

**THE COLONIAL  
PRESBYTERIAN  
CHURCH**

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**FINANCIAL STATEMENTS**

---

**June 30, 2022 and 2021**

**IFFT & CO. PA**  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Corporate Trustees and the Session  
The Colonial Presbyterian Church  
Kansas City, Missouri

We have reviewed the accompanying financial statements of The Colonial Presbyterian Church (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Church 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 engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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 The Colonial Presbyterian Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

***Accountant's Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Ifft + Co. PA**

December 27, 2022

**THE COLONIAL PRESBYTERIAN CHURCH**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,826,618	2,602,382
Prepaid expenses	<u>56,839</u>	<u>26,382</u>
TOTAL CURRENT ASSETS	2,883,457	2,628,764
LAND, BUILDINGS, AND EQUIPMENT, net	<u>15,297,755</u>	<u>15,462,066</u>
TOTAL ASSETS	<u>\$ 18,181,212</u>	<u>18,090,830</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 37,272	14,870
Accrued expenses	105,347	94,886
Deferred revenues	<u>37,090</u>	<u>44,022</u>
TOTAL CURRENT LIABILITIES	179,709	153,778
<b>NET ASSETS</b>		
Without donor restrictions		
Net investment in land, buildings, and equipment	15,297,755	15,462,066
Designated	554,549	506,482
Undesignated	<u>863,206</u>	<u>824,612</u>
Total without donor restrictions	16,715,510	16,793,160
With donor restrictions	<u>1,285,993</u>	<u>1,143,892</u>
TOTAL NET ASSETS	<u>18,001,503</u>	<u>17,937,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,181,212</u>	<u>18,090,830</u>

See accompanying notes and accountants' review report.

**THE COLONIAL PRESBYTERIAN CHURCH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions			
Tithes and offerings	\$ 4,791,338	283,322	5,074,660
Building campaign	-	285,400	285,400
Missions	-	713,330	713,330
Preschool	-	297,476	297,476
Revenues			
Preschool and daycare tuition and fees	879,868	-	879,868
Interest income	5,731	-	5,731
Miscellaneous income	26,165	-	26,165
Gain on sale of equipment	435	-	435
Net assets released from restrictions	<u>1,437,427</u>	<u>(1,437,427)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<b>7,140,964</b>	<b>142,101</b>	<b>7,283,065</b>
<b>EXPENSES</b>			
Program services			
Ministry	4,000,003	-	4,000,003
Missions	1,452,728	-	1,452,728
Preschool	<u>1,002,484</u>	<u>-</u>	<u>1,002,484</u>
<b>TOTAL PROGRAM SERVICES</b>	<b>6,455,215</b>	<b>-</b>	<b>6,455,215</b>
Fundraising	804	-	804
General and administrative	<u>762,595</u>	<u>-</u>	<u>762,595</u>
<b>TOTAL EXPENSES</b>	<b><u>7,218,614</u></b>	<b><u>-</u></b>	<b><u>7,218,614</u></b>
CHANGE IN NET ASSETS	(77,650)	142,101	64,451
NET ASSETS, BEGINNING OF YEAR	<u>16,793,160</u>	<u>1,143,892</u>	<u>17,937,052</u>
NET ASSETS, END OF YEAR	<u><u>\$ 16,715,510</u></u>	<u><u>1,285,993</u></u>	<u><u>18,001,503</u></u>

See accompanying notes and accountants' review report.

**THE COLONIAL PRESBYTERIAN CHURCH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions			
Tithes and offerings	\$ 4,827,334	202,330	5,029,664
Building campaign	-	31,364	31,364
Missions	-	982,383	982,383
Preschool	-	24,697	24,697
Revenues			
Preschool and daycare tuition and fees	745,471	-	745,471
Interest income	7,903	-	7,903
Miscellaneous income	12,524	-	12,524
Gain on sale of equipment	4,900	-	4,900
Net assets released from restrictions	<u>2,004,758</u>	<u>(2,004,758)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<b>7,602,890</b>	<b>(763,984)</b>	<b>6,838,906</b>
<b>EXPENSES</b>			
Program services			
Ministry	3,842,900	-	3,842,900
Missions	1,710,714	-	1,710,714
Preschool	<u>845,850</u>	<u>-</u>	<u>845,850</u>
<b>TOTAL PROGRAM SERVICES</b>	<b>6,399,464</b>	<b>-</b>	<b>6,399,464</b>
Fundraising	840	-	840
General and administrative	<u>702,361</u>	<u>-</u>	<u>702,361</u>
<b>TOTAL EXPENSES</b>	<b><u>7,102,665</u></b>	<b><u>-</u></b>	<b><u>7,102,665</u></b>
CHANGE IN NET ASSETS	500,225	(763,984)	(263,759)
NET ASSETS, BEGINNING OF YEAR	<u>16,292,935</u>	<u>1,907,876</u>	<u>18,200,811</u>
NET ASSETS, END OF YEAR	<u><u>\$ 16,793,160</u></u>	<u><u>1,143,892</u></u>	<u><u>17,937,052</u></u>

See accompanying notes and accountants' review report.

**THE COLONIAL PRESBYTERIAN CHURCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2022**

	<u>Ministry</u>	<u>Missions</u>	<u>Preschool</u>	<u>Total program services</u>	<u>Fundraising</u>	<u>Facilities/IT maintenance and support</u>	<u>General and administrative</u>	<u>Total</u>
Salaries and wages	\$ 1,753,818	153,468	643,208	2,550,494	-	102,051	482,938	3,135,483
Employee benefits and expenses	447,567	25,620	84,284	557,471	-	17,991	87,631	663,093
Conferences and events	83,967	1,149	10,340	95,456	-	-	-	95,456
Missions support	3,123	1,175,715	-	1,178,838	-	-	-	1,178,838
Mission trips and events	6,487	24,533	-	31,020	-	-	-	31,020
Printing, promotion, website, and mobile app	18,375	6,478	-	24,853	-	-	1,247	26,100
Telephone and IT services	73,545	6,385	-	79,930	-	6,084	23,449	109,463
Technical production and contract musicians	96,460	5,686	-	102,146	-	-	-	102,146
Facility maintenance and utilities	-	-	96,182	96,182	-	511,361	40	607,583
EPC membership	65,050	-	-	65,050	-	-	-	65,050
Community and member care	136,752	35,303	17,105	189,160	-	-	-	189,160
Insurance	6,357	552	2,289	9,198	-	32,946	43,596	85,740
Depreciation	-	-	-	-	-	602,722	-	602,722
Materials, supplies, office equipment, and other	176,066	4,610	46,755	227,431	804	134	11,287	239,656
Payroll and professional expenses	17,841	-	-	17,841	-	-	35,682	53,523
Bank fees	-	-	-	-	-	-	33,581	33,581
Subtotal	<u>2,885,408</u>	<u>1,439,499</u>	<u>900,163</u>	<u>5,225,070</u>	<u>804</u>	<u>1,273,289</u>	<u>719,451</u>	<u>7,218,614</u>
Facilities/IT maintenance and support	<u>1,114,595</u>	<u>13,229</u>	<u>102,321</u>	<u>1,230,145</u>	<u>-</u>	<u>(1,273,289)</u>	<u>43,144</u>	<u>-</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 4,000,003</u></u>	<u><u>1,452,728</u></u>	<u><u>1,002,484</u></u>	<u><u>6,455,215</u></u>	<u><u>804</u></u>	<u><u>-</u></u>	<u><u>762,595</u></u>	<u><u>7,218,614</u></u>

See accompanying notes and accountants' review report.

**THE COLONIAL PRESBYTERIAN CHURCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2021**

	<u>Ministry</u>	<u>Missions</u>	<u>Preschool</u>	<u>Total program services</u>	<u>Fundraising</u>	<u>Facilities/IT maintenance and support</u>	<u>General and administrative</u>	<u>Total</u>
Salaries and wages	\$ 1,639,206	157,291	600,874	2,397,371	-	106,728	452,921	2,957,020
Employee benefits and expenses	475,211	30,801	76,099	582,111	-	18,886	86,603	687,600
Conferences and events	47,753	972	7,558	56,283	-	-	-	56,283
Missions support	-	1,323,752	-	1,323,752	-	-	-	1,323,752
Mission trips and events	-	2,235	-	2,235	-	-	-	2,235
Printing, promotion, website, and mobile app	27,781	13,662	-	41,443	-	-	1,488	42,931
Telephone and IT services	78,818	7,587	-	86,405	-	7,192	24,631	118,228
Technical production and contract musicians	66,674	6,819	-	73,493	-	-	-	73,493
Facility maintenance and utilities	-	-	2,403	2,403	-	517,756	-	520,159
EPC membership	65,005	-	-	65,005	-	-	-	65,005
Community and member care	184,359	150,106	19,945	354,410	-	-	-	354,410
Insurance	6,193	603	1,605	8,401	-	36,204	21,870	66,475
Depreciation	-	-	-	-	-	578,555	-	578,555
Materials, supplies, office equipment, and other	128,848	3,188	35,768	167,804	840	188	11,053	179,885
Payroll and professional expenses	15,328	-	-	15,328	-	-	29,704	45,032
Bank fees	-	-	-	-	-	-	31,602	31,602
Subtotal	<u>2,735,176</u>	<u>1,697,016</u>	<u>744,252</u>	<u>5,176,444</u>	840	1,265,509	659,872	7,102,665
Facilities/IT maintenance and support	<u>1,107,724</u>	<u>13,698</u>	<u>101,598</u>	<u>1,223,020</u>	-	<u>(1,265,509)</u>	<u>42,489</u>	-
<b>TOTAL EXPENSES</b>	<b><u>\$ 3,842,900</u></b>	<b><u>1,710,714</u></b>	<b><u>845,850</u></b>	<b><u>6,399,464</u></b>	<b><u>840</u></b>	<b><u>-</u></b>	<b><u>702,361</u></b>	<b><u>7,102,665</u></b>

See accompanying notes and accountants' review report.

**THE COLONIAL PRESBYTERIAN CHURCH**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 64,451	(263,759)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for building projects	(285,400)	(31,364)
Depreciation	602,722	578,555
Gain on sale of equipment	(435)	(4,900)
Changes in operating assets and liabilities		
Accounts receivable	-	92,480
Prepaid expenses	(30,457)	(15,972)
Accounts payable	22,402	(17,389)
Accrued expenses	10,461	15,968
Deferred revenues	<u>(6,932)</u>	<u>7,777</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>376,812</b>	<b>361,396</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of buildings and equipment	(438,411)	(787,428)
Proceeds from sale of equipment	<u>435</u>	<u>4,900</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(437,976)</b>	<b>(782,528)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for building projects	<u>285,400</u>	<u>31,364</u>
 <b>NET CHANGE IN CASH</b>	<b>224,236</b>	<b>(389,768)</b>
 <b>CASH, BEGINNING OF YEAR</b>	<b><u>2,602,382</u></b>	<b><u>2,992,150</u></b>
 <b>CASH, END OF YEAR</b>	<b><u><u>\$ 2,826,618</u></u></b>	<b><u><u>2,602,382</u></u></b>

See accompanying notes and accountants' review report.



**THE COLONIAL PRESBYTERIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**  
**(See Independent Accountants' Review Report)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Colonial Presbyterian Church (the Church) was founded in the 1950s and incorporated as a Missouri non-profit corporation on February 28, 1959. The Church is voluntarily affiliated with the Evangelical Presbyterian Church (EPC).

The Church's donors and preschool/daycare patrons are located throughout the greater Kansas City, Missouri area.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Net Assets

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 therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The Session has designated, from net assets without donor restrictions, funds for ministry, capital projects, and missions.
- Net assets with donor restrictions – Net assets subject to donor-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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When donor-imposed restrictions are released, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Land, Buildings, and Equipment

Expenditures for buildings and equipment over a nominal amount are recorded at cost and depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of the assets are as follows:

Buildings and improvements	25-50 years
Equipment and furnishings	3-10 years

**THE COLONIAL PRESBYTERIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**  
**(See Independent Accountants' Review Report)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Enrollment fees received in advance for the following period's preschool year are deferred until the start of the preschool year. Monthly preschool tuition is recognized as income each month as services are provided. Contributions are recognized as revenue when cash, securities or other assets, or unconditional promises to give are received.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense totaled \$7,310 and \$18,036 for the years ended June 30, 2022 and 2021, respectively, and is included in printing, promotion, website, and mobile app expense on the accompanying statements of functional expenses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statements of activities. The accompanying statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Tax Status

The Church is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and state law through the exemption of the national denomination. Contributions to the Church are tax deductible within the limitations prescribed by the Code. The Church has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

The Church recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Church is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Church is no longer subject to income tax examinations by the applicable tax authorities for the years before 2019. If any were to be incurred, the Church's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

**THE COLONIAL PRESBYTERIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**  
**(See Independent Accountants' Review Report)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 retains a distinction between operating leases and financing leases, and the classification criteria are substantially similar to previous lease guidance. The main change in the new guidance is the requirement for all leases to be recognized on the statement of financial position at the present value of lease payments. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) - Effective Dates for Certain Entities*, which delayed the effective date of ASU 2016-02, such that the amendments are now required to be adopted for the Church's June 30, 2023 financial statements. The Church is currently evaluating the expected impact on the financial statements.

Subsequent Events

Subsequent events have been evaluated through December 27, 2022, which is the date the financial statements were available to be issued.

NOTE 2 - BANK LINE OF CREDIT

The Church has a \$500,000 line of credit with a bank. The line is collateralized by the assets of the Church, bears interest at a variable rate based on the Wall Street Journal Prime Rate (4.75% at June 30, 2022) and expires in December 2022. There were no borrowings on the line of credit during either year ended June 30, 2022 or 2021.

**THE COLONIAL PRESBYTERIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**  
**(See Independent Accountants' Review Report)**

NOTE 3 - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment included the following at June 30:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 23,518,722	23,080,311
Equipment and furnishings	<u>1,342,038</u>	<u>1,362,508</u>
	24,860,760	24,442,819
Less accumulated depreciation	<u>10,631,461</u>	<u>10,049,209</u>
	14,229,299	14,393,610
Land	<u>1,068,456</u>	<u>1,068,456</u>
Land, buildings, and equipment, net	<u>\$ 15,297,755</u>	<u>15,462,066</u>

NOTE 4 - OPERATING LEASES

The Church leases equipment under operating lease agreements that expire at various dates through September 2025. Total rent expense for the years ended June 30, 2022 and 2021, was \$28,041 and \$31,005, respectively, and is included in materials, supplies, office equipment, and other expense on the accompanying statements of functional expenses.

Future minimum rental payments required under these operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 25,656
2024	25,656
2025	8,151
2026	<u>579</u>
	<u>\$ 60,042</u>

**THE COLONIAL PRESBYTERIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**  
**(See Independent Accountants' Review Report)**

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets restricted by donor stipulations were held for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Building projects	\$ 424,386	577,398
Ministry	206,780	180,742
Missions	431,981	345,999
Preschool	<u>222,846</u>	<u>39,753</u>
Total net assets with donor restrictions	<u>\$ 1,285,993</u>	<u>1,143,892</u>

Net assets released from restrictions due to satisfaction of donor requirements were as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Building projects	\$ 438,411	783,205
Ministry	257,286	246,541
Missions	627,347	954,151
Preschool	<u>114,383</u>	<u>20,861</u>
Total net assets released from restrictions	<u>\$ 1,437,427</u>	<u>2,004,758</u>

NOTE 6 - DESIGNATED NET ASSETS

Net assets without restrictions were designated for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Capital projects	\$ 339,621	234,943
Ministry	172,995	186,614
Missions	<u>41,933</u>	<u>84,925</u>
Total designated net assets	<u>\$ 554,549</u>	<u>506,482</u>

**THE COLONIAL PRESBYTERIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**  
**(See Independent Accountants' Review Report)**

**NOTE 7 - EMPLOYEE BENEFIT PLANS**

The Church contributed to a 403(b) plan covering all clergy and all covered employees. This plan, which is administered by the EPC, allows for voluntary salary deferrals. The Church contributes an amount equal to 10% of base salary and housing allowance for clergy, and through December 31, 2021, the Church matched 33.3% of the first 6% of employee contributions for non-clergy staff. Beginning January 1, 2022, the Church matches 50% of the first 6% of employee contributions for non-clergy staff. Pension expenses under this plan were \$100,007 and \$90,885 for the years ended June 30, 2022 and 2021, respectively, and are included in employee benefits and expenses on the accompanying statements of functional expenses.

**NOTE 8 - RELATED PARTY TRANSACTION**

The Church paid a voluntary per capita fee to the EPC based on its voluntary affiliation with this organization. The Church paid \$65,050 and \$65,005 in fees related to this affiliation for the years ended June 30, 2022 and 2021, respectively.

**NOTE 9 - CONCENTRATION OF RISK**

The Church maintains accounts in two commercial banks. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. During the year ended June 30, 2021, the Church entered into an insured cash sweep deposit placement agreement with one of the banks that results in funds over \$250,000 being placed at destination institutions. The amount placed at each destination institution will not exceed \$250,000. At June 30, 2022 and June 30, 2021, the balance of this insured cash sweep account was \$2,258,787 and \$2,370,908, respectively. In addition, \$443,606 and \$550,598 of the remaining balances with the banks were in excess of FDIC coverage at June 30, 2022 and 2021, respectively.

**NOTE 10 - LIQUIDITY AND AVAILABILITY**

The Church receives contributions that are restricted by donors for particular purposes, such as capital projects, missions, crisis and disaster relief, and others. The Church seeks to honor the donor restrictions for all of these funds. Additionally, the Church receives significant contributions that are not restricted by donors. These contributions are available to meet the majority of current cash operating needs. The Session also has designated contributions without donor restrictions to be used for specific purposes as they see fit. These funds function as a board-designated reserve as the Session has the ability to draw upon them for any operational need. These policies serve to provide sufficient resources to meet the ongoing operational needs of the Church.

**THE COLONIAL PRESBYTERIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**  
**(See Independent Accountants' Review Report)**

NOTE 10 - LIQUIDITY AND AVAILABILITY - Continued

	<u>2022</u>	<u>2021</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 2,826,618	2,602,382
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	1,285,993	1,143,892
Board designated reserves	<u>554,549</u>	<u>506,482</u>
	<u>1,840,542</u>	<u>1,650,374</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 986,076</u>	<u>952,008</u>

As part of the Church's liquidity management plan, the Church periodically invests cash in interest-bearing cash accounts.

NOTE 11 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about accounts receivable, contract assets, and contract liabilities (preschool enrollment fees) for the years ended June 30, 2022 and 2021:

	<u>Accounts</u> <u>Receivable</u>	<u>Contract</u> <u>Assets</u>	<u>Contract</u> <u>Liabilities</u>
Balances, June 30, 2020	\$ -	-	36,247
Revenue recognized that was deferred at the beginning of year	-	-	(36,247)
Increase in deferred revenue due to receipts during the year ended June 30, 2021	<u>-</u>	<u>-</u>	<u>44,022</u>
Balances, June 30, 2021	-	-	44,022
Revenue recognized that was deferred at the beginning of the year	-	-	(44,022)
Increase in deferred revenue due to receipts during the year ended June 30, 2022	<u>-</u>	<u>-</u>	<u>37,090</u>
Balances, June 30, 2022	<u>\$ -</u>	<u>-</u>	<u>37,090</u>

**THE COLONIAL PRESBYTERIAN CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**  
**(See Independent Accountants' Review Report)**

**NOTE 12 - FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocations on a reasonable basis that is consistently applied. All salaries, benefits, and other human resources costs have been allocated based on estimates of time and effort. All facilities related costs have been allocated based primarily on square footage. All other costs were allocated based on identification of the specific area benefited.

**NOTE 13 - RISKS AND UNCERTAINTIES**

In early 2020, the COVID-19 outbreak began disrupting operations and affecting a wide range of industries and their employees. The extent of the impact of COVID-19 on the Church's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact on its revenue sources, programs, employees, vendors, and members, all of which are uncertain and cannot be predicted. The extent to which COVID-19 may impact the Church's financial condition or results of operations is uncertain and cannot be reasonably estimated.