

**CHURCH OF THE HOLY APOSTLES**  
**REVIEWED FINANCIAL STATEMENTS**  
**Year ended December 31, 2020**

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## TABLE OF CONTENTS

	<b>Page</b>
<b>Independent Accountants' Review Report</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-14

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Reimer, McGuinness & Associates, PC

CPAs & Advisors

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Vestry of  
Church of the Holy Apostles  
Houston, Texas

We have reviewed the accompanying financial statements of Church of the Holy Apostles (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, 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.

*Reimer, McGuinness & Associates, P.C.*

Houston, TX  
October 18, 2021

## **FINANCIAL STATEMENTS**

**CHURCH OF THE HOLY APOSTLES  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

	<b>2020</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 197,143
Investments - unrestricted	56,184
Other current assets	6,959
<b>TOTAL CURRENT ASSETS</b>	<b>260,286</b>
 <b>PROPERTY AND EQUIPMENT, NET</b>	 <b>3,545,226</b>
 <b>OTHER ASSETS</b>	
Cash restricted for ministry and facility purposes	32,738
Investments - restricted	94,342
<b>TOTAL OTHER ASSETS</b>	<b>127,080</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 3,932,592</b>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 17,609
Accrued expenses	12,767
Notes payable	84,567
Deferred donations	6,250
<b>TOTAL CURRENT LIABILITIES</b>	<b>121,193</b>
 <b>NON CURRENT LIABILITIES</b>	
Notes payable, net of current portion	1,556,283
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>1,556,283</b>
 <b>TOTAL LIABILITIES</b>	 <b>1,677,476</b>
 <b>NET ASSETS</b>	
Without donor restriction	2,128,036
With donor restriction	127,080
<b>TOTAL NET ASSETS</b>	<b>2,255,116</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 3,932,592</b>

See independent accountant's review report and notes to the financial statements.

**CHURCH OF THE HOLY APOSTLES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING DECEMBER 31, 2020**

	<b>2020</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	
<b>Revenues and gains</b>	
Contributions and support	\$ 946,929
Missions and outreach offering	8,488
Investment income, net	1,637
Diocese grant	47,470
Gain on extinguishment of debt	68,400
Other income	17,062
	1,089,986
<b>TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTION</b>	
<b>Net assets released from restrictions</b>	
Restrictions satisfied by payments	119,733
<b>TOTAL REVENUES AND GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>	1,209,719
<b>EXPENDITURES</b>	
Program Services	925,066
Fundraising	7,960
General & Administrative	329,476
<b>TOTAL EXPENDITURES</b>	1,262,502
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	(52,783)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	
<b>REVENUES</b>	
Contributions and support	1,500
Capital campaign offering	17,615
Missions and outreach offering	60,999
Investment income, net	4,479
<b>Total revenues and gains with donor restrictions</b>	84,593
<b>Net assets released from restrictions</b>	
Restrictions satisfied by payments	(119,733)
<b>DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	(35,140)
<b>DECREASE IN NET ASSETS</b>	(87,923)
<b>NET ASSETS, BEGINNING OF YEAR</b>	2,343,039
<b>NET ASSETS AT END OF YEAR</b>	\$ 2,255,116

See independent accountant's review report and notes to the financial statements.

**CHURCH OF THE HOLY APOSTLES  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>PROGRAM SERVICES</b>								
	<b>WORSHIP</b>	<b>DISCIPLESHIP</b>	<b>MISSION &amp; OUTREACH</b>	<b>FAMILY</b>	<b>LEADERSHIP</b>	<b>TOTAL PROGRAM SERVICES</b>	<b>FUNDRAISING</b>	<b>MANAGEMENT &amp; GENERAL</b>	<b>2020 TOTAL</b>
Payroll and benefits	\$ 116,244	\$ 25,376	\$ 42,395	\$ 174,229	\$ 38,810	\$ 397,054	\$ -	\$ 150,879	\$ 547,933
Missions and outreach	-	-	39,624	926	-	40,550	7,960	-	48,510
Ministry	3,799	2,291	5,538	7,362	362	19,352	-	433	19,785
Operations	12,431	2,713	4,151	18,638	4,151	42,084	-	16,140	58,224
Facilities and equipment	36,038	7,607	11,729	54,534	11,639	121,547	-	45,252	166,799
Diocesan expenditures	22,010	4,804	7,350	33,000	7,350	74,514	-	28,578	103,092
Interest	17,480	3,815	5,838	26,207	5,838	59,178	-	22,695	81,873
Depreciation	50,447	11,011	16,847	75,635	16,847	170,787	-	65,499	236,286
Other operating expenses	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 258,449</b>	<b>\$ 57,617</b>	<b>\$ 133,472</b>	<b>\$ 390,531</b>	<b>\$ 84,997</b>	<b>\$ 925,066</b>	<b>\$ 7,960</b>	<b>\$ 329,476</b>	<b>\$ 1,262,502</b>

See independent accountant's review report and notes to the financial statements.

**CHURCH OF THE HOLY APOSTLES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>
<b>Cash flows from operating activities</b>	
Decrease in net assets	\$ (87,923)
Depreciation	236,286
Unrealized (gains)/losses on investments	89
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:	
Increase in other current assets	5,660
Increase in accounts payable	(7,176)
Increase in accrued expenses	(14,467)
Increase in deferred donations	(14,542)
Net cash provided by operating activities	117,927
 <b>Cash flows from investing activities</b>	
Purchase of investments	(6,166)
Sale/withdrawals of investments	37,600
Purchase of property and equipment	(7,600)
Net cash provided by operating activities	23,834
 <b>Cash flows from financing activities</b>	
Debt reductions	(80,809)
Net cash used by financing activities	(80,809)
 <b>Net increase in cash</b>	60,952
 <b>Cash, cash equivalents and restricted cash</b>	
Beginning of year	168,929
End of year	\$ 229,881
 <b>Supplemental disclosure</b>	
Cash paid for interest	\$ 81,873
Cash paid for income taxes	\$ -

See independent accountant's review report and notes to the financial statements.



**NOTES TO FINANCIAL STATEMENTS**

# CHURCH OF THE HOLY APOSTLES

## Notes to the financial statements

December 31, 2020

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### NOTE 1 – NATURE OF ORGANIZATION

Church of the Holy Apostles (the “Church” or “COTHA”) began in 1994 as a mission church of the Episcopal Diocese of Texas. The Church was incorporated as a Texas Nonprofit Corporation in 1999. In 2000, the Church moved into our current facility on Grand Parkway, Katy, Texas.

Church of the Holy Apostles is a Biblically faithful community that connects people to Christ through love in action.

COTHA wants to be the example of the church that Jesus described in the book of Acts and that Christians modeled in the early Christian movement. We believe the importance of a relationship with Jesus Christ that transforms every part of who we are, so that we represent God and His kingdom to the world.

#### Our Core Values:

Worship: is limited only by scripture and our willingness to respond. In our desire to reach all seekers we welcome visitors to “come as they are” to join in our worship of God as the body of Christ in spirit and truth. Our worship combines a blend of the rich traditional liturgy of the Episcopal faith along with contemporary music and praise.

Discipleship: is the process of becoming fully devoted followers of Jesus Christ. We endeavor to provide a wide variety of opportunities which teach biblical truth to all ages and stages of discipleship and formation. These include weekly Sunday school classes for all ages and weekly Bible studies. We value the importance of love and support through personal relationships and encourage connection to all people inside and outside of our parish through small group discipleship.

Mission & Outreach: is sharing the message of hope in Jesus Christ to a broken and dying world. As a Gospel imperative, it is best evidenced through our love in action. We seek to show God’s love in action through annual adult mission trips to Guatemala and Africa along with regional youth and adult mission activities.

Family: we believe that families and youth are central pillars to our church and community. We strive to strengthen all families by providing them with a strong Biblical spiritual foundation and formation through our educational and social activities which are centered around basic Christian values.

Leadership: all believers are given gifts to be used in furthering the Kingdom. We are committed to help each person identify their gifts and equip and grow them as leaders to send into ministry, both within the church and throughout the world.

# CHURCH OF THE HOLY APOSTLES

## Notes to the financial statements

December 31, 2020

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Church is presented to assist in understanding the Church's financial statements. The financial statements and notes are the representation of the Church's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

#### Basis of Accounting

The financial statements of the Church have been prepared using the accrual basis of accounting. Consequently, support and revenues and the related assets are recognized when earned and expenses are recognized when a liability is incurred. Accordingly, the financial statements are intended to present assets, liabilities, revenues, expenses and changes in net assets in conformity with accounting principles generally accepted in the United States of America.

#### Basis of Presentation

The Church reports information regarding its financial position and activities according to two classes of net assets:

- *Net assets without donor restrictions* include those net assets whose use is not restricted by donor-imposed restrictions, even though their use may be limited in other respects, for specific purposes by action of the Vestry or Trustees.
- *Net assets with donor restrictions* include contributions restricted by the donor for specific purposes or future time periods. These donor-imposed stipulations may be fulfilled by actions of the Church. When a purpose restriction is accomplished or a time restriction ends, these net assets with donor restrictions are released to net assets without donor restrictions. Other donor restrictions can be permanent in nature, i.e., those resources subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Church.

#### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Church considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

#### Restricted Cash

Restricted cash is maintained in separate bank accounts and includes contributions restricted by donors for either time or use. Restricted cash is not available for operating purposes.

**CHURCH OF THE HOLY APOSTLES**  
**Notes to the financial statements**  
**December 31, 2020**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Investments

Investments at year-end are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All the Church's investments are in mutual funds for which a readily determinable fair value exists. Realized and unrealized gains or losses in the fair value of investments are included in the statement of activities in the appropriate net asset classification.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at fair value at date of gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives range from 5 to 30 years. Depreciation expense is allocated to program and general expenses.

Contributions

Contributions received are recorded as increases in net assets with or without restriction depending on the existence or nature of any donor restrictions. Net assets with restriction are reclassified to net assets without restriction upon satisfaction of the time or purpose restrictions.

Donated goods and services

The Church receives donated services from a variety of unpaid volunteers to assist with maintenance and repairs around the buildings and occasionally for some office work. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer effort under FASB ASC 958 have not been satisfied.

Income Taxes

The Church is a non-profit organization statutorily exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Church has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Concentrations

The Church receives a substantial portion of its revenue from its contributions, which is concentrated in and around West Houston.

**CHURCH OF THE HOLY APOSTLES**  
**Notes to the financial statements**  
**December 31, 2020**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Functional Allocation of Expenses

Expenses for the Church have been disaggregated in the Statement of Functional Expenses by both, natural and functional expense classifications. Expenses that directly relate to a program, have been allocated to that said category on the Statement of Functional Expense. Other expenses have been allocated based on management’s estimate, or time devoted by the Church’s staff.

Adoption of Accounting Standards Update ASU 2018-08

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 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The Church has adopted the principles of ASU 2018-08 retrospectively as of December 31, 2020. As a result, there was no cumulative effect adjustment to opening net assets. Additionally, the Church’s management has determined that this ASU has no effect on the Church’s financial statements as the Church does not enter into any exchange transactions and does not receive conditional contributions. All of the Church’s contributions and support are considered unconditional.

Subsequent Events

Subsequent events have been evaluated through October 18, 2021, which is the date the financial statements were issued.

**NOTE 3 – CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows:

	<b>2020</b>
Cash - unrestricted	\$ 197,143
Cash - restricted for ministry purposes	28,773
Cash - restricted for facility purposes	3,965
	<u>\$ 229,881</u>

**CHURCH OF THE HOLY APOSTLES**  
**Notes to the financial statements**  
**December 31, 2020**

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**NOTE 4 – INVESTMENTS**

Investments include funds to be held for future Church needs. The funds are held in two separate mutual funds. As of December 31, 2020, investments consist of the following:

Balance at January 1,	\$	182,049
Interest & dividends		6,166
Purchases		-
Withdrawals/redemptions		(37,600)
Change in market value		(89)
Net change in investments		<u>(31,523)</u>
Balance at December 31,	\$	<u>150,526</u>

The following schedule summarizes the investment income, net and its classification in the statement of activities for the year ended December 31, 2020:

		<b>2020</b>
Interest & dividends	\$	6,166
Unrealized gain		(89)
Investment income, net	\$	<u>6,077</u>

**NOTE 5 – FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

Level 2 – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.

Level 3 – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

**CHURCH OF THE HOLY APOSTLES**  
**Notes to the financial statements**  
**December 31, 2020**

**NOTE 5 – FAIR VALUE MEASUREMENTS (continued)**

Assets measured at fair value at December 31, 2020 are as follows:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds - unrestricted	\$ 56,184	\$ -	\$ -
Mutual funds - restricted	94,342	-	-
Total Assets at Fair Value	<u>\$ 150,526</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

As of December 31, 2020, Property and Equipment, Net consists of the following:

	<u>2020</u>
Building	\$ 6,782,324
Land	766,184
Furniture, fixtures and equipment	220,218
Software	7,930
Total	<u>7,776,656</u>
Less: accumulated depreciation	<u>(4,231,430)</u>
Property and equipment, net	<u>\$ 3,545,226</u>

Depreciation expense for the year ended December 31, 2020, is \$236,286.

**NOTE 7 – NOTES PAYABLE**

At December 31, 2020, Notes Payable consists of the following:

	<u>2020</u>
Notes payable bearing interest at 4.80% scheduled over 12 monthly interest only payments ending March 9, 2017. Effective April 9, 2017, remaining monthly payments of approximately \$12,690 for principal balance and interest. Interest rate to be adjusted annually by lender. Loan matures and is due on February 9, 2035, guaranteed by Diocese of Texas.	\$ 1,630,850
Note payable bearing interest at 2.00% scheduled over 20 annual payments \$10,000 plus accrued interest and a maturity of July 31, 2021, secured by first lien on property.	10,000
	<u>1,640,850</u>
Less current portion	84,567
Total long-term portion of notes payable	<u>\$ 1,556,283</u>

**CHURCH OF THE HOLY APOSTLES**  
**Notes to the financial statements**  
**December 31, 2020**

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**NOTE 7 – NOTES PAYABLE (continued)**

At December 31, 2020, future minimum payments are as follows:

	<b>Minimum Payments</b>
2021	84,567
2022	78,278
2023	82,174
2024	86,072
2025 & thereafter	1,309,759
	<u>\$ 1,640,850</u>

Subsequent to year-ended December 31, 2020, the Church refinanced its Prosperity Bank note payable on June 24, 2021. The refinanced loan had a principal amount of \$1,645,000 and had principal and interest monthly payments of \$6,988 for the first 12 months at \$1.99% per annum beginning July 24, 2021. The next 107 months consisted of principal and interest monthly payments of \$8,493 at 3.80% per annum beginning July 24, 2022, and one principal and interest payment of \$1,167,877 on June 24, 2031.

**NOTE 8 – NET ASSETS**

The Church has both, net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are those funds that the Church can use in their daily operations as their use is not limited by a donor. Net assets without donor restrictions consist of unrestricted contributions and support, missions and outreach offerings, investment income, and other income.

Net assets with donor restrictions consist of restricted contributions, capital campaign offering, and missions and outreach offerings that limit the use of the funds for a particular purpose or time frame. When the donor’s restriction is satisfied, the funds are re-classified from net assets with donor restrictions to net assets without donor restrictions. As of December 31, 2020, net assets with donor restrictions are classified on the statement of financial position as follows:

	<b>2020</b>
Cash restricted for ministry and facility purposes	\$ 32,738
Investments - restricted	94,342
Total net assets with donor restrictions	<u>\$ 127,080</u>

At December 31, 2020, Net Assets consist of the following:

	<b>2020</b>
Net assets without donor restrictions	\$ 2,128,036
Net assets with donor restrictions	127,080
	<u>\$ 2,255,116</u>



**CHURCH OF THE HOLY APOSTLES**  
**Notes to the financial statements**  
**December 31, 2020**

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**NOTE 9 – OPERATING LEASES**

The Church leases a copier under an operating lease that expires in August 2021. At December 31, 2020, future minimum operating lease payments are as follows:

	<b>Minimum Payments</b>
2021	6,188
2022 and thereafter	-
	<u>\$ 6,188</u>

Lease expense for the year ended December 31, 2020, is \$13,495. Subsequent to year-end, the Church’s copier lease expired in 2021. The Church has since entered into a new non-cancellable operating lease for its copier. The lease term is 4 years, and monthly payments amount to approximately \$185.

**NOTE 10 – PENSION AND POSTRETIREMENT BENEFIT PLANS**

As mandated by the Constitution and Canons of the Episcopal Church, the Church makes contributions to the Church Pension Plan for all eligible clergy and lay employees.

Clergy: The Church Pension Plan is a Defined Benefit Plan. Contributions to the pension plan are based on Total Assessable Compensation, which generally consists of cash salary, housing allowance, and social security tax reimbursements. Total contribution expense to the Church Pension Plan for the year ended December 31, 2020 is \$14,673.

Lay Employees: The Lay Defined Contribution Plan is a qualified plan under Section 401(a) of the Internal Revenue Code, but as a Church plan, it is not subject to ERISA. Lay employees who meet plan employment requirements are eligible to participate in the Lay Pension Plan. The Church is required to contribute 5% of eligible compensation and match up to 4% of lay employee elected contributions. Total contribution expenses to the Lay Pension Plan for the year ended December 31, 2020 is \$28,896.

**NOTE 11 – CONCENTRATION OF CREDIT RISK**

The financial instruments that potentially subject the Church to concentration of credit risk consist primarily of cash and cash equivalent accounts in financial institutions, which from time to time could exceed the Federal Depository Insurance Coverage (“FDIC”) limit of \$250,000. Management monitors the financial institutions holding the Church’s deposits to ensure that all deposits are kept in high quality financial institutions. As of December 31, 2020, cash balances were below the FDIC limit.

# CHURCH OF THE HOLY APOSTLES

## Notes to the financial statements

December 31, 2020

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### NOTE 12 – COVID-19 RISKS AND PAYCHECK PROTECTION PROGRAM LOAN

The impact of COVID-19 has been an evolving situation since early 2020. The spread of COVID-19 has impacted the country's economy. Accordingly, the Church has experienced some of these impacts during the year, such as reduced revenue from missions and outreach offerings due to the pandemic restrictions and cancellation of in-person events. This has affected the Church's revenues. However, to mitigate this effect, the Church has reduced certain expenses as a result of cancelled events, missions and outreach offering efforts and other facilities and equipment expenses. The Church has also obtained government support under the CARES Act and has received grants from the Diocese. The Church has started in-person attendance and is evaluating alternatives and looking at ways to hold more events as the COVID-19 regulations start to ease in the Houston area.

The Church received a loan of approximately \$68,400 in May 2020, pursuant to the Paycheck Protection Program (the "PPP loan") under Division A, Title A of the CARES Act, which was enacted March 27, 2020. The Church has used the entire loan for qualifying expenses. Under the terms of the PPP, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act.

As of October 31, 2020, the Church was granted forgiveness of the entire loan amount and related interest payments. Accordingly, as of December 31, 2020, this loan has been recorded as a gain on extinguishment of debt. This gain on extinguishment is included in revenues from net assets without donor restrictions on the statement of activities. The proceeds of this loan have been presented as cash flows from operating activities on the statement of cash flows.

### NOTE 13 – LIQUIDITY AND AVAILABILITY

The following reflects the Church's financial assets as of December 31, 2020, reduced by amounts not available for general use because of donor imposed restrictions for building and ministry programs, within one year of the statement of financial position date:

	<u>December 31,</u> <u>2020</u>
Financial Assets, at year-end:	
Cash and cash equivalents	\$ 197,143
Cash restricted for ministry and facility purposes	32,738
Investments - unrestricted	56,184
Investments - restricted	<u>94,342</u>
Total Financial Assets, at year-end:	380,407
Less: Donor imposed-restrictions	
Donor restrictions (building and ministry programs)	(127,080)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 253,327</u>

The Church has \$253,327 of financial assets available for unrestricted operations consisting of unrestricted cash of \$197,143 and short-term investments of \$56,184. These financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The current balance is sufficient to cover approximately two months of budgeted operating expenses of approximately \$105,209 per month.

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