	<u>\$ 521,612</u>	<u>\$ 398,942</u>	<u>\$ 920,554</u>	<u>\$ 4,522,263</u>

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

ALL SAINTS CHURCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Ministry Expenses				Supporting Services			
	Liturgy & Music	Community & Care	Justice & Partnership	Total	General and Administrative	Fundraising	Total	Total Expenses
<u>Salaries and Related Expenses:</u>								
Clergy stipend/housing	\$ 100,083	\$ 120,100	\$ 100,083	\$ 320,266	\$ 60,050	\$ 20,017	\$ 80,067	\$ 400,333
Lay compensation	414,552	621,828	41,455	1,077,835	165,821	138,184	304,005	1,381,840
Employee benefits	195,307	281,566	53,715	530,588	85,719	60,038	145,757	676,345
Payroll Taxes	34,526	51,789	3,453	89,768	13,810	11,509	25,319	115,087
Total Salaries and Related Expenses	<u>744,468</u>	<u>1,075,283</u>	<u>198,706</u>	<u>2,018,457</u>	<u>325,400</u>	<u>229,748</u>	<u>555,148</u>	<u>2,573,605</u>
<u>Nonsalary Related Expenses:</u>								
Communications	11,239	43,918	11,239	66,396	-	24,203	24,203	90,599
Conference and travel	-	-	1,164	1,164	1,821	-	1,821	2,985
Contracted services	190,720	61,745	45,184	297,649	13,333	3,524	16,857	314,506
Copying and printing	22,976	12,994	3,777	39,747	2,826	4,305	7,131	46,878
Diocesan assessment	-	-	420,912	420,912	-	-	-	420,912
Dues and subscriptions	4,064	13	-	4,077	1,859	-	1,859	5,936
Fees and charges	-	-	-	-	-	44,670	44,670	44,670
Fellowship and events	1,723	22,625	23	24,371	-	-	-	24,371
Grants to others	-	(50)	61,407	61,357	-	-	-	61,357
Insurance	6,920	44,977	3,460	55,357	10,379	3,460	13,839	69,196
Professional services	-	-	-	-	117,323	-	117,323	117,323
Property tax	7,439	48,356	3,720	59,515	11,159	3,720	14,879	74,394
Repairs and maintenance	27,983	179,645	13,819	221,447	41,457	13,819	55,276	276,723
Security and fire services	6,855	44,555	3,427	54,837	10,282	3,427	13,709	68,546
Supplies and equipment	53,001	65,324	2,367	120,692	30,063	11,976	42,039	162,731
Utilities	9,707	63,097	4,854	77,658	14,561	4,854	19,415	97,073
Total Nonsalary Related Expenses	<u>342,627</u>	<u>587,199</u>	<u>575,353</u>	<u>1,505,179</u>	<u>255,063</u>	<u>117,958</u>	<u>373,021</u>	<u>1,878,200</u>
TOTAL EXPENSES	<u>\$ 1,087,095</u>	<u>\$ 1,662,482</u>	<u>\$ 774,059</u>	<u>\$ 3,523,636</u>	<u>\$ 580,463</u>	<u>\$ 347,706</u>	<u>\$ 928,169</u>	<u>\$ 4,451,805</u>

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

**ALL SAINTS CHURCH
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (525,307)	\$ 900,888
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized losses (gains) on investments	481,689	(244,734)
Amortization of right of use asset - operating	1,035	-
(Increase) Decrease in:		
Accounts receivable	(10,102)	(128)
Prepaid expenses	(7,396)	(31,981)
Right of use asset - operating	(25,232)	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	(21,058)	112,506
Payroll and related liabilities	32,590	4,750
Operating lease liability	23,874	-
Net Cash (Used in) Provided by Operating Activities	<u>(49,907)</u>	<u>741,301</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of investments, net	(140,701)	(920,773)
Purchase of property and equipment	(221,050)	(25,067)
Net Cash Used in Investing Activities	<u>(361,751)</u>	<u>(945,840)</u>
Net Decrease in Cash and Cash Equivalents	(411,658)	(204,539)
Cash and Cash Equivalents at Beginning of Year	<u>6,387,002</u>	<u>6,591,541</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 5,975,344</u></u>	<u><u>\$ 6,387,002</u></u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating lease	\$ <u>1,490</u>	\$ <u>-</u>
Right of use assets upon ASU 842 implementation	\$ <u>25,232</u>	\$ <u>-</u>

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

ALL SAINTS CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Organization:

All Saints Church (the “Church”) was organized in 1895 as an inclusive, urban, liberal-spirited church committed to issues of social peace and justice and to the spirit of creativity in all aspects of life. The Church offers various ministries, worship and other activities to its members. The Church is part of the Episcopal Diocese of Los Angeles. The Church is primarily supported through contributions, facility fees and program fees. The Church is incorporated in the State of California and is legally known as “The Rector, Church Wardens and Vestry of All Saints Church of Pasadena, California”.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Church have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions. The governing board (known as the Vestry) has designated, from net assets without donor restrictions, certain assets with specific purposes as disclosed in Note 7.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

ALL SAINTS CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements (Continued)

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Church's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments held by the Church Investment Group are considered Level 2 assets, and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, since these funds are valued monthly by the fund manager and are not traded in an active market.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method, based on historical experience and management's evaluation of outstanding accounts receivable. Management believes that all accounts receivable are fully collectable; therefore, no allowance for doubtful accounts receivable is recorded at December 31, 2022 and December 31, 2021.

Capitalization and Depreciation

The Church capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Church reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Church does not provide for depreciation on its capitalized assets.

Maintenance and repairs are charged to operations as incurred.

Impairment of Real Estate

The Church reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2022 and 2021.

**ALL SAINTS CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Note 2 - Significant Accounting Policies: (Continued)

Lease

The Church leases a vehicle under a non-cancelable operating lease that expires November 14, 2025. Pursuant to the guidance for accounting for leases, the Church accounts for the operating lease as noted below.

The Church determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of, and obtain substantially all of the economic benefits from, the use of an asset for a period of time in exchange for consideration.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. The Church uses the risk-free rate in determining the present value of the lease payments.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Church will exercise that option. The lease does not contain any material residual value guarantee or material restrictive covenants. Lease expense for lease payments is recognized on the straight-line basis over the lease term.

Compensated Absences

Accumulated unpaid vacation totaling \$102,535 and \$66,317 at December 31, 2022 and 2021, respectively, is accrued when incurred, and included in payroll and related payables.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Church that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Each year, the Church asks the members of the congregation to submit pledge cards indicating the donations the members intend to give for the upcoming year. The pledge cards clearly indicate that the information is to be used only for the Church's budgetary purposes, and that the members may rescind the pledges at any time. Since these pledges do not meet the criteria for revenue recognition in accordance with U.S. GAAP, they are reflected as contributions in the statement of activities when collected.

Revenue from facility usage and program income are recognized in the period in which they are earned.

Donated Services

The Church benefits from the services of many volunteers throughout the year. This contribution of services by the volunteers is recognized in the financial statements when the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not donated. The Church did not receive any donated services for the year ended December 31, 2022 and 2021 that met the requirements above; therefore, no amounts were recognized in the financial statements.

ALL SAINTS CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services, based on a cost allocation plan that allocates costs primarily based on the proportion of full-time employee equivalents of a program or supporting service, versus the total Church full-time employee equivalents.

Income Taxes

The Church has been designated as a tax-exempt entity by the Internal Revenue Service, except to the extent of the unrelated business taxable income as defined under IRC Sections 511 through 515 and the California Franchise Tax Board under Sections 501(c)(3) and 23701(d), respectively. The Church had no unrelated business income; accordingly, no tax provision or benefit has been recorded in the financial statements. The Church believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements.

Concentration of Credit Risk

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. The Church believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Church considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

Accounting Pronouncement Adopted

In February 2016, the FASB issued Accounting Standards Codification (“ASC”) 842, *Leases* (“FASB ASC 842”), to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet by lessees, and the disclosure of key information about leasing arrangements.

The Church adopted this guidance Accounting Standards Codification (ASC) 842 in 2022 using the effective date transition method which allows the Church to apply the guidance for the current year presentation and not adjust the prior year numbers. The Church elected the package of practical expedients that allows an entity to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases and (iii) initial direct costs for any expired or existing leases. The Church did not elect to use hindsight for leases existing at the adoption date.

As a result of the adoption of FASB ASC 842 on January 1, 2022, right-of-use assets of \$25,232 and operating lease liability of \$25,232 were recorded.

Subsequent Events

In preparing these financial statements, the Church has evaluated events and transactions for potential recognition or disclosure through April 3, 2025, the date the financial statements were available to be issued, except as disclosed in Note 11.

ALL SAINTS CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 3 - Liquidity and Availability

The Church regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Church considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Church considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditures within one year at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,975,344	\$ 6,387,002
Investments	749,596	1,429,684
Accounts receivable	<u>10,289</u>	<u>187</u>
Total financial assets	<u>6,735,229</u>	<u>7,816,873</u>
Less assets unavailable for general expenditures:		
Cash and investments held for vestry-designated purposes	(2,514,070)	(3,095,377)
Cash and investments held for donor-specified purposes	<u>(2,965,132)</u>	<u>(3,372,963)</u>
Total financial assets not available to be used within one year	<u>(5,479,202)</u>	<u>(6,468,340)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,256,027</u>	<u>\$ 1,348,533</u>

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Appropriations of endowment fund earnings are made in accordance with the spending policy as described in Note 8. Donor-restricted endowment funds that must be held in perpetuity are not available for general expenditure.

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at December 31:

	<u>2022</u>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Balance at December 31, 2022
Church Investment Group	\$ -	\$ 2,784,083	\$ -
	<u>\$ -</u>	<u>\$ 2,784,083</u>	<u>\$ -</u>
			<u>\$ 2,784,083</u>

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Note 4 - Fair Value Measurements: (Continued)

	2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Church Investment Group	\$ -	\$ 3,125,071	\$ -	\$ 3,125,071
	<u>\$ -</u>	<u>\$ 3,125,071</u>	<u>\$ -</u>	<u>\$ 3,125,071</u>

Note 5 - Investments:

The Church maintains its investments at Church Investment Group in Fossil Fuel-Free Multi-Asset Fund Environmental, Social and Governance (ESG) Fund managed by Brown Brother Harriman. Certain funds are classified as noncurrent assets and net assets with donor restrictions of a perpetual nature where donor restrictions stipulate that they must be maintained in perpetuity. Investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Church Investment Group:		
Hixon Endowment	\$ 906,913	\$ 1,065,713
General Endowment	988,457	1,144,924
Sedenquist Endowment	110,537	-
GFR Endowment for Peace & Justice	179,654	211,111
Quasi-endowment fund	<u>598,522</u>	<u>703,323</u>
Total Church Investment Group	<u>2,784,083</u>	<u>3,125,071</u>

	<u>2022</u>	<u>2021</u>
Financial Statement Presentation:		
Current Assets:		
Investments	\$ 749,596	\$ 1,429,684
Noncurrent Assets:		
Restricted Investments:		
Endowment investments	<u>2,034,487</u>	<u>1,695,387</u>
Total Investments	<u>\$ 2,784,083</u>	<u>\$ 3,125,071</u>

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Note 5 - Investments: (Continued)

The following schedule summarizes the investment income (loss) and its classification in the statement of activities for the year ended December 31:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 1,981	\$ 14,171	\$ 16,152
Realized and unrealized losses	(108,803)	(372,886)	(481,689)
Total Investment Loss	<u>\$ (106,822)</u>	<u>\$ (358,715)</u>	<u>\$ (465,537)</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 53	\$ 13,627	\$ 13,680
Realized and unrealized gains	68,665	176,069	244,734
Total Investment Income	<u>\$ 68,718</u>	<u>\$ 189,696</u>	<u>\$ 258,414</u>

Note 6 - Property and Equipment:

Property and equipment consist of the following at December 31:

	2022	2021
Buildings and improvements	\$ 20,270,242	\$ 20,149,192
Furniture and equipment	249,881	249,881
Property and Equipment	<u>\$ 20,620,123</u>	<u>\$ 20,399,073</u>

Note 7 - Vestry-Designated Net Assets:

The Vestry has designated a portion of its resources without donor restrictions for various purposes as follows at December 31:

	2022	2021
Vestry-Designated - Purpose/Use:		
Capital improvements	\$ 40,176	\$ 40,176
Other funds	804	942
PPP loan fund	91,762	360,809
Theatre ministry	2,843	1,238
Women's community	6,389	4,458
Total Vestry-Designated - Purpose/Use	<u>141,974</u>	<u>407,623</u>
Vestry-Designated - Endowment		
Vestry-designated endowment fund (Note 9)	<u>2,372,096</u>	<u>2,687,754</u>
Total Vestry-Designated Funds	<u>\$ 2,514,070</u>	<u>\$ 3,095,377</u>

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Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Church, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Canterbury choir	\$ 1,757	\$ 7,167
Children's choir	5,507	5,507
Coventry choir	9,192	11,326
Education for ministry	-	9
Healing	2,937	2,937
Jack LeVan memorial fund	10,000	10,000
JEB education fund	25,587	25,935
Learning works	3,632	867
LED project	5,073	5,073
LGBTQ+ fund	5,001	-
Life and livelihood	1,850	1,850
Men's community	-	2,690
Miscellaneous	4,651	7,110
Music discretionary	26,689	-
Music exploratory fund	100,000	-
New building	2,063,263	2,063,263
OCC – creative connections	10,769	10,769
Pastoral care	3,213	3,113
Rector's consultant	14,407	20,720
Safe haven program	-	2,534
Sanctuary & immigration relief fund	2,483	4,483
Scholar in residence	2,342	750
Senior saints	3,570	-
Staffing	-	40,000
Transformational journeys	3,769	3,769
VR-Webb fund	45,863	31,693
Youth scholarships	2,875	2,875
Total Subject to Expenditure for Specified Purpose	<u>2,354,430</u>	<u>2,264,440</u>
Subject to the Passage of Time:		
Prepaid pledges	319,481	332,766
Unappropriated earnings on endowments	291,221	775,757
Total Subject to the Passage of Time	<u>610,702</u>	<u>1,108,523</u>
Perpetual in Nature:		
Endowment (Note 9)	<u>2,034,487</u>	<u>1,695,387</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,999,619</u>	<u>\$ 5,068,350</u>

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Note 8 - Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished:		
Canterbury choir	\$ 5,411	\$ 4,793
Coventry choir	2,377	1,619
Education for ministry	-	941
JEB education fund	348	-
Local hunger ministries	260	1,500
Men's community	1,356	796
Miscellaneous	307	5,000
Music discretionary	17,686	44,842
New building	-	7,803
Pastoral care	-	207
Rector's consultant	6,312	7,403
Safe haven program	13,600	25,407
Sanctuary & immigration relief fund	2,000	-
Scholar in residence	908	-
Senior saints	300	-
Other purpose restriction releases	37,485	42,904
Time Restrictions Fulfilled	<u>433,883</u>	<u>365,978</u>
Total Net Assets Released from Restrictions	<u>\$ 522,233</u>	<u>\$ 509,193</u>

Note 9 - Endowment Net Assets:

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Vestry of the Church has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (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 Church classifies as donor-restricted net assets of a perpetual nature as (1) the original value of gifts donated to the permanent endowment; (2) the original value of subsequent gifts donated to the permanent endowment; (3) accumulations of the permanent 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 donor-restricted net assets of a perpetual nature is classified as donor-restricted net assets with time restriction, until those amounts are appropriated for expenditure by the Church in a manner consistent with the standard of prudence prescribed by UPMIFA.

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Note 9 - Endowment Net Assets: (Continued)

In accordance with UPMIFA, the Church considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Church and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Church
- The investment policies of the Church

The Church considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Church has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Church had \$153,769 and \$-0- in underwater endowment funds at December 31, 2022 and 2021, respectively.

The Church has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives, while keeping risk at a moderate level

The Church's endowment funds are invested in debt and other securities that are structured to satisfy its long-term rate-of-return objectives. The Church relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Church's spending policy is to disburse funds available to meet the current program needs of the Church.

Endowment composition by type of fund at December 31:

	2022			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Donor-Restricted Endowment Funds:				
Hixon Endowment	\$ -	\$ (143,106)	\$ 1,000,000	\$ 856,894
General Endowment	-	349,749	833,164	1,182,913
Sedenquist Endowment	-	(10,663)	121,200	110,537
GFR Peace & Justice Endowment	-	95,242	69,223	164,465
General – Radio/Seminarians	-	-	10,900	10,900
Vestry-Designated Endowment Funds:				
Quasi-endowment fund	2,372,096	-	-	2,372,096
Total Endowment Net Assets	<u>\$ 2,372,096</u>	<u>\$ 291,222</u>	<u>\$ 2,034,487</u>	<u>\$ 4,697,805</u>

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Note 9 - Endowment Net Assets: (Continued)

	2021			
	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Donor-Restricted Endowment Funds:				
Hixon Endowment	\$ -	\$ 55,694	\$ 1,000,000	\$ 1,055,694
General Endowment	-	582,832	626,164	1,208,996
GFR Peace & Justice Endowment	-	137,231	69,223	206,454
Vestry-Designated Endowment Funds:				
Quasi-endowment fund	<u>2,687,755</u>	<u>-</u>	<u>-</u>	<u>2,687,755</u>
Total Endowment Net Assets	<u>\$ 2,687,755</u>	<u>\$ 775,757</u>	<u>\$ 1,695,387</u>	<u>\$ 5,158,899</u>

Changes in endowment net assets for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Endowment Net Assets at December 31, 2020	\$ 1,684,035	\$ 663,770	\$ 1,670,387	\$ 4,018,192
Contributions	1,111,805	-	25,000	1,136,805
Transfers	71,345	(54,148)	-	17,197
Investment income	69,054	166,135	-	235,189
Appropriation of endowment assets for expenditures	<u>(248,484)</u>	<u>-</u>	<u>-</u>	<u>(248,244)</u>
Endowment Net Assets at December 31, 2021	<u>2,687,755</u>	<u>775,757</u>	<u>1,695,387</u>	<u>5,158,899</u>
Contributions	118,437	-	339,100	457,537
Transfers	(128,352)	(111,648)	-	(240,000)
Investment loss	(103,157)	(372,887)	-	(476,044)
Appropriation of endowment assets for expenditures	<u>(202,587)</u>	<u>-</u>	<u>-</u>	<u>(202,587)</u>
Endowment Net Assets at December 31, 2022	<u>\$ 2,372,096</u>	<u>\$ 291,222</u>	<u>\$ 2,034,487</u>	<u>\$ 4,697,805</u>

Note 10 - Commitments:

Retirement Plans

The Church participates in the following retirement plans:

Lay 403(b)

Under the Episcopal Church Lay Employees' Defined Contribution Retirement Plan, the Church offers lay employees the opportunity to participate in a defined contribution retirement plan. Employees may contribute up to the maximum allowable under current law of their regular salary annually. The Church contributes a percentage of annual salary and offers a matching contribution to staff who meet eligibility requirements.

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Note 10 - Commitments: (Continued)

Clergy 403(b)

Under the Episcopal Church Retirement Savings Plan (RSVP), the Church offers ordained personnel the opportunity to participate in a defined contribution retirement plan. Clergy may contribute up to the maximum allowable under current law of their regular salary annually. The Church does not make contributions to this plan.

Multi-Employer Plan (unaudited)

The clergy of the Church participate in the Church Pension Fund of the Episcopal Church USA (the “Plan”), a multi-employer pension plan. The risks of participating in multi-employer plans are different from single-employer plans in the following respects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multi-employer plan, the unfunded obligations of the plan may become the responsibility of the remaining participating employers.
- If the Church chooses to stop participating in the multi-employer plan, the Church may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Church Pension Group is the Plan administrator of the Church Pension Fund, a multi-employer pension plan. The Church is one of the participating members, registered under the Employer Identification Number of 95-2861286. The Plan is a “church plan” within the meaning of Internal Revenue Code section 414(e), and the Plan administrator has never made an election under Internal Revenue Code section 401(d) to be treated as a “non-church plan.” As a result, the Plan is not required to annually certify the funded status of the plan. As of March 31, 2022, the Plan’s fiscal year end, the Plan’s financial statements disclose net assets available for pension benefits after amount designated for assessment deficiency of \$14,822,517,000, and the actuarial present value of accumulated plan benefit obligations of \$6,683,016,000. As a result, the plan’s funding position is a net surplus of \$8,139,501,000. Contributions are mandated as 18% of all clergy compensation.

The Church’s contributions under the above arrangements totaled \$102,864 and \$79,202 for the years ended December 31, 2022 and 2021, respectively.

Lease

The Church leases a vehicle under an operating lease agreement through November 14, 2025. Lease expense totaled \$1,167 and \$-0- for the years ended December 31, 2022 and 2021, respectively.

The following summarizes the line items on the statement of financial position for the operating lease included in the measurement of lease liabilities at December 31, 2022:

Operating lease right-of-use asset	\$ <u>24,197</u>
Operating lease liability - current portion	\$ 8,101
Operating lease liability - noncurrent portion	<u>15,772</u>
Total Operating Lease Liabilities	\$ <u>23,873</u>

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Note 10 - Commitments: (Continued)

Lease (Continued)

The following summarizes the weighted average remaining lease term and discount rate at December 31, 2022:

Weighted average remaining lease term - Operating	34 months
Weighted average discount rate	4.24%

The following summarizes the line items in the statement of activities which include the components of lease expense for the year for the year ended December 31, 2022:

Operating lease expense	\$ 1,167
Total Lease Cost	<u>\$ 1,167</u>

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Operating cash flows from operating leases	<u>\$ 1,490</u>
--------------------------------------------	-----------------

The following is a schedule of future minimum lease payments under the lease:

<u>Years Ended December 31</u>	
2023	\$ 8,940
2024	8,940
2025	<u>7,450</u>
Total Lease Payments	25,330
Less: Discount	<u>(1,457)</u>
Present Value of Lease Liabilities	<u>\$ 23,873</u>

Note 11 - Subsequent Event:

The Church incurred an operating loss of \$1.1 million in 2024, which was caused by a drop in giving, unexpected costs associated with the resignation of the Rector, and a delay in reducing expenses to mitigate projected losses. The Church's management began reducing expenses in the first quarter of 2025.