

**ST. PAUL'S EPISCOPAL CHURCH**

**FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTAL INFORMATION**

**JUNE 30, 2021 AND 2020**

*CPAs / ADVISORS*



# ST. PAUL'S EPISCOPAL CHURCH

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## REPORT OF INDEPENDENT AUDITORS

The Rector, Wardens and Vestry  
St. Paul's Episcopal Church  
Indianapolis, Indiana

### Report on the Financial Statements

We have audited the accompanying financial statements of St. Paul's Episcopal Church (the Church), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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.

The Rector, Wardens and Vestry  
St. Paul's Episcopal Church  
Indianapolis, Indiana

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Church as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Supplemental Information

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

*Blue & Co., LLC*

Indianapolis, Indiana  
October 5, 2021

**ST. PAUL'S EPISCOPAL CHURCH**

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020

**ASSETS**

	2021	2020
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,565,083	\$ 1,770,342
Investments - Stewardship funds	37,370,028	29,599,395
Other assets	46,146	33,914
Total current assets	<u>38,981,257</u>	<u>31,403,651</u>
<b>Property and equipment</b>		
Land	137,750	137,750
Buildings and improvements	13,635,876	13,635,876
Furniture and equipment	2,304,814	2,281,665
Fine and decorative art	903,749	903,749
Accumulated depreciation	(7,144,703)	(6,737,451)
Property and equipment, net	<u>9,837,486</u>	<u>10,221,589</u>
Total assets	<u>\$ 48,818,743</u>	<u>\$ 41,625,240</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable and other accrued expenses	\$ 76,168	\$ 115,140
Current portion of long-term debt	-0-	227,355
Total current liabilities	<u>76,168</u>	<u>342,495</u>
<b>Long-term debt, less current portion</b>	<u>6,590,000</u>	<u>6,710,000</u>
Total liabilities	6,666,168	7,052,495
<b>Net assets</b>		
Without donor restrictions		
Undesignated	39,302,965	32,057,349
Vestry-designated	922,293	575,662
Total without donor restrictions	<u>40,225,258</u>	<u>32,633,011</u>
With donor restrictions	1,927,317	1,939,734
Total net assets	<u>42,152,575</u>	<u>34,572,745</u>
Total liabilities and net assets	<u>\$ 48,818,743</u>	<u>\$ 41,625,240</u>

See accompanying notes to financial statements.

## ST. PAUL'S EPISCOPAL CHURCH

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Pledges	\$ 746,016	\$ 82,428	\$ 828,444
Plate offerings	2,301	-0-	2,301
Concerts	12,098	-0-	12,098
Bequests and donations	250,000	1,000	251,000
Memorials, columbarium and other	12,985	4,555	17,540
Miscellaneous revenue	4,311	-0-	4,311
Gain on forgiveness of long-term debt	227,355	-0-	227,355
Net assets released from donor restrictions used for operations	304,457	(304,457)	-0-
Total support and revenue	1,559,523	(216,474)	1,343,049
<b>Expenses</b>			
Faith-based services	1,575,345	-0-	1,575,345
Management and general	826,637	-0-	826,637
Fundraising	116,600	-0-	116,600
Total expenses	2,518,582	-0-	2,518,582
Support and revenue under expenses	(959,059)	(216,474)	(1,175,533)
<b>Non-operating gain (loss), income and grants</b>			
Investment return, net	8,889,825	204,057	9,093,882
Outreach grants	(149,444)	-0-	(149,444)
Interest expense	(189,075)	-0-	(189,075)
Total non-operating gain	8,551,306	204,057	8,755,363
<b>Change in net assets</b>	7,592,247	(12,417)	7,579,830
<b>Net assets, beginning of year</b>	32,633,011	1,939,734	34,572,745
<b>Net assets, end of year</b>	\$ 40,225,258	\$ 1,927,317	\$ 42,152,575

See accompanying notes to financial statements.

## ST. PAUL'S EPISCOPAL CHURCH

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Pledges	\$ 897,718	\$ 78,930	\$ 976,648
Plate offerings	9,910	-0-	9,910
Concerts	52,906	-0-	52,906
Bequests and donations	-0-	50,121	50,121
Memorials, columbarium and other	86,093	3,593	89,686
Miscellaneous revenue	5,797	-0-	5,797
Net assets released from donor restrictions used for property and equipment	350	(350)	-0-
Net assets released from donor restrictions used for operations	306,810	(306,810)	-0-
Total support and revenue	1,359,584	(174,516)	1,185,068
<b>Expenses</b>			
Faith-based services	1,585,450	-0-	1,585,450
Management and general	869,037	-0-	869,037
Fundraising	112,828	-0-	112,828
Total expenses	2,567,315	-0-	2,567,315
Support and revenue under expenses	(1,207,731)	(174,516)	(1,382,247)
<b>Non-operating gain (loss), income and grants</b>			
Investment return, net	834,139	24,569	858,708
Outreach grants	(137,604)	-0-	(137,604)
Interest expense	(192,717)	-0-	(192,717)
Total non-operating gain	503,818	24,569	528,387
<b>Change in net assets</b>	(703,913)	(149,947)	(853,860)
<b>Net assets, beginning of year</b>	33,336,924	2,089,681	35,426,605
<b>Net assets, end of year</b>	\$ 32,633,011	\$ 1,939,734	\$ 34,572,745

See accompanying notes to financial statements.

**ST. PAUL'S EPISCOPAL CHURCH**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021

	Program	Support Services		Total
	Faith-based Services	Management and General	Fundraising	
Salaries, taxes and benefits	\$ 777,950	\$ 410,581	\$ 107,499	\$ 1,296,030
Depreciation	346,163	61,088	-0-	407,251
Diocesan assessment	308,636	-0-	-0-	308,636
Operations	-0-	95,783	-0-	95,783
Maintenance and utilities	-0-	89,877	-0-	89,877
Property	-0-	169,308	-0-	169,308
Choral scholars	17,937	-0-	-0-	17,937
Clergy and pastoral	8,886	-0-	-0-	8,886
Clergy and Rector discretionary	1,339	-0-	-0-	1,339
Concerts	2,934	-0-	-0-	2,934
Faith, justice, and arts	24,950	-0-	-0-	24,950
Ministries				
Children and family	3,667	-0-	-0-	3,667
Youth	1,734	-0-	-0-	1,734
Adult education	3,655	-0-	-0-	3,655
Intergenerational	3,123	-0-	-0-	3,123
On the way	30,593	-0-	-0-	30,593
Stewardship and giving	-0-	-0-	9,101	9,101
Worship - music	20,368	-0-	-0-	20,368
Worship - other	23,410	-0-	-0-	23,410
	<u>\$ 1,575,345</u>	<u>\$ 826,637</u>	<u>\$ 116,600</u>	<u>\$ 2,518,582</u>

See accompanying notes to financial statements.



**ST. PAUL'S EPISCOPAL CHURCH**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020

	Program	Support Services		Total
	Faith-based Services	Management and General	Fundraising	
Salaries, taxes and benefits	\$ 707,800	\$ 426,803	\$ 105,482	\$ 1,240,085
Depreciation	341,403	60,248	-0-	401,651
Diocesan assessment	317,742	-0-	-0-	317,742
Operations	-0-	88,016	-0-	88,016
Maintenance and utilities	-0-	112,428	-0-	112,428
Property	-0-	181,542	-0-	181,542
Choral scholars	17,393	-0-	-0-	17,393
Clergy and pastoral	25,804	-0-	-0-	25,804
Clergy and Rector discretionary	3,436	-0-	-0-	3,436
Concerts	23,334	-0-	-0-	23,334
Faith, justice, and arts	19,700	-0-	-0-	19,700
Ministries				
Children and family	23,939	-0-	-0-	23,939
Youth	10,842	-0-	-0-	10,842
Adult education	4,263	-0-	-0-	4,263
Intergenerational	3,889	-0-	-0-	3,889
On the way	20,795	-0-	-0-	20,795
Stewardship and giving	-0-	-0-	7,346	7,346
Worship - music	34,639	-0-	-0-	34,639
Worship - other	30,471	-0-	-0-	30,471
	<u>\$ 1,585,450</u>	<u>\$ 869,037</u>	<u>\$ 112,828</u>	<u>\$ 2,567,315</u>

See accompanying notes to financial statements.

## ST. PAUL'S EPISCOPAL CHURCH

### STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>Operating activities</b>		
Change in net assets	\$ 7,579,830	\$ (853,860)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized gains on investments	(1,011,416)	(178,731)
Unrealized gains on investments	(7,745,511)	(294,937)
Depreciation	407,251	401,651
Gain on forgiveness of long-term debt	(227,355)	-0-
Changes in assets and liabilities:		
Other assets	(12,232)	10,175
Accounts payable and other accrued expenses	(54,659)	14,746
Net cash flows from operating activities	(1,064,092)	(900,956)
<b>Investing activities</b>		
Purchases of property and equipment	(7,461)	(156,589)
Purchases of investments	(4,137,814)	(3,507,807)
Sales of investments	5,124,108	4,582,196
Net cash flows from investing activities	978,833	917,800
<b>Financing activities</b>		
Proceeds from issuance of long-term debt	-0-	227,355
Principal payments on long-term debt	(120,000)	(215,000)
Net cash flows from financing activities	(120,000)	12,355
Net change in cash and cash equivalents	(205,259)	29,199
<b>Cash and cash equivalents, beginning of year</b>	1,770,342	1,741,143
<b>Cash and cash equivalents, end of year</b>	\$ 1,565,083	\$ 1,770,342
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 189,075	\$ 192,717
<b>Non-cash investing activities</b>		
Purchases of property and equipment in accounts payable and accrued expenses	\$ 15,687	\$ -0-

See accompanying notes to financial statements.

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES

St. Paul's Episcopal Church (the Church) was organized and incorporated as a not-for-profit entity under the applicable provisions of the Internal Revenue Code. The significant accounting policies followed by the Church in the preparation of its financial statements are as follows:

#### Basis of Accounting

The Church's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America, and have been prepared with a focus on the entity as a whole. Net assets, revenues, support, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of the Church are classified and reported as follows:

- *Net assets without donor restrictions:* Net assets that are currently available for operating purposes under the direction of the Vestry or designated by the Vestry for specific use.
- *Net assets with donor restrictions:* Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

#### Use of 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. Estimates also affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and certificates of deposit with original maturities of three months or less when purchased. The Church maintains cash and cash equivalents with banks, which at times may exceed federally insured amounts. The Church believes that it is not exposed to any significant credit risk on cash and cash equivalents.

#### Investments and Investment Income

Investments consist primarily of money market mutual funds, equity securities, fixed income securities, limited partnerships and hedge funds. Investments in marketable equity and debt securities are measured at fair value in the statements of financial position. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income or loss, net of any investment expenses (including net realized and unrealized gains and losses on investments, interest and dividends) is included in investment return, net as a component of non-operating gain (loss), income and grants within the statements of activities and changes in net assets.

## ST. PAUL'S EPISCOPAL CHURCH

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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Limited partnership investments generally consist of investments in real estate global funds. Restrictions may apply to the underlining investments depending on the fund.

Hedge fund investments consist of several multi-strategy, offshore hedge funds of funds that employ a variety of investment strategies. The Church utilizes hedge funds to reduce (hedge) the investment risk associated with debt and equity securities and to diversify the investment portfolio in accordance with the Vestry approved investment policy. Hedge funds may invest and trade in many different markets, strategies and instruments (including securities, non-securities and derivatives) and are not subject to the same regulatory requirements as mutual funds. The funds invest with hedge funds and other experienced portfolio managers or otherwise utilizes the services of investment advisors or other investment managers employing a variety of trading styles or strategies, including, but not limited to, convertible and fixed income arbitrages, merger or risk arbitrage and other event-driven investing, distressed and other high yield debt, long/short equity, multi-strategy and other market-neutral strategies. The hedge funds are carried at fair value as estimated by utilizing the net asset valuations provided by the underlying private investment companies in accordance with accounting principles generally accepted in the United States of America and are subject to annual audits. A summary of the terms of the various types of hedges funds is noted in the Fair Value Measurements footnote.

The estimated values of the limited partnership and hedge fund investments may differ significantly from the values that would have been used had a ready market for the investments in the funds existed and the difference could be material. Limited partnership and hedge fund investments totaled approximately \$12,884,000 (34% of investment portfolio) and \$9,199,000 (31% of investment portfolio) as of June 30, 2021 and 2020, respectively. Gains and losses for the limited partnership and hedge fund investments are recorded in investment return, net.

Net gains and losses from investments include both unrealized and realized gains and losses. Unrealized gains and losses result from market value appreciation or depreciation. Realized gains and losses result from the excess or deficiency of sales proceeds compared to the cost basis for the investment sold.

#### Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Maintenance, repairs and minor renewals are expensed as incurred.

Provisions for depreciation of property and equipment are computed using a straight-line method based upon an estimated useful life ranging from 5 to 40 years.

Fine and decorative art is recorded at the estimated fair value at the time of donation. The fine and decorative art is comprised of various silver and brass pieces, paintings, and musical instruments. No depreciation is recognized on the fine and decorative art as they are cultural in nature and the Church has the intent and ability to preserve and protect them.

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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### Support and Revenue

Contributions, including pledges, plate offerings, bequests and donations, and memorials, columbarium and other as defined in the statements of activities and changes in net assets, as well as unconditional promises to give, are recognized when received as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence or absence of donor restrictions.

The Church reports gifts of cash and other assets as contributions with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. If a restriction is fulfilled in the same reporting period in which the contribution is received, the contribution is reported as net assets without donor restrictions. Net assets with donor restrictions of a perpetual duration are those that the donor has requested to be held in perpetuity. In accordance with the donor stipulation, certain investment income earned on net assets with donor restrictions of a perpetual duration can be used for purposes other than the donor restricted purpose. Accordingly, such income is recorded in net assets without donor restrictions as it is earned and expended. Net assets with donor restrictions of a specified purpose or time are those that the donor has requested to be held for certain expenditure or period of time. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from donor restrictions. Absent any donor restrictions, gifts of cash and other assets are recorded as contributions of net assets without donor restrictions.

Bequests are recognized at the time the Church is notified by an estate and it is determined the Church has an established right to the bequest and the proceeds are measurable.

Unconditional promises to give with payments due in future years have an implied restriction to be used in the year the payment is due unless the contribution is clearly intended to support activities of the current year or is received with restrictions. Conditional promises to give are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. The Church also evaluates whether a contribution is unconditional or conditional based on the absence or presence of barriers and any right of return provisions.

### Contributed Services

The Church receives a substantial amount of services donated by its members in carrying out the Church's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

### Outreach Grants

Unconditional outreach grants provided by the Church are charged to expense when awarded. Certain outreach grants are considered conditional and are not expended until the prerequisite conditions have been met by the grantee. There were no conditional outreach grants at June 30, 2021 and 2020.

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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### Functional Allocation of Expenses

The costs of supporting the programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Expenses are also summarized on a natural basis in the statements of functional expenses. Expenses have been allocated among program, management and general, and fundraising categories based on actual direct expenditures and cost allocations based on estimates of time spent by the Church's personnel. The expenses that are allocated include salaries and wages and depreciation. Although the methods used were appropriate, alternative methods may provide different results.

### Federal and State Income Taxes

The Church is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code and as such, the Church is generally exempt from income taxes. As a religious organization, the Church is not required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Church and recognize a tax liability if the Church has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Church, and has concluded that as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

### Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to conform with the current year presentation. The reclassifications have no impact on previously reported net assets or change in net assets.

### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Church's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued.

### Subsequent Events

The Church has evaluated events or transactions occurring subsequent to the statement of financial position sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued, which is October 5, 2021.

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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### Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which the Church is not required to adopt until its year ending June 30, 2023, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

In September 2020, the FASB issued ASU No. 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard is intended to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit (NFP) organizations, including information on how those assets are used and how they are valued. This standard requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. In addition, there are expanded disclosure requirements. The Church will be required to adopt this ASU in its year ending June 30, 2022.

The Church is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

## **2. INVESTMENTS**

Investments consist of the following as of June 30, 2021 and 2020:

	2021	2020
Common stocks	\$ 2,723,025	\$ 1,947,832
Money market mutual funds	68,446	45,405
Mutual funds - equities	18,158,463	14,920,574
Mutual funds - fixed income	3,536,593	3,486,754
Hedge funds	8,285,016	5,830,537
Limited partnership funds	4,598,485	3,368,293
	<u>\$ 37,370,028</u>	<u>\$ 29,599,395</u>

Investment return, net included in non-operating gain (loss), income and grants on the statements of activities and changes in net assets is comprised of the following for 2021 and 2020:

	2021	2020
Interest and dividends	\$ 394,220	\$ 442,211
Realized gains on investments	1,011,416	178,731
Unrealized gains on investments	7,745,511	294,937
Investment trustee fees	(57,265)	(57,171)
	<u>\$ 9,093,882</u>	<u>\$ 858,708</u>

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# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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### 3. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

- *Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Church has the ability to access.
- *Level 2:* Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the assets or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the assets or liability.
- *Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2021 and 2020:

- *Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.
  - *Money market mutual funds:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
  - *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Church are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at the price. The mutual funds held by the Church are deemed to be actively traded.
  - *Limited partnership funds:* Funds are valued at the percentage ownership of the NAV as reported to the Church by the individual managers.
  - *Hedge funds:* Valued at fair value as estimated utilizing the NAV provided by the underlying private investment companies. The funds invest in several multi-strategy, offshore hedge funds of funds that employ a variety of strategies.
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## ST. PAUL'S EPISCOPAL CHURCH

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

The following tables set forth by level, within the hierarchy, the Church's assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020:

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Assets				
Investments				
Common stocks				
Healthcare	\$ 2,723,025	\$ 2,723,025	\$ -0-	\$ -0-
Money market mutual funds	68,446	-0-	68,446	-0-
Mutual funds - equities				
Large cap equities	9,188,476	9,188,476	-0-	-0-
Small cap equities	946,807	946,807	-0-	-0-
International equities	8,023,180	8,023,180	-0-	-0-
Total mutual funds - equities	18,158,463	18,158,463	-0-	-0-
Mutual funds - fixed income				
Fixed income	3,536,593	3,536,593	-0-	-0-
	24,486,527	\$ 24,418,081	\$ 68,446	\$ -0-
Hedge funds (a)	8,285,016			
Limited partnership funds (a)	4,598,485			
	\$ 37,370,028			
June 30, 2020				
	Total	Level 1	Level 2	Level 3
Assets				
Investments				
Common stocks				
Healthcare	\$ 1,947,832	\$ 1,947,832	\$ -0-	\$ -0-
Money market mutual funds	45,405	-0-	45,405	-0-
Mutual funds - equities				
Large cap equities	6,117,616	6,117,616	-0-	-0-
Small cap equities	2,373,146	2,373,146	-0-	-0-
International equities	6,429,812	6,429,812	-0-	-0-
Total mutual funds - equities	14,920,574	14,920,574	-0-	-0-
Mutual funds - fixed income				
Fixed income	3,486,754	3,486,754	-0-	-0-
	20,400,565	\$ 20,355,160	\$ 45,405	\$ -0-
Hedge funds (a)	5,830,537			
Limited partnership funds (a)	3,368,293			
	\$ 29,599,395			

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts present in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the statements of financial position.

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

The Church holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

### Fair Value of Investments in Entities that Use Net Asset Value

June 30, 2021						
Investment	Fair Value	Subscription	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Lockup
Global equity						
Pointer Offshore Ltd	\$ 3,693,465	Quarterly	N/A	Semi-annual	95 days	2 - year rolling
Global fixed						
The Canyon Value Realization Fund (Cayman) Ltd	\$ 909,958	Monthly	N/A	Quarterly	60 days	None
Diversifying strategies						
BlackRock Appreciation Strategy Fund Ltd	\$ 3,681,593	Monthly	N/A	Quarterly	95 days	None
Limited partnerships						
AG Net Lease Realty FD II Ltd Partnership	\$ 25,497	None	\$ 15,000	None*	N/A	None
FEG Private Opportunities	\$ 3,815,131	None	\$ 389,500	None*	N/A	None
Harvest MLP Income FD II LLC Ltd Partnership	\$ 757,857	None	N/A	None*	N/A	None
June 30, 2020						
Investment	Fair Value	Subscription	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Lockup
Global equity						
Pointer Offshore Ltd	\$ 2,940,792	Quarterly	N/A	Semi-annual	95 days	2 - year rolling
Global fixed						
The Canyon Value Realization Fund (Cayman) Ltd	\$ 716,246	Monthly	N/A	Quarterly	60 days	None
Diversifying strategies						
BlackRock Appreciation Strategy Fund Ltd	\$ 2,173,499	Monthly	N/A	Quarterly	95 days	None
Limited partnerships						
AG Net Lease Realty FD II Ltd Partnership	\$ 48,369	None	\$ 15,000	None*	N/A	None
FEG Private Opportunities	\$ 2,767,175	None	\$ 432,000	None*	N/A	None
Harvest MLP Income FD II LLC Ltd Partnership	\$ 552,749	None	N/A	None*	N/A	None

\*None indicates investments are classified as liquid

#### 4. LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	2021	2020
Note payable to The National Bank of Indianapolis	\$ 6,590,000	\$ 6,710,000
Note payable to the Small Business Administration as part of the Paycheck Protection Program	-0-	227,355
	<u>\$ 6,590,000</u>	<u>\$ 6,710,000</u>

During 2008, the Church issued \$9,100,000 in Indiana Variable Rate Demand Bonds Series 2008 (taxable). The proceeds of the Bonds were used by the Church to refund portions of the Church's outstanding construction loan used to renovate and expand the Church building and pay for bond costs of issuance.

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Effective October 27, 2016, the Church refunded its Series 2008 Revenue Bonds by issuing a fixed rate, long-term note payable to The National Bank of Indianapolis. This note, in the amount of \$7,550,000, is due October 27, 2026, with interest only payments due on a monthly basis, commencing November 1, 2016 and continuing through and including October 1, 2026. The Church's investments serve as collateral. The note payable bears interest at a fixed per annum rate of 2.80%. Principal payments were \$120,000 and \$215,000 during 2021 and 2020, respectively.

In April 2020, the Church received a low interest loan of approximately \$227,000 under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The PPP loan was unsecured, bore interest at 1% and funds advanced were subject to forgiveness, if certain criteria were met, with the remaining balance repayable within two years of disbursement. The PPP loan was forgivable to the extent that the Church incurred and spent the funds on qualified expenditures, which included payroll, employee health insurance, rent, utilities, and interest costs during the covered period as defined by the PPP guidance. In addition, the Church was required to maintain specified employment and wage levels during the pandemic and submit adequate documentation of such expenditures to qualify for loan forgiveness. The Church accounted for the PPP loan as debt and recognized any forgiveness when it was legally forgiven by the SBA, which occurred in November 2020. During 2021, the Church recognized approximately \$227,000 as a gain on forgiveness of long-term debt within support and revenue in the statement of activities and changes in net assets.

### 5. NET ASSETS

Included in net assets without donor restrictions as of June 30, 2021 and 2020 are the following Vestry designated and contributed funds:

	2021	2020
Columbarium	\$ 135,265	\$ 98,786
Designated	54,681	54,681
Reahard	732,347	422,195
	<u>\$ 922,293</u>	<u>\$ 575,662</u>

Included in net assets with donor restrictions as of June 30, 2021 and 2020 are the following:

	2021	2020
Endowments		
Subject to expenditure for specified purposes		
Capital campaign	\$ 333,236	\$ 575,917
Concerts	385,992	277,127
Roberts fund for library	227,763	173,950
Miller fund for youth	228,226	165,254
Memorial	14,285	10,682
Altar guild	4,192	4,189
Sabbatical	6,643	6,638
Episcopal church women	2,076	2,075
Renovation	1,329	327
Total subject to expenditure for specified purposes	<u>\$ 1,203,742</u>	<u>\$ 1,216,159</u>

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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	2021	2020
Endowments		
Total subject to expenditure for specified purposes	\$ 1,203,742	\$ 1,216,159
Not subject to expenditure		
Investment in perpetuity, the income of which is expendable to support Church operations:		
Reahard	637,986	637,986
Miller	50,000	50,000
Roberts	10,000	10,000
House	9,683	9,683
Schley	7,158	7,158
Hollett	5,000	5,000
Jeffrey	3,748	3,748
Total not subject to expenditure	<u>723,575</u>	<u>723,575</u>
Total endowments	<u>\$ 1,927,317</u>	<u>\$ 1,939,734</u>

### 6. ENDOWMENT FUNDS

The Church's endowment consists of individual funds established for a variety of purposes. The endowment includes donor-restricted funds to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Church to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of the Relevant Law

The Vestry of the Church has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift and all subsequent gifts absent explicit donor stipulations to the contrary. As a result of this interpretation, the Church classifies as net assets with donor restrictions not subject to expenditure in perpetuity, (a) the original value of the gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity 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 not subject to expenditure in perpetuity is classified as net assets with donor restrictions subject to expenditure for specified purposes until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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

- 1) The duration and preservation of the fund
- 2) The purposes of the Church and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Church
- 7) The investment policies of the Church.

### Underwater Endowment Funds

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 Church to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are to be reported in net assets without donor restrictions. The Church believes there were no such deficiencies as of June 30, 2021 and 2020.

### Return Objectives and Risk Parameters

The Church has adopted investment and spending policies for endowment assets that attempt to achieve long-term growth of assets while preserving capital. Endowment assets include Vestry-designated and donor restricted endowment funds. Under the Church's policies, endowment assets are invested in a manner that is intended to produce an average annual real total return in excess of the spending policy over a full market cycle net of investment income. Actual returns in any given year may vary from this amount.

### Strategies Employed for Achieving Objectives

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Church targets a diversified asset allocation that incorporates growth assets, diversifiers, inflation sensitive and deflation hedge investments to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Church adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the endowment assets. In establishing this policy, the Church considered the long-term expected return on its endowment. Accordingly, over the long-term, the Church expects the current spending policy to allow its endowment to grow an average of 3% annually. This is consistent with the Church's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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The Church has a policy of appropriating for distribution each year a portion of its endowment assets with donor restrictions required to be expended for specified purposes by donor. The amount is recommended by the finance committee for the approval of the Church's Vestry each year.

The endowment net assets by type of fund as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Endowment funds with donor restrictions		
Original donor-restricted gift amount and amounts required to be expended for specified purposes by donor	\$ 1,203,742	\$ 1,216,159
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	723,575	723,575
Total endowment funds with donor restrictions	<u>\$ 1,927,317</u>	<u>\$ 1,939,734</u>

For 2021 and 2020, the Church had the following endowment related activities:

	<u>2021</u>	<u>2020</u>
Endowment funds with donor restrictions, beginning of year	\$ 1,939,734	\$ 2,089,681
Interest and dividends	9,834	14,177
Net appreciation in fair value of investments	194,223	10,392
Contributions	87,983	132,644
Net assets released from donor restrictions	(304,457)	(307,160)
Endowment funds with donor restrictions, end of year	<u>\$ 1,927,317</u>	<u>\$ 1,939,734</u>

### 7. EMPLOYEE RETIREMENT EXPENSE

The Church is required by Canon Law to be a participating employer in the Church Clergy Pension Plan of the Episcopal Church, which is a multi-employer defined benefit plan of the Church Pension Fund, established to provide retirement income benefits to eligible clergy of the participating employers of the Episcopal Church in the United States of America. Participants must have five years of credited service to be eligible for retirement benefits and are fully vested after five years or upon attaining age 65. Contributions to the plan are made at 18% of the participant's eligible compensation. Participants may retire at age 60 with less than 30 years of credited service and receive a reduced benefit. Participants retiring at age 55, with 30 years of credited service will receive full benefits. It is the Church's policy to make the minimum annual pension contributions required, therefore, no pension liability is accrued on the statements of financial position. Pension contributions in the amount of approximately \$44,000 was made to the Church Pension Fund for the benefit of the clergy in 2021 and 2020.

# ST. PAUL'S EPISCOPAL CHURCH

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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The Church is a participating employer in the Episcopal Church Lay Employees Defined-Contribution Plan, which is a multi-employer plan of the Church Pension Fund, established to provide retirement income benefits to eligible lay employees of participating employers of the Episcopal Church in the United States of America. Employees become eligible to participate once they attain age 18, have completed one full year of services, and have worked 1,000 or more hours per year. The Church contributes 9% of each eligible employee's total compensation to the plan. Participants are fully vested upon entering the plan. The related expense for 2021 and 2020 approximated \$80,000 and \$75,000, respectively.

### 8. COMMITMENTS AND CONTINGENCIES

#### Pandemic

In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may continue to adversely impact the local, regional, national and global economies. The extent to which COVID-19 continues to impact the Church's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Impacts include, but are not limited to, additional costs for responding to COVID-19, potential shortages of personnel, potential shortages of supplies, loss of, or reduction to, revenue, and investment portfolio declines. Management believes the Church is taking appropriate actions to respond to the pandemic. However, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

### 9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Church's financial assets available for general expenditure within one year of the June 30, 2021 and 2020 statements of financial position dates are as follows:

	2021	2020
Cash and cash equivalents	\$ 1,565,083	\$ 1,770,342
Investments - Stewardship funds	37,370,028	29,599,395
Less amounts held with donor restrictions	(1,927,317)	(1,939,734)
Less amounts held with Vestry designations	(922,293)	(575,662)
Miscellaneous accounts receivable	26,146	19,449
	<u>\$ 36,111,647</u>	<u>\$ 28,873,790</u>

Except as noted, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position dates. Accounts receivable are subject to implied time restrictions, but are expected to be collected within one year. The Church has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Church does not intend to liquidate the investments balance (other than amounts appropriated for general expenditure as part of the annual endowment draw determined by the Vestry of the Church); however, the investments could be made available, if necessary.

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**SUPPLEMENTAL INFORMATION**



**ST. PAUL'S EPISCOPAL CHURCH**

STATEMENT OF FINANCIAL POSITION – INTERFUND ELIMINATION DETAIL  
JUNE 30, 2021

<b>ASSETS</b>			
	Pre-Eliminations		
	Balance	Eliminations	Balance
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,565,083	\$ -0-	\$ 1,565,083
Investments - Stewardship funds	37,370,028	-0-	37,370,028
Other assets	46,146	-0-	46,146
Total current assets	<u>38,981,257</u>	<u>-0-</u>	<u>38,981,257</u>
<b>Property and equipment</b>			
Land	137,750	-0-	137,750
Buildings and improvements	13,635,876	-0-	13,635,876
Furniture and equipment	2,304,814	-0-	2,304,814
Fine and decorative art	903,749	-0-	903,749
Accumulated depreciation	(7,144,703)	-0-	(7,144,703)
Property and equipment, net	<u>9,837,486</u>	<u>-0-</u>	<u>9,837,486</u>
Total assets	<u>\$ 48,818,743</u>	<u>\$ -0-</u>	<u>\$ 48,818,743</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and other accrued expenses	\$ 76,168	\$ -0-	\$ 76,168
<b>Long-term debt</b>			
Total liabilities	<u>6,590,000</u>	<u>-0-</u>	<u>6,590,000</u>
	<u>6,666,168</u>	<u>-0-</u>	<u>6,666,168</u>
<b>Net assets</b>			
Without donor restrictions			
Undesignated	39,302,965	-0-	39,302,965
Vestry-designated	922,293	-0-	922,293
Total without donor restrictions	<u>40,225,258</u>	<u>-0-</u>	<u>40,225,258</u>
With donor restrictions	1,927,317	-0-	1,927,317
Total net assets	<u>42,152,575</u>	<u>-0-</u>	<u>42,152,575</u>
Total liabilities and net assets	<u>\$ 48,818,743</u>	<u>\$ -0-</u>	<u>\$ 48,818,743</u>

See Report of Independent Auditors on pages 1 and 2.

**ST. PAUL'S EPISCOPAL CHURCH**

STATEMENT OF FINANCIAL POSITION – INTERFUND ELIMINATION DETAIL  
JUNE 30, 2020

<b>ASSETS</b>			
	Pre-Eliminations		
	Balance	Eliminations	Balance
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,770,342	\$ -0-	\$ 1,770,342
Investments - Stewardship funds	29,599,395	-0-	29,599,395
Other assets	33,914	-0-	33,914
Total current assets	<u>31,403,651</u>	<u>-0-</u>	<u>31,403,651</u>
<b>Property and equipment</b>			
Land	137,750	-0-	137,750
Buildings and improvements	13,635,876	-0-	13,635,876
Furniture and equipment	2,281,665	-0-	2,281,665
Fine and decorative art	903,749	-0-	903,749
Accumulated depreciation	(6,737,451)	-0-	(6,737,451)
Property and equipment, net	<u>10,221,589</u>	<u>-0-</u>	<u>10,221,589</u>
Total assets	<u>\$ 41,625,240</u>	<u>\$ -0-</u>	<u>\$ 41,625,240</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and other accrued expenses	\$ 115,140	\$ -0-	\$ 115,140
Current portion of long-term debt	227,355	-0-	227,355
Total current liabilities	<u>342,495</u>	<u>-0-</u>	<u>342,495</u>
<b>Long-term debt, less current portion</b>	<u>6,710,000</u>	<u>-0-</u>	<u>6,710,000</u>
Total liabilities	<u>7,052,495</u>	<u>-0-</u>	<u>7,052,495</u>
<b>Net assets</b>			
Without donor restrictions			
Undesignated	32,057,349	-0-	32,057,349
Vestry-designated	575,662	-0-	575,662
Total without donor restrictions	<u>32,633,011</u>	<u>-0-</u>	<u>32,633,011</u>
With donor restrictions	1,939,734	-0-	1,939,734
Total net assets	<u>34,572,745</u>	<u>-0-</u>	<u>34,572,745</u>
Total liabilities and net assets	<u>\$ 41,625,240</u>	<u>\$ -0-</u>	<u>\$ 41,625,240</u>

See Report of Independent Auditors on pages 1 and 2.

## ST. PAUL'S EPISCOPAL CHURCH

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – INTERFUND ELIMINATION DETAIL YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
<b>Support and revenue</b>				
Operating endowment draw	\$ 1,350,000	\$ -0-	\$ (1,350,000)	\$ -0-
Pledges	746,016	82,428	-0-	828,444
Plate offerings	2,301	-0-	-0-	2,301
Concerts	12,098	-0-	-0-	12,098
Bequests	250,000	1,000	-0-	251,000
Memorials, columbarium and other	12,985	4,555	-0-	17,540
Miscellaneous revenue	4,311	-0-	-0-	4,311
Gain on forgiveness of long-term debt	227,355	-0-	-0-	227,355
Net assets released from donor restrictions used for operations	304,457	(304,457)	-0-	-0-
Total support and revenue	2,909,523	(216,474)	(1,350,000)	1,343,049
<b>Expenses</b>				
Salaries, taxes and benefits	1,296,030	-0-	-0-	1,296,030
Depreciation	407,251	-0-	-0-	407,251
Diocesan assessment	308,636	-0-	-0-	308,636
Operations	95,783	-0-	-0-	95,783
Maintenance and utilities	89,877	-0-	-0-	89,877
Property	169,308	-0-	-0-	169,308
Choral scholars	17,937	-0-	-0-	17,937
Clergy and pastoral	8,886	-0-	-0-	8,886
Clergy and Rector discretionary	1,339	-0-	-0-	1,339
Concerts	2,934	-0-	-0-	2,934
Faith, justice, and arts Ministries	24,950	-0-	-0-	24,950
Children and family	3,667	-0-	-0-	3,667
Youth	1,734	-0-	-0-	1,734
Adult education	3,655	-0-	-0-	3,655
Intergenerational	3,123	-0-	-0-	3,123
On the way	30,593	-0-	-0-	30,593
Stewardship and giving	9,101	-0-	-0-	9,101
Worship - music	20,368	-0-	-0-	20,368
Worship - other	23,410	-0-	-0-	23,410
Total expenses	2,518,582	-0-	-0-	2,518,582
Support and revenue over (under) expenses	390,941	(216,474)	(1,350,000)	(1,175,533)
<b>Non-operating gain (loss), income and grants</b>				
Investment return, net	8,889,825	204,057	-0-	9,093,882
Outreach grants	(149,444)	-0-	-0-	(149,444)
Operating endowment draw	(1,350,000)	-0-	1,350,000	-0-
Interest expense	(189,075)	-0-	-0-	(189,075)
Total non-operating gain	7,201,306	204,057	1,350,000	8,755,363
<b>Change in net assets</b>	7,592,247	(12,417)	-0-	7,579,830
<b>Net assets, beginning of year</b>	32,633,011	1,939,734	-0-	34,572,745
<b>Net assets, end of year</b>	\$ 40,225,258	\$ 1,927,317	\$ -0-	\$ 42,152,575

See Report of Independent Auditors on pages 1 and 2.

**ST. PAUL'S EPISCOPAL CHURCH**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – INTERFUND ELIMINATION DETAIL  
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
<b>Support and revenue</b>				
Operating endowment draw	\$ 1,466,663	\$ -0-	\$ (1,466,663)	\$ -0-
Pledges	897,718	78,930	-0-	976,648
Plate offerings	9,910	-0-	-0-	9,910
Concerts	52,906	-0-	-0-	52,906
Bequests	-0-	50,121	-0-	50,121
Memorials, columbarium and other	86,093	3,593	-0-	89,686
Miscellaneous revenue	5,797	-0-	-0-	5,797
Net assets released from donor restrictions used for property and equipment	350	(350)	-0-	-0-
Net assets released from donor restrictions used for operations	306,810	(306,810)	-0-	-0-
<b>Total support and revenue</b>	<u>2,826,247</u>	<u>(174,516)</u>	<u>(1,466,663)</u>	<u>1,185,068</u>
<b>Expenses</b>				
Salaries, taxes and benefits	1,240,085	-0-	-0-	1,240,085
Depreciation	401,651	-0-	-0-	401,651
Diocesan assessment	317,742	-0-	-0-	317,742
Operations	88,016	-0-	-0-	88,016
Maintenance and utilities	112,428	-0-	-0-	112,428
Property	181,542	-0-	-0-	181,542
Choral scholars	17,393	-0-	-0-	17,393
Clergy and pastoral	25,804	-0-	-0-	25,804
Clergy and Rector discretionary	3,436	-0-	-0-	3,436
Concerts	23,334	-0-	-0-	23,334
Faith, justice, and arts	19,700	-0-	-0-	19,700
Ministries				
Children and family	23,939	-0-	-0-	23,939
Youth	10,842	-0-	-0-	10,842
Adult education	4,263	-0-	-0-	4,263
Intergenerational	3,889	-0-	-0-	3,889
On the way	20,795	-0-	-0-	20,795
Stewardship and giving	7,346	-0-	-0-	7,346
Worship - music	34,639	-0-	-0-	34,639
Worship - other	30,471	-0-	-0-	30,471
<b>Total expenses</b>	<u>2,567,315</u>	<u>-0-</u>	<u>-0-</u>	<u>2,567,315</u>
Support and revenue over (under) expenses	258,932	(174,516)	(1,466,663)	(1,382,247)
<b>Non-operating gain (loss), income and grants</b>				
Investment return, net	834,139	24,569	-0-	858,708
Outreach grants	(137,604)	-0-	-0-	(137,604)
Operating endowment draw	(1,466,663)	-0-	1,466,663	-0-
Interest expense	(192,717)	-0-	-0-	(192,717)
<b>Total non-operating gain (loss)</b>	<u>(962,845)</u>	<u>24,569</u>	<u>1,466,663</u>	<u>528,387</u>
<b>Change in net assets</b>	(703,913)	(149,947)	-0-	(853,860)
<b>Net assets, beginning of year</b>	<u>33,336,924</u>	<u>2,089,681</u>	<u>-0-</u>	<u>35,426,605</u>
<b>Net assets, end of year</b>	<u>\$ 32,633,011</u>	<u>\$ 1,939,734</u>	<u>\$ -0-</u>	<u>\$ 34,572,745</u>

See Report of Independent Auditors on pages 1 and 2.