

**ELIOT UNITARIAN CHAPEL**

**Financial Statements**

**June 30, 2021 and 2020**

**ELIOT UNITARIAN CHAPEL**  
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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of  
Eliot Unitarian Chapel

We have reviewed the accompanying financial statements of Eliot Unitarian Chapel (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of June 30, 2021 and 2020, and the related statements of support and revenue, expenses and changes in net assets - modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in this circumstance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our reviews, except of the issued noted in the Known Departure from the Modified Cash Basis of Accounting paragraph, 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 the modified cash basis of accounting.

### **Known Departure from the Modified Cash Basis of Accounting**

As disclosed in Note 2 to the financial statements, depreciation expense has not been recorded since June 30, 2006. Depreciation expense should be recorded to conform to the modified cash basis of accounting. The effect of this departure from the modified cash basis of accounting on financial position and the results has not been determined.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describe the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Brian Toennies & Associates  
November 2, 2021

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STATEMENTS OF ASSETS, LIABILITIES, & NET ASSETS - MODIFIED CASH BASIS

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$373,701	\$366,197
Money Market	62,198	91,531
Investments	580,430	468,970
Property and Equipment:		
Land	718,854	718,854
Building and Improvements - Net	<u>1,228,071</u>	<u>1,228,071</u>
<b>Total Assets</b>	<u><u>\$2,963,254</u></u>	<u><u>\$2,873,623</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accrued Expenses	\$ 1,198.00	\$ -
Long Term Debt	<u>435,600</u>	<u>459,235</u>
<b>Total Liabilities</b>	<u>436,798</u>	<u>462,231</u>
<b>NET ASSETS</b>		
Unrestricted	1,869,621	1,883,572
Unrestricted - Board Designated	<u>269,593</u>	<u>210,568</u>
<b>Total Unrestricted</b>	2,139,214	2,094,140
Temporarily Unrestricted	18,926	19,158
Permanently Restricted	<u>368,316</u>	<u>298,094</u>
<b>Total Net Assets</b>	<u>2,526,456</u>	<u>2,411,392</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 2,963,254</u></u>	<u><u>\$ 2,873,623</u></u>

ELIOT UNITARIAN CHAPEL

STATEMENTS OF SUPPORT AND REVENUE, EXPENSES, AND CHANGES IN  
NET ASSETS - MODIFIED CASH BASIS

For the Year Ended June 30, 2021 and 2020

	2021	2020
<b>SUPPORT AND REVENUE</b>		
Pledges	\$ 602,105	\$ 641,735
Contributions	59,259	66,854
Rent	10,100	29,727
Special Events - Madrigal - Net	-	6,860
Scrip Income	874	672
Interest and Dividends	35	80
Gain <loss> on Investments	-	3
Fire Insurance Claim - Net	-	28,917
Other Income	30,231	23,713
	702,604	798,561
<b>EXPENSES</b>		
Salaries and Benefits	540,843	442,659
General and Administrative	100,154	107,463
Worship, Ministry, and Outreach	26,816	29,693
Interest Expense	16,824	(2,575)
Denomination Dues	16,200	16,201
	700,837	593,441
<b>Increase in Net Assets</b>	1,767	205,120
Net Assets - Beginning of the Year	2,411,392	2,305,927
Adjustments for Prior Year Funds	6,497	(99,655)
PPP Funds	106,800	-
	2,526,456	2,411,392
<b>Net Assets - End of Year</b>	<b>\$ 2,526,456</b>	<b>\$ 2,411,392</b>

ELIOT UNITARIAN CHAPEL  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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**1. NATURE OF ACTIVITIES**

Eliot Unitarian Chapel (The Chapel) was incorporated as a Missouri not-for-profit corporation on July 22, 1959, and is a Unitarian Universal Community that gathers to foster free religious thought, nurture spiritual growth, and act for social justice. The Chapel is supported primarily through contributions from the congregation.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Chapel have been prepared on the modified cash basis of accounting. Consequently, support and revenue are recognized when received rather than earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred, with the following modifications:

- Equipment purchases are expensed when acquired.
- Cash received for future year pledges are recorded as deferred income and recognized as revenue in the year for which the pledge was made.
- Investments are recorded at fair value.

Basis of Presentation

Net assets, support and revenue, expenses, and gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Chapel and changes therein are classified and reported as follows:

**Unrestricted Net Assets** – Resources whose use is not restricted by donors. Their use may be limited in other respects, such as by board designation.

1. **Undesignated-** Undesignated resources are used for the general operations of the Chapel.
2. **Board Designated-** Designated resources are internally designated by the Chapel as to their use and, therefore are not available to be used in the daily operations, except as specified.

**Temporarily Restricted Net Assets** - Resources whose use by the Chapel have been restricted by donors for specific purposes or time periods. As the conditions for use are satisfied, the net assets are released from restrictions and reported in the unrestricted fund.

**Permanently Restricted Net Assets** - Resources subject to donor imposed stipulations requiring that they be maintained in perpetuity. Generally, all or part of the income earned on the related investments can be utilized for purposes specified by the donor.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash

At various times during the year, the Chapels' cash in bank balances may have exceeded the federal insured limits which is \$250,000. The Chapel's cash in bank balances exceed federally insured limits at June 30, 2021 and 2020 by \$123,701 and \$116,197, respectively.

Investments

The Chapel accounts for investments at fair values as of the date of the statements of assets, liabilities, and nets assets - modified cash basis. Realized and unrealized gains or losses resulting from differences between cost and fair value are recorded in the statements of support and revenue, expenses and changes in net assets - modified cash basis. Investments are exposed to various risks such as an interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and such changes could materially affect the amounts reported.

Property and Equipment

Building and major improvements are recorded at cost. Prior to July 1, 2006, depreciation was provided, in accordance with the modified cash basis of accounting, using the straight-line method over the estimated useful lives of the assets, accumulating to \$668,303. Beginning on July 1, 2006, the Chapel no longer records depreciation expense on building and major improvements. Accordingly, building and major improvements greater than \$2,500 are reported at their original cost less depreciation taken through June 30, 2006 and at their original cost for acquisitions after July 1st, 2006. When building and major improvements are retired, or otherwise disposed of, the cost is removed from the accounts, and any resulting gain or loss is recorded. Equipment purchases and the cost of maintenance and repairs are charged to expense as incurred.

### Revenue Recognition

Pledges and contributions received are recorded as unrestricted, except for donor restricted support, which is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statements of support and revenue, expenses and changes in net assets - modified cash basis. Non-cash contributions are recorded at their fair market value at the date received.

### Contributed Services

The Chapel receives services donated by its members in carrying out the Chapel's ministry. No amounts have been recognized in the financial statements for donated services since they do not meet the criteria for recognition.

### Tax Exempt Status

The Chapel is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Chapel is not classified as a private foundation.

### Subsequent Events

In preparing these financial statements, the Chapel has evaluated subsequent events and transactions for potential recognition or disclosure through November 2, 2021, the date the financial statements were available to be issued, and determined that there were no subsequent events that required recognition in the financial statements.

## **3. INVESTMENTS AND FAIR VALUE MEASUREMENT**

The Chapel follows U.S. GAAP guidance that establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The guidance requires the Chapel to maximize the use of observable inputs when measuring the fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

### Valuation Techniques

The following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2021 and 2020.

Unitarian Universalist Common Endowment Fund: This fund is a separate not-for-profit organization that pools investments of other not-for-profit organizations. It is valued at NAV, as reported by the fund manager as a practical expedient for a fair value measurement. This fund does not trade in an active market and therefore, is not included in Level 1, 2, or 3. The fair market value at June 30, 2021 and 2020 was \$580,430 and \$468,970, respectively.

### Investments Measured at NAV

The following table presents the category, fair value, redemption frequency, and redemption notice period for investments, the fair values of which are estimated using net asset value per share as of June 30, 2021 and 2020.

2021				
Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Unitarian Universalist Common Endowment Fund	\$ 580,430	\$ -	Monthly	10-30 days

  

2020				
Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Unitarian Universalist Common Endowment Fund	\$ 468,970	\$ -	Monthly	10-30 days

#### 4. LONG TERM DEBT

Long-term debt at June 30, 2019 and 2018 consisted of the following:

	<u>2021</u>	<u>2020</u>
Note payable to Commerce Bank, payable in monthly installments \$2,778 including interest at the rate of 4.68%, maturing December 2023 and secured by deed of trust on real property and a money market account. The bank loans are subject to certain restrictive covenants. The Chapel is not aware of any violations under the covenants.	435,600	459,235
<b>TOTAL LONG-TERM DEBT</b>	<b><u>435,600</u></b>	<b><u>459,235</u></b>

Maturities of long-term debt at June 30, 2019 are as follows:

Year ending June 30:

2022	\$ 23,635
2023	\$ 23,635
2024	\$ 388,330
2025	-
2026 and thereafter	-
<b>TOTAL MATURITIES OF LONG TERM DEBT</b>	<b><u>\$ 435,600</u></b>

#### 5. SPECIAL EVENTS

Special events consisted of the Madrigal fundraising activity. The net income for this event for the year ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Revenue	-	10,585
Expenses	-	3,725
Marginal Net Income	<u>-</u>	<u>\$6,860</u>

#### 6. LEASE COMMITMENTS

In April 2014, the Chapel entered into an operating lease for office equipment requiring monthly payments of \$500 that expired March 2019. In May 2018, the Chapel entered into a new operating lease for office equipment that replaced the previous operating lease and requires monthly payments of \$383 that expires April, 2022. Lease expense totaled \$9,437 and \$9,437 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under operating leases as of June 30, 2021 are as follows:

Year ending June 30:

2021	\$ 3,830
2022	-
2023	-
2024	-
2025 and thereafter	-
<b>TOTAL MINIMUM LEASE PAYMENTS</b>	<b><u>\$ 3,830</u></b>



## 7. NET ASSETS

Unrestricted - Board designated net assets at June 30, 2021 and 2020 are available for the following purposes:

	<u>2021</u>		<u>2020</u>
Bergfried Land Support	\$ 227,832	\$	177,384
Preservation Fund	<u>41,761</u>		<u>33,184</u>
<b>TOTAL UNRESTRICTED - BOARD DESIGNATED NET ASSETS</b>	<b><u>\$ 269,593</u></b>	<b><u>\$</u></b>	<b><u>210,568</u></b>

Temporarily restricted net assets at June 30, 2021 and 2020 are available for the following purposes:

	<u>2021</u>		<u>2020</u>
Women's Alliance	\$ 7,351	\$	7,582
Endowment			
Intern Minister Support - Blanke Fund	7,847		7,847
Minster's Discretionary Fund - Dunlap Nutt Fund	1,943		1,943
Partner Church Support - St. Martins Fund	1,785		1,786
Special Music	<u>-</u>		<u>-</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 18,926</u></b>	<b><u>\$</u></b>	<b><u>19,158</u></b>

Permanently restricted net assets at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>		<u>2020</u>
Women's Alliance	\$ 12,644	\$	10,533
Endowment	123,024		104,121
Intern Minister Support - Blanke Fund	122,780		97,778
Minster's Discretionary Fund - Dunlap Nutt Fund	59,616		46,458
Partner Church Support - St. Martins Fund	35,355		28,155
Special Music	<u>14,897</u>		<u>11,049</u>
<b>TOTAL PERMANENTLY RESTRICTED NET ASSETS</b>	<b><u>\$ 368,316</u></b>	<b><u>\$</u></b>	<b><u>298,094</u></b>

## 8. ENDOWMENT FUNDS

The Chapel's endowment includes both restricted contributions specified by the donor as well as amounts designated to the endowment by the Chapel. Net assets associated with endowment funds, including funds designated by the chapel to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The amounts restricted by donors are classified as permanently restricted and temporarily restricted net assets and the amounts designated by the Chapel are classified as unrestricted net assets in the statements of assets, liabilities, and net assets - modified cash basis.

The Chapel has interpreted the Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor - restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Chapel classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, and accumulations to the permanent endowment 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 funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Chapel.

The Chapel has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of the endowment assets over the long-term. All investment income for the years ended June 30, 2021 and 2020 was appropriately transferred to the unrestricted fund or temporarily restricted endowment fund based on the existence or lack of donor restrictions.

## **9. RETIREMENT PLAN**

The Chapel is a participating organization in the Unitarian Universalist Organizations Retirement Plan, a 403(b) tax deferred retirement savings plan covering all eligible employees. The Chapel made discretionary contributions to the plan equal to 10% of the eligible participants compensation totaling \$40,362 and \$ 21,214 for the year ended June 30, 2021 and 2020, respectively.

## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of  
Eliot Unitarian Chapel

Our report on our review of the basic financial statements of Eliot Unitarian Chapel for 2021 and 2020 appears on page one. The objective of the review was to perform procedures to obtain limited assurance as a basis for reporting whether we were aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. The Supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our reviews of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion.

Brian Toennies and Associates  
November 2, 2021

ELIOT UNITARIAN CHAPEL  
 SCHEDULES OF EXPENSES - MODIFIED CASH BASIS  
 For the Years Ended June 30 , 2021 and 2020

	2021	2020
<b>WORSHIP, MINISTRY AND OUTREACH</b>		
Worship and Membership	\$ 2,563	\$ 1,831
Program Committees	3,044	2,513
Partner Church Scholarships and Support	9,696	20,466
Outreach/Board of Trustees	11,513	4,883
 <b>TOTAL WORSHIP, MINISTRY AND OUTREACH</b>	 <b>\$ 26,816</b>	 <b>\$ 29,693</b>
 <b>GENERAL AND ADMINISTRATIVE</b>		
Contract Labor	14,154	20,038
Office and Supplies	32,565	23,179
Utilities	20,377	25,638
Insurance	18,981	20,500
Repairs and Maintenance	11,693	15,142
Janitorial	2,384	2,966
 <b>TOTAL GENERAL AND ADMINISTRATIVE</b>	 <b>\$ 100,154</b>	 <b>\$ 107,463</b>