

ST BONIFACE CHURCH
FINANCIAL STATEMENTS
Year Ended December 31, 2019

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11
Schedule of Net Assets with Donor Restrictions.....	12
Schedule of Net Assets - Vestry Designated	13

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INDEPENDENT AUDITOR'S REPORT

To the Vestry
St. Boniface Church
Siesta Key, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of St. Boniface Church (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statement referred to above present fairly, in all material respects, the financial position of St. Boniface Church as of December 31, 2019, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mercurio & Maxwell, CPA's, LLC

Mercurio & Maxwell CPA's, LLC
Sarasota, Florida
September 24, 2020

ST BONIFACE CHURCH
STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

	2019
Cash	\$ 209,588
Cash with donor restrictions	29,599
Investments	2,814,261
Investments with donor restrictions	279,390
Inventory	5,833
Prepaid expense	235
Right of use asset, net	910
Land, buildings, and equipment, net	951,081
Total Assets	\$ 4,290,897

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 12,589
Accrued expenses	37,604
Deferred pledges	129,273
Designated for outreach	250
Lease liability	910
Other liabilities	3,890
Total liabilities	184,516
Net Assets	
Net assets without donor restrictions	
Undesignated	37,558
Vestry designated	2,808,753
Land, buildings, and equipment	951,081
Total net assets without donor restrictions	3,797,392
Net assets with donor restrictions	308,989
Total net assets	4,106,381
Total Liabilities and Net Assets	\$ 4,290,897

See accompanying notes to financial statements.

ST BONIFACE CHURCH
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2019
Support:			
Contributions:			
Offering revenue	\$ 895,593	\$ -	\$ 895,593
Other designated revenue	433,825	-	433,825
Other income	133,854	-	133,854
Designated revenue	-	4,988	4,988
Investment gain/(loss)	431,064	11,281	442,345
Investment income	71,638	1,809	73,447
Total support	<u>1,965,974</u>	<u>18,078</u>	<u>1,984,053</u>
Net assets released from restriction:			
For programs	495	(495)	-
Total net assets released from restriction	<u>495</u>	<u>(495)</u>	<u>-</u>
Expenses			
Administration - clergy & lay	667,096	-	667,096
Depreciation	112,057	-	112,057
Diocesan contribution	104,090	-	104,090
Facility maintenance and repairs	150,507	-	150,507
General expense	124,710	-	124,710
Office	56,146	-	56,146
Outreach	49,257	-	49,257
Programs and christian education	110,753	-	110,753
Other designated expenses	15,188	-	15,188
Designated purposes	495	-	495
Total expenses	<u>1,390,299</u>	<u>-</u>	<u>1,390,299</u>
Increase (decrease) in net assets	576,171	17,583	593,754
Beginning net assets	3,307,071	303,236	3,610,307
Transfer	11,830	(11,830)	-
Prior period adjustment	(97,680)	-	(97,680)
Ending net assets	<u>\$ 3,797,392</u>	<u>\$ 308,989</u>	<u>\$ 4,106,381</u>

See accompanying notes to financial statements.

ST BONIFACE CHURCH
STATEMENT OF CASH FLOWS
December 31, 2019

	2019
Increase/Decrease in net assets	\$ 593,754
Cash flows from operating activities	
Depreciation	112,057
Increase in inventory	(657)
Decrease in prepaid expense	4,727
Decrease in Accounts receivable	3,087
Increase in right of use asset, net	(910)
Increase in accounts payable	4,083
Decrease in accrued expense	(1,581)
Increase in deferred pledges	129,273
Decrease in designated	(2,729)
Increase in lease liability	910
Increase in other liabilities	671
Realized and unrealized (gains) losses on investments	(442,345)
Net cash used by operating activities	400,340
Cash flows from investing activities:	
Purchase of investments	(905,306)
Purchase of property and equipment	(90,877)
Net cash provided by investing activities	(996,183)
Net increase (Decrease) in cash and cash equivalents	(595,843)
Cash and cash equivalents, beginning of year	835,030
Cash and cash equivalents, end of year	\$ 239,187
Supplemental disclosure of cash flow information:	
Cash paid during the year for	
Interest	\$ -
Unrelated business income tax	\$ -
Supplemental disclosure of non-cash investing and financing activity	
Accounts payable for property and equipment	\$ -
Equipment financed through capital lease arrangement	\$ -

See accompanying notes to financial statements.

ST BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – St Boniface Church (the Church) is a not-for-profit organization existing under the laws of the State of Florida. The accounting and reporting policies of the Church are in accordance with accounting principles adopted by the Episcopal Church and approved by the General Convention and conform to general practices within the non-profit industry.

The Church is governed by its Congregation, the Vestry, and the Rector in accordance with the constitution, canons, doctrine, discipline and worship of the Episcopal Church of the United States and of the Episcopal Church in the Diocese of Southwest Florida. The mission of the Church is to continue in Christ's love to welcome, invite and include all in worship, healing, teaching, fellowship, and service in our diverse, inclusive Christian community. The church has approximately 573 members.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities in accordance with generally accepted accounting principles. Net Assets, revenues, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. A schedule of restricted net assets follows on page 12.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets limited by donor-imposed restriction. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. As contributions with donor-imposed restrictions are expended, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

Contributions, including unconditional promise to give (Pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. At December 31, 2019, the Church had no outstanding pledges or bequests.

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 disclosures. Actual results could differ from those estimates.

Fair Value Measurements – The consolidated financial statements are prepared in accordance with FASB ASC 820, Fair Value Measurement, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized

ST BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

or disclosed at fair value in the consolidated financial statements or on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price)

in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar or identical instruments in active markets or non-active markets or other significant observable inputs.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Cash – Cash consists of cash on deposit with financial institutions. The Church considers all highly liquid assets with a maturity of three months or less when purchased as cash. Financial instruments which potentially subject the Church to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits.

Investments – Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

Property and Equipment – Property and equipment additions over are recorded at cost, or if donated, at fair value on the date of donation. Real Estate is presented at cost, or where costs were not available, at appraised value when the assets were originally recorded. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expenses current operations.

Donated Services – Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of the contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Expenses – According to generally accepted accounting principles, the Church must report expenses on a functional basis between various programs and supporting services. The Church considers all expenses to be program related.

Federal Income Tax – The church is a non-profit entity under the laws of the State of Florida and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The church is listed as a subordinate of the group exemption of the Protestant Episcopal Church in the United States of America and therefore is exempt from income tax. Accordingly, the accompanying financial statements reflect no provision for income taxes. The church has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to review other matters that may be considered tax positions. No amounts of unrecognized tax benefits have been recorded by the church as of December 31, 2019, or 2018.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets

ST BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement – Presentation of Financial Statements of Not-for-Profit Entities: In June 2018, the FASB issued ASU 2018-08, Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The Diocese adopted ASU 2018-08 effective January 1, 2019, and determined that the adoption will not result in a material change to how it accounts for revenue from gifts and grants.

NOTE B – AVAILABILITY AND LIQUIDTY

Financial assets available for general expenditure, that is without donor or other restrictions limiting the use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 209,588
Prepaid expense	235
Total	<u>\$ 209,823</u>

Investments consist of general and donor-restricted funds. Income from donor-restricted funds is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted funds are not available for general expenditure.

As part of the liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds.

NOTE C – PROPERTY AND EQUIPMENT

The following is a summary of the Church's property and equipment as of December 31, 2019;

Land and improvements	\$ 4,243,625
Furniture, fixtures and equipment	575,582
Organ and musical instruments	485,054
Art objects	51,848
Plant equipment and signs	<u>96,297</u>
	5,452,406
Less accumulated depreciation	<u>(4,501,325)</u>
Total	<u>\$ 951,081</u>

ST BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE D – LEASES

Beginning in November 2016, the church leased office equipment under a Right of use operating lease expiring in 2021.

Right of use asset	
Financed lease cost	\$ 3,570
Amortization of right of use asset	<u>(2,660)</u>
Remaining lease cost	<u>\$ 910</u>

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Lease</u>
2020	\$ 840
2021	70
2022	-
2023	-
2024 and thereafter	-
	<u>\$ 910</u>

NOTE E – INVESTMENTS

The investment portfolio was comprised of debt securities and investment securities which are carried at fair market value. The fair value of investment securities at December 31, 2019, was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
US Equity	\$ 1,609,623	\$ 160,568	\$ 1,770,191
International Developed	225,730	22,516	248,246
Stocks	10,882	-	10,882
Emerging Markets	227,286	22,671	249,957
Mutual Funds	2,519	-	2,519
Fixed Income	<u>738,221</u>	<u>73,635</u>	<u>811,856</u>
	<u>\$ 2,814,261</u>	<u>\$ 279,390</u>	<u>\$ 3,093,651</u>

Gains (Losses) on investment transactions consist of the following:

Realized gain (loss)	\$ 20,883	\$ 566	\$ 21,449
Unrealized gain (loss)	<u>410,181</u>	<u>10,715</u>	<u>420,896</u>
	<u>\$ 431,064</u>	<u>\$ 11,281</u>	<u>\$ 442,345</u>

ST BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE F – FAIR VALUE MEASUREMENTS

The Church’s assets measured at fair value by level in the fair value hierarchy described in Note A “Fair Value Measurements” consists of the following at December 31, 2019

	Unrestricted Investments Fair Value Measurements		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 3,093,651	\$ -	\$ -
Total	\$ 3,093,651	\$ -	\$ -

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

The Church’s auxiliary activities are detailed on the Schedule of Net Assets with Donor Restrictions on page 12. These funds have been designated for a specific purpose by the donor. Auxiliary activities are included in the financial statements of the Church.

NOTE H– NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors and are detailed on the Schedule of Net Assets with Donor Restrictions on page 12.

NOTE I – DEFERRED CONTRIBUTION PLAN

A retirement plan is available for clergy through the Church Pension Fund which is administered by the Episcopal Church. The Church contributes eighteen percent of eligible clergy’s compensation to the plan. The Church’s contribution to this plan in 2019 was \$32,119.

A retirement plan is available for lay employees who meet certain requirements through a 403(b) Mutual Fund defined contribution plan. The plan provides for the matching of amounts contributed by the employees up to certain percentages of gross wages. Contributions are fully vested in the first year. The Church’s contribution to this plan in 2019 was \$23,400.

NOTE J– PAYROLL TAXES

The Church prepared, filed and paid in full taxes in the amount of \$22,065 related to employee payroll during 2019. The Church offers health insurance to qualified employees.

NOTE K – ASSOCIATION OF RELATED CHURCHES

The Church is a constituent of the Protestant Episcopal Church in the United States of America and is a parish of the Episcopal Diocese of Southwest Florida. The Church is subject to an apportionment of unrestricted contributions received and restricted contributions when expended. In 2019, the Church contributed \$104,090.

ST BONIFACE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE L – PRIOR PERIOD ADJUSTMENT

Retained earnings have been adjusted to correct errors that were discovered that affected the books and records before the period of this audit.

	Without Donor Restrictions	With Donor Restrictions
Beginning balance net assets	\$ 3,307,071	\$ 303,236
To remove from prior year Revenue deferred to current year	(97,680)	-
Adjusted beginning net assets	<u>\$ 3,209,391</u>	<u>\$ 303,236</u>

NOTE M – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the financial condition, liquidity, and future results of operations of the organization. Management is actively monitoring the situation on its financial condition, liquidity, operations, workforce and parishioners. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the church is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year ended 2020.

The Church has evaluated subsequent events through September 24, 2020, the date which the financial statements were available to be issued.

ST BONIFACE CHURCH
SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS
Year Ended December 31, 2019

	Beginning Balance 01/01/2019	Transfers	Restricted Revenue	Investment Income	Investment Gain/(Loss)	Restricted Expenses	Ending Balance 12/31/2019
With restrictions							
Best (environmental)	\$ 2,003	\$ (550)	\$ 125	\$ -	\$ -	\$ -	\$ 1,578
Betty C Pancoast memorial	24,897	-	-	-	-	-	24,897
Boniface scholarship	21,305	-	100	-	-	-	21,405
Scholarship interest	2,610	(400)	-	710	231	(196)	2,955
Scholarship unrealized gain/(loss)	822	-	-	-	4,238	-	5,060
Boniface speakers fund	9,921	-	-	-	-	-	9,921
Building fund	5,148	(54)	601	-	-	-	5,695
Counseling center outreach fund	1,685	-	-	-	-	-	1,685
Ditella seminary	2,000	-	-	-	-	-	2,000
Ditella interest	865	(718)	-	69	29	(20)	225
Ditella unrealized gain/(loss)	105	-	-	-	447	-	552
Family promise project	2,463	(40)	50	-	-	-	2,473
Father's day tool fund	2,813	(1,435)	1,462	-	-	-	2,840
Memorial - designated	6,550	(1,643)	500	-	-	-	5,407
Music fund	1,420	(3,570)	2,150	-	-	-	-
Pancoast interest	9,048	(3,420)	-	1,030	306	(279)	6,685
Pancoast unrealized gain/(loss)	1,166	-	-	-	6,030	-	7,196
Total temporarily restricted	<u>\$ 94,821</u>	<u>\$ (11,830)</u>	<u>\$ 4,988</u>	<u>\$ 1,809</u>	<u>\$ 11,281</u>	<u>\$ (495)</u>	<u>\$ 100,574</u>
With perpetual restrictions							
Endowment principal	\$ 166,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,717
Capital reserve principal	31,698	-	-	-	-	-	31,698
Cushman fund	10,000	-	-	-	-	-	10,000
Total with perpetual restrictions	<u>\$ 208,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,415</u>
Total restricted funds	<u><u>\$ 303,236</u></u>	<u><u>\$ (11,830)</u></u>	<u><u>\$ 4,988</u></u>	<u><u>\$ 1,809</u></u>	<u><u>\$ 11,281</u></u>	<u><u>\$ (495)</u></u>	<u><u>\$ 308,989</u></u>

See accompanying notes to financial statements.

ST BONIFACE CHURCH
SCHEDULE OF NET ASSETS - VESTRY DESIGNATED
Year Ended December 31, 2019

	Beginning Balance 01/01/2019	Transfers	Revenue	Investment Income	Investment Gain/(Loss)	Expenses	Ending Balance 12/31/2019
Vestry designated							
Building funds	\$ 103,300	\$ 157,701	\$ -	\$ 6,704	\$ 36,542	\$ (2,170)	\$ 302,077
Bequest - to be designated	613,197	(706,125)	337,430	-	-	-	244,502
Church groups	12,440	(11,311)	13,416	-	-	-	14,545
Columbarium fund	30,080	(2,066)	4,200	-	-	-	32,214
Endowment funds	1,263,360	358,079	-	47,192	287,056	(13,017)	1,942,670
Memorial funds	18,597	(16,368)	3,155	-	-	-	5,384
Outreach	-	8,000	-	-	-	-	8,000
Special offerings	13,757	(9,001)	17,225	-	-	-	21,981
Other miscellaneous funds	151,925	(74,136)	58,399	-	101,192	-	237,380
	<u>\$ 2,206,656</u>	<u>\$ (295,227)</u>	<u>\$ 433,825</u>	<u>\$ 53,896</u>	<u>\$ 424,790</u>	<u>\$ (15,188)</u>	<u>\$ 2,808,753</u>

See accompanying notes to financial statements.