



**Financial Statements**

**Years ended June 30, 2021 and 2020**

**STANWICH CONGREGATIONAL CHURCH  
of Greenwich, CT**

**Table of Contents**

**Years ended June 30, 2021 and 2020**

	<b><u>Index</u></b>
Independent Auditor's Report	
Statements of Financial Position	1
Statements of Activities	2
Statements of Functional Expenses	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 11

## Independent Auditor's Report

To the Board of Elders  
Stanwich Congregational Church

We have audited the accompanying financial statements of *Stanwich Congregational Church*, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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 of 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 opinions.

### *Opinion*

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



*Solakian & Company, LLC*

October 31, 2021

**STANWICH CONGREGATIONAL CHURCH**

**Statements of Financial Position**

**June 30, 2021 and 2020**

<i>Assets</i>	<u><b>2021</b></u>	<u><b>2020</b></u>
Cash and equivalents	\$ 9,142,670	1,829,606
Investments	1,484,727	1,197,706
Pledges and other receivables	-	27,370
Prepaid expenses and other assets	17,545	16,502
Land, buildings and equipment:		
Land	6,486,000	6,486,000
Buildings and improvements	13,507,576	13,507,576
Computers, furniture and equipment	449,066	449,066
	<u>20,442,642</u>	<u>20,442,642</u>
Less accumulated depreciation and amortization	<u>4,041,695</u>	<u>3,744,134</u>
Land, buildings and equipment, net	<u>16,400,947</u>	<u>16,698,508</u>
	<u><u>\$ 27,045,889</u></u>	<u><u>19,769,692</u></u>
 <i>Liabilities and Net Assets</i> 		
Note payable to bank	\$ -	248,657
Accounts payable and accrued expenses	108,604	16,183
Deferred revenue	<u>10,568</u>	<u>7,598</u>
<b>Total liabilities</b>	<u>119,172</u>	<u>272,438</u>
Net assets:		
Without restrictions:		
Designated for land, buildings and equipment	16,400,947	16,698,508
Undesignated	1,417,357	851,647
Designated for church purposes	<u>978,391</u>	<u>962,941</u>
<b>Total net assets without restrictions</b>	18,796,695	18,513,096
With donor restrictions	<u>8,130,022</u>	<u>984,158</u>
<b>Total net assets</b>	<u>26,926,717</u>	<u>19,497,254</u>
	<u><u>\$ 27,045,889</u></u>	<u><u>19,769,692</u></u>

See accompanying notes to financial statements.

**STANWICH CONGREGATIONAL CHURCH**

**Statements of Activities**

**Years ended June 30, 2021 and 2020**

	2021			2020		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue:</b>						
Offerings, contributions and bequests	\$ 2,681,069	7,385,444	10,066,513	2,971,399	668,585	3,639,984
Net investment income, including unrealized gains (losses) and net of fees	<u>151,199</u>	<u>102,971</u>	<u>254,170</u>	<u>14,311</u>	<u>32,309</u>	<u>46,620</u>
	2,832,268	7,488,415	10,320,683	2,985,710	700,894	3,686,604
Assets released from restrictions	<u>342,551</u>	<u>(342,551)</u>	<u>-</u>	<u>357,661</u>	<u>(357,661)</u>	<u>-</u>
<b>Total support and revenue</b>	<u>3,174,819</u>	<u>7,145,864</u>	<u>10,320,683</u>	<u>3,343,371</u>	<u>343,233</u>	<u>3,686,604</u>
<b>Expenses:</b>						
Program expenses:						
Ministry	1,046,802	-	1,046,802	927,693	-	927,693
Worship	486,616	-	486,616	520,264	-	520,264
Missions	290,944	-	290,944	388,665	-	388,665
Fellowship	259,413	-	259,413	283,315	-	283,315
Discipleship	<u>170,605</u>	<u>-</u>	<u>170,605</u>	<u>184,550</u>	<u>-</u>	<u>184,550</u>
Total program expenses	2,254,380	-	2,254,380	2,304,487	-	2,304,487
Supporting services:						
General and administration, including depreciation expense	<u>636,840</u>	<u>-</u>	<u>636,840</u>	<u>631,227</u>	<u>-</u>	<u>631,227</u>
<b>Total expenses</b>	<u>2,891,220</u>	<u>-</u>	<u>2,891,220</u>	<u>2,935,714</u>	<u>-</u>	<u>2,935,714</u>
<b>Change in net assets</b>	283,599	7,145,864	7,429,463	407,657	343,233	750,890
<b>Net assets – beginning of year</b>	18,513,096	984,158	19,497,254	18,094,064	652,300	18,746,364
<b>Net fund transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,375</u>	<u>(11,375)</u>	<u>-</u>
<b>Net assets – end of year</b>	<u>\$ 18,796,695</u>	<u>8,130,022</u>	<u>26,926,717</u>	<u>18,513,096</u>	<u>984,158</u>	<u>19,497,254</u>

See accompanying notes to financial statements.

**STANWICH CONGREGATIONAL CHURCH**

**Statements of Functional Expenses**

**Years ended June 30, 2021 and 2020**

	<b>2021</b>			<b>2020</b>		
	<b><u>Program</u></b>	<b><u>General and administrative</u></b>	<b><u>Total expenses</u></b>	<b><u>Program</u></b>	<b><u>General and administrative</u></b>	<b><u>Total expenses</u></b>
Salaries and benefits	\$ 1,286,031	319,548	1,605,579	1,266,229	321,297	1,587,526
Support and development	557,894	16,517	574,411	593,786	5,402	599,188
Depreciation	148,780	148,781	297,561	143,030	143,030	286,060
Repairs and maintenance	181,892	-	181,892	190,350	-	190,350
Utilities	45,806	37,854	83,660	49,290	35,511	84,801
Insurance	-	49,677	49,677	-	58,573	58,573
Office supplies and expense	9,131	22,183	31,314	11,053	21,148	32,201
Hospitality	15,301	7,480	22,781	25,963	9,204	35,167
Administrative fees	-	21,564	21,564	-	23,207	23,207
Other expenses	9,545	5,636	15,181	24,786	6,356	31,142
Professional fees	-	7,600	7,600	-	7,500	7,500
<b>Total expenses</b>	<b>\$ 2,254,380</b>	<b>636,840</b>	<b>2,891,220</b>	<b>2,304,487</b>	<b>631,228</b>	<b>2,935,715</b>

See accompanying notes to financial statements.

# STANWICH CONGREGATIONAL CHURCH

## Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 7,429,463	750,890
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	297,561	286,060
Net realized and unrealized losses (gains) on investments	(277,676)	(67,633)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Pledges and other receivables	27,370	(27,370)
Prepaid expenses	(1,043)	26,186
Increase (decrease) in:		
Accounts payable and accrued expenses	92,421	(81,576)
Deferred revenue	2,970	(20,625)
	<u>7,571,066</u>	<u>865,932</u>
<b>Net cash provided by operating activities</b>		
	<u>7,571,066</u>	<u>865,932</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	-	(182,170)
Net redemption (purchase) of investments	(9,345)	18,227
	<u>(9,345)</u>	<u>18,227</u>
<b>Net cash used in investing activities</b>		
	<u>(9,345)</u>	<u>18,227</u>
<b>Cash flows from financing activities:</b>		
Net proceeds from (repayments on) note payable to bank	(248,657)	248,657
	<u>(248,657)</u>	<u>248,657</u>
<b>Net cash provided by (used in) financing activities</b>		
	<u>(248,657)</u>	<u>248,657</u>
<b>Increase in cash and equivalents</b>	7,313,064	950,646
<b>Cash and equivalents - beginning of year</b>	<u>1,829,606</u>	<u>878,960</u>
<b>Cash and equivalents - end of year</b>	<u>\$ 9,142,670</u>	<u>1,829,606</u>

See accompanying notes to financial statements.

# STANWICH CONGREGATIONAL CHURCH

## Notes to Financial Statements

June 30, 2021 and 2020

### (1) Summary of Significant Accounting Policies

#### *Nature of Operations*

Stanwich Congregational Church (Church) was founded in 1731, and on December 19, 1893 became a church corporation under the laws of the State of Connecticut in the Town of Greenwich. Today the Church operates as a not-for-profit religious organization dedicated to providing an environment for Christian worship and Christian education. The Church serves Jesus Christ by spreading the good news of the Gospel and His amazing grace within Greenwich, Connecticut, surrounding communities, and around the world.

#### *Basis of Accounting and Financial Statement Presentation*

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

The Church follows accounting for not-for-profit organizations as outlined in professional standards. Accordingly, the Church is required to report information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### *Contributions*

Contributions are defined as voluntary, nonreciprocal transfers. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unrestricted contributions, and contributions that are restricted by the donor, for which the restriction expires in the year in which the contributions are recognized, are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, the restricted net assets are reclassified to net assets without donor restrictions.

(Continued)



# STANWICH CONGREGATIONAL CHURCH

## Notes to Financial Statements

### (1) Summary of Significant Accounting Policies (continued)

#### *Cash and Equivalents*

The Church considers all accounts with a maturity of three months or less to be cash equivalents for purposes of the statements of financial position and cash flows.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

#### *Land, Buildings and Equipment*

Land, buildings and equipment is recorded at cost and donations of property and equipment are recorded as support at their estimated fair value. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from 20 to 50 years.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Church reclassifies temporarily restricted net assets to unrestricted net assets at that time.

#### *Historic Properties*

The statements of financial position do not include the cost or appraised value of certain historic properties. These properties may be significant in value and have been acquired by the Church many years ago by purchase or through contributions.

(Continued)

# STANWICH CONGREGATIONAL CHURCH

## Notes to Financial Statements

### (1) Summary of Significant Accounting Policies (continued)

#### *Income Tax Status*

The Church has been recognized as exempt from income taxes under Internal Revenue Code Section 501(c)(3).

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 (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions taken, and has concluded that as of June 30, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Church's tax status is generally subject to examination by various taxing authorities, and management believes it is no longer subject to income tax examinations for years prior to 2018.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### *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 under professional standards.

#### *Subsequent Events*

Subsequent events have been evaluated through October 31, 2021, which is the date the financial statements were available to be issued.

### (2) Concentration of Credit Risk

The Church maintains cash deposits with various banks and financial institutions. Cash in banks is insured by the Federal Deposit Insurance Corporation for up to \$250,000 per depositor. The uninsured balance of cash was approximately \$8,500,000 as of June 30, 2021.

Investment accounts are protected by the Securities Investor Protection Corporation up to \$500,000 per account (including cash and securities). The uninsured balance of investment account assets was approximately \$950,000 as of June 30, 2021 (see note 3).

(Continued)

# STANWICH CONGREGATIONAL CHURCH

## Notes to Financial Statements

### (3) Investments

Long term investments, managed by a financial institution in various accounts, are stated at fair value and consist primarily of equities, U.S. Treasury obligations and corporate bonds. The investments represent past bequests and gifts to the Church and are not restricted.

Investment account balances consist of the following as of June 30:

<u>2021</u>	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gains (losses)</u>
Equities and other	\$ 682,747	1,010,802	328,055
Fixed income	<u>471,965</u>	<u>473,925</u>	<u>1,960</u>
Total	\$ <u>1,154,712</u>	<u>1,484,727</u>	<u>330,015</u>

  

<u>2020</u>	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gains (losses)</u>
Equities and other	\$ 586,713	697,363	110,650
Fixed income	<u>473,948</u>	<u>500,343</u>	<u>26,395</u>
Total	\$ <u>1,008,345</u>	<u>1,197,706</u>	<u>137,045</u>

Investment income, including unrealized gains (losses) and net of fees, for the years ended June 30, 2021 and 2020 was approximately \$254,200 and \$46,600, respectively.

The Church has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurement*, which, among other things, defines fair value, establishes a hierarchal framework for measuring fair value and expands disclosure about fair value measurements. This standard defines fair value as 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 fair value hierarchy is organized into three levels based upon the assumptions (Inputs), as follows:

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

*Level 2 Inputs* are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies.

*Level 3 Inputs* are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements of the same issuer, liquidity of the investment, changes in financial condition of the issuer, and valuations of similar companies.

The Church values its investments in readily marketable securities using Level 1 Inputs.

(Continued)

**STANWICH CONGREGATIONAL CHURCH**

**Notes to Financial Statements**

**(4) Employee Benefit Plans**

The Church sponsors a deferred compensation plan qualified under Sections 403(b) of the Internal Revenue Code (Code) for the benefit of all eligible employees. Employees may elect to contribute to the plan up to the maximum amount allowed by the Code. The Church does not match employee contributions.

For the years ending June 30, 2021 and 2020, the Church paid 100% of the premiums for healthcare insurance for eligible employees participating in the program and 56% of the medical insurance deductible up to a maximum of \$3,400 for individuals and \$6,800 for families.

**(5) Net Assets**

Net assets with donor restrictions as of June 30 are available for the following purposes:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Stamford Building Acquisition Fund	\$ 7,353,581	318,560
Missions	311,950	245,435
Cemetery/Sarge's Garden	221,108	210,019
Reynolds Fund	120,279	110,019
Rolf & Neely Towe Fund	54,784	50,111
Minister's Discretionary	42,375	26,282
Reynolds Bible Study	16,915	15,472
Leadership Fund	5,778	5,285
Alpha	<u>3,252</u>	<u>2,975</u>
	<b><u>\$ 8,130,022</u></b>	<b><u>984,158</u></b>

Unrestricted Church-designated net assets as of June 30 are available for the following purposes:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Stamford Vision Fund	\$ 601,862	553,472
Capital Maintenance	331,365	368,158
Sabbatical	40,589	37,126
Elder Contingency	<u>4,575</u>	<u>4,185</u>
	<b><u>\$ 978,391</u></b>	<b><u>962,941</u></b>

(Continued)

# STANWICH CONGREGATIONAL CHURCH

## Notes to Financial Statements

### (6) Note Payable to Bank

During June 2020, the Church received loan proceeds in the amount of approximately \$249,000 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness was to be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

During May 2021, the PPP loan was forgiven by the Small Business Administration. Consequently, since the Church used the entire loan amount for qualifying expenses, it has recorded the loan proceeds of approximately \$249,000 as federal grant income in 2021.

### (7) Adoption of and Future Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. generally accepted accounting principles. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Church adopted the new standard effective July 1, 2020 using the full retrospective method. The adoption of this ASU did not have a significant impact on the Church's financial statements, and no changes were required to previously reported revenues.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The provisions of ASU 2018-08 are effective for years beginning after December 15, 2019. The Church adopted the standard effective July 1, 2020 and it did not have a significant impact on the Church's financial statements, and no changes were required to previously reported revenues.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic entities for periods beginning after December 15, 2021. The Church has not yet evaluated the impact of this statement.

(Continued)

# STANWICH CONGREGATIONAL CHURCH

## Notes to Financial Statements

### (8) **Liquidity and Availability of Resources**

The Church has approximately \$1,030,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and equivalents of \$1,013,000 and prepaid expenses of \$17,000. 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 balance sheet date.

The Church has a goal to maintain financial assets, which consist of cash and equivalents and pledges and other receivables, on hand to meet 90 days of annual operating expenses, which are, on average, approximately \$750,000. The Church has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Church invests cash in excess of daily requirements in various short-term investments.

### (9) **Subsequent Events relating to COVID-19**

In March 2020, the World Health Organization classified the COVID-19 outbreak as a 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 Agency's financial condition, liquidity, and future operations.

The Church's operations are heavily dependent on donations from individuals. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, its financial condition and liquidity may be negatively impacted in fiscal year 2022.