

Saint Andrew's Episcopal Church

Financial Statements

December 31, 2024 and 2023

*Worthington,
Hughes & Hoar, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

Saint Andrew’s Episcopal Church



Financial Statements

December 31, 2024 and 2023

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Independent Accountant's Review Report

To the Vestry
Saint Andrew's Episcopal Church:

We have reviewed the accompanying financial statements of Saint Andrew's Episcopal Church (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows 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 organization 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 engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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.

We are required to be independent of Saint Andrew's Episcopal Church and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, 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.

Worthington, Hughes & Hoar, P.C.

Woburn, MA
January 20, 2025

Saint Andrew's Episcopal Church
Statements of Financial Position
December 31, 2024 and 2023
(See Independent Accountant's Review Report)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 727,819	478,159
Short-term investments	212,922	424,546
Pledges receivable, net of allowance for uncollectible pledges of \$7,971 and \$21,690 as of December 31, 2024 and 2023, respectively	43,774	50,858
Other receivables	2,721	16,547
Prepaid expenses	34,378	26,805
Total current assets	<u>1,021,614</u>	<u>996,915</u>
Property, net	3,316,507	3,245,944
Other assets:		
Long-term pledges receivable	2,900	3,100
Investments	6,617,084	6,089,986
Cash and cash equivalents restricted for long-term investment	1,099	899
Deposits on equipment	-	55,981
Right-of-use asset - operating lease	24,902	31,978
Total other assets	<u>6,645,985</u>	<u>6,181,944</u>
Total assets	<u>\$ 10,984,106</u>	<u>10,424,803</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 32,612	19,247
Accrued expenses	49,067	40,774
Prepayments of rental income and security deposits	7,805	5,004
Current installments of operating lease liability	7,344	7,075
Total current liabilities	<u>96,828</u>	<u>72,100</u>
Operating lease liability, net of current installments	17,558	24,903
Total liabilities	<u>114,386</u>	<u>97,003</u>
Net assets:		
Without donor restrictions	9,297,701	8,823,900
With donor restrictions	1,572,019	1,503,900
Total net assets	<u>10,869,720</u>	<u>10,327,800</u>
Commitments (Note 9)		
Total liabilities and net assets	<u>\$ 10,984,106</u>	<u>10,424,803</u>

See accompanying notes to financial statements.

Saint Andrew's Episcopal Church
 Statements of Functional Expenses
 For the Years Ended December 31, 2024 and 2023
 (See Independent Accountant's Review Report)

	2024			2023				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 575,577	191,859	-	767,436	549,839	183,280	-	733,119
Diocesan assessment	193,214	-	-	193,214	176,706	-	-	176,706
Fringe benefits and payroll taxes	120,109	40,037	-	160,146	129,232	43,077	-	172,309
Depreciation	106,821	-	-	106,821	99,898	-	-	99,898
Retirement plan contributions	78,516	26,172	-	104,688	75,829	25,277	-	101,106
Outreach	102,105	-	1,207	103,312	111,669	-	878	112,547
Repairs and maintenance	98,604	2,105	-	100,709	116,502	5,961	-	122,463
Utilities	46,816	12,223	-	59,039	43,122	8,299	-	51,421
Information technology	-	51,701	-	51,701	-	40,228	-	40,228
Insurance and real estate taxes	49,274	-	-	49,274	42,217	-	-	42,217
Office supplies and expenses	-	39,524	2,622	42,146	-	39,218	1,965	41,183
Worship	28,628	-	-	28,628	35,837	-	-	35,837
Religious Education	21,092	-	-	21,092	20,334	-	-	20,334
Music	20,439	-	-	20,439	17,422	-	-	17,422
Discretionary and benevolence	16,628	-	-	16,628	15,029	-	-	15,029
Fellowship and stewardship	-	-	15,891	15,891	-	-	14,893	14,893
Professional services	-	9,401	-	9,401	-	9,745	-	9,745
Special events	-	-	-	-	31,941	-	-	31,941
	<u>\$ 1,457,823</u>	<u>373,022</u>	<u>19,720</u>	<u>1,850,565</u>	<u>1,465,577</u>	<u>355,085</u>	<u>17,736</u>	<u>1,838,398</u>

See accompanying notes to financial statements.

Saint Andrew's Episcopal Church
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023
(See Independent Accountant's Review Report)

	<u>2024</u>	<u>2023</u>
Increase (decrease) in cash, cash equivalents, and restricted cash:		
Cash flows from operating activities:		
Increase in net assets	\$ <u>541,920</u>	<u>502,269</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	106,821	99,898
Net realized gains on sales of securities	(98,660)	(156)
Changes in unrealized (gains) losses on securities	(163,432)	(477,827)
Accretion of operating lease liability	1,073	859
Changes in operating assets and liabilities:		
Pledges receivable	7,084	6,577
Other receivables	13,826	(14,235)
Prepaid expenses	(7,573)	(2,247)
Long-term pledges receivable	200	23,767
Amortization of right-of-use asset	7,075	5,252
Accounts payable	13,365	(5,332)
Accrued expenses	8,293	2,922
Security deposit	2,801	(10,755)
Payments of operating lease liability	(8,148)	(6,111)
Total adjustments	<u>(117,275)</u>	<u>(377,388)</u>
Net cash provided by operating activities	<u>424,645</u>	<u>124,881</u>
Cash flows from investing activities:		
Proceeds from sales of investments	2,155,067	1,500
Purchases of investments	(2,208,449)	(598,240)
Purchases of property and equipment	(121,403)	(92,312)
Payments of deposits on equipment	-	(55,981)
Net cash used in investing activities	<u>(174,785)</u>	<u>(745,033)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>249,860</u>	<u>(620,152)</u>
Cash, cash equivalents, and restricted cash at beginning of year	479,058	1,099,210
Cash, cash equivalents, and restricted cash at end of year	<u>\$ <u>728,918</u></u>	<u>479,058</u>

See accompanying notes to financial statements.

Saint Andrew's Episcopal Church
Notes to Financial Statements
December 31, 2024 and 2023
(See Independent Accountant's Review Report)

(1) Organization and Nature of Operations

Saint Andrew's Episcopal Church ("the Organization" or "the Church") was originally founded as a mission and later became a parish on March 22, 1892. The Church's mission is to provide a broad range of worship opportunities, provide spiritual and pastoral support to nurture parishioners in all stages of life, promote educational programs strengthening people, and enable people to participate in outreach programs helping the greater community. The Church consists of approximately 1,800 members residing in Wellesley, Massachusetts, and surrounding communities.

(2) Summary of Significant Accounting Policies

(a) Method of Accounting and Basis of Presentation

The financial statements have been prepared pursuant to accounting principles generally accepted in the United States of America and in accordance with the accrual basis method of accounting. Under this method of accounting, revenues and expenses are identified with specific periods of time and are recorded as earned or incurred without regard to the date of receipt or disbursement of cash.

(b) Cash and Cash Equivalents

The Church considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. They include cash on hand and cash on deposit with financial institutions.

(c) Investments

All investments in equity and debt securities are reported at fair value in the statements of financial position. Unrealized and realized gains and losses are reported in the statements of activities. All realized gains or losses are determined using an average cost method. Investment income, as presented in the accompanying statements of activities, is reflected net of management and custodial fees.

Under the provisions of the Commonwealth of Massachusetts's version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), organizations are required to maintain and report endowment funds based upon donor intent, whether explicit or implied. Based on its interpretation of the provisions of UPMIFA and a review of underlying endowment agreements, management has determined that the reporting of the endowment in Note 4 is appropriate and consistent with the intent of the Church's donors.

(d) Pledges Receivable and Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Saint Andrew's Episcopal Church
Notes to Financial Statements (Continued)
(See Independent Accountant's Review Report)

(2) **Summary of Significant Accounting Policies** (Continued)

(d) Pledges Receivable and Contributions (Continued)

All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional pledges receivable due in more than one year are recognized at fair value, using present value techniques and a discount rate commensurate with market conditions and the Organization's cost of long-term debt, if any. Unconditional pledges receivable consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Receivable within one year:		
Pledges receivable – without donor restrictions	\$ 51,745	72,548
Pledges receivable – capital campaign	<u>2,900</u>	<u>3,100</u>
Total unconditional pledges receivable	54,645	75,648
Less: reserve for uncollectible pledges	<u>(7,971)</u>	<u>(21,690)</u>
Net unconditional pledges receivable	<u>46,674</u>	<u>53,958</u>
Current	43,774	50,858
Noncurrent	<u>2,900</u>	<u>3,100</u>
Net unconditional pledges receivable	\$ <u>46,674</u>	<u>53,958</u>

(e) Property and Depreciation

Property is stated at cost except for donated property which is stated at fair market value at the date of receipt. Expenditures for equipment, major renewals, and betterments that have a cost of \$5,000 or more and that extend the useful lives of property are capitalized. Expenditures for equipment, maintenance and repairs, and renewals and betterments not exceeding \$5,000 are charged to expense as incurred. Depreciation of property is provided over the estimated useful lives of the respective assets on a straight-line basis, which range from 10 – 100 years.

The Rectory at 24 Princeton Road, Wellesley was acquired in 1990. The rental property at 7 Denton Road, Wellesley was acquired in 1963 and converted to a two-family unit in 1984. The Church building (including sanctuaries, offices, Sunday School, parish hall, Wellesley Montessori School, library, etc.) was originally built in 1894. Subsequent land purchases occurred, and additions were made in 1922, 1951, 1954, and 1964.

(f) Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Church's programs. The value of their contributed time is not susceptible to objective measurement or valuation and is not reflected in these financial statements.

Saint Andrew's Episcopal Church
Notes to Financial Statements (Continued)
(See Independent Accountant's Review Report)

(2) Summary of Significant Accounting Policies (Continued)

(g) Functional Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Church.

(h) Income Tax

The Church is exempt from income tax under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3), except as to its unrelated business income. During the years ended December 31, 2024 and 2023, the Church did not have any unrelated business taxable income and, accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

(i) 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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

(3) Investments and Fair Value Measurements

The Church determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on a fair value hierarchy in accordance with accounting principles generally accepted in the United States of America for Fair Value Measurements. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date. The Church's Level 1 assets include mutual funds and exchange traded funds. The mutual funds are valued using the Net Asset Value (NAV) per share held by the Church at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is quoted to an active market. The exchange traded funds are valued using quoted market prices.

Level 2: Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies. The Church does not have any Level 2 assets.

Saint Andrew's Episcopal Church
Notes to Financial Statements (Continued)
(See Independent Accountant's Review Report)

(3) Investments and Fair Value Measurements (Continued)

Level 3: Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. The Church does not have any Level 3 assets.

Investments are presented in the financial statements at market value. There were no changes in valuation methodologies during the years ended December 31, 2024 and 2023.

The related market values are as follows:

<u>December 31, 2024</u>				
<u>Investments by category</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds & exchange-traded funds:				
Allocation funds	\$ 3,348,911	-	-	3,348,911
Index funds	1,653,948	-	-	1,653,948
Index funds	1,606,978	-	-	1,606,978
Money market funds	<u>220,169</u>	<u>-</u>	<u>-</u>	<u>220,169</u>
Total	<u>\$ 6,830,006</u>	<u>-</u>	<u>-</u>	<u>6,830,006</u>

<u>December 31, 2023</u>				
<u>Investments by category</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds & exchange-traded funds:				
Allocation funds	\$ 4,571,744	-	-	4,571,744
Index funds	1,511,405	-	-	1,511,405
Money market funds	<u>431,383</u>	<u>-</u>	<u>-</u>	<u>431,383</u>
Total	<u>\$ 6,514,532</u>	<u>-</u>	<u>-</u>	<u>6,514,532</u>

Investment income for the years ended December 31, 2024 and 2023, consisted of the following:

<u>December 31, 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends	\$ 348,347	60,788	409,135
Interest	42	-	42
Net realized gains	75,283	23,377	98,660
Net unrealized gains	<u>84,408</u>	<u>79,024</u>	<u>163,432</u>
Total	<u>\$ 508,080</u>	<u>163,189</u>	<u>671,269</u>
<u>December 31, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends	\$ 347,848	47,017	394,865
Interest	72	-	72
Net realized gains	6	150	156
Net unrealized gains	<u>358,624</u>	<u>119,203</u>	<u>477,827</u>
Total	<u>\$ 706,550</u>	<u>166,370</u>	<u>872,920</u>

Saint Andrew's Episcopal Church
Notes to Financial Statements (Continued)
(See Independent Accountant's Review Report)

(4) Endowment

The Organization's endowment consists of individual funds established for a variety of purposes and includes a donor-restricted endowment fund as well as funds designated by the vestry to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Net assets associated with endowment funds designated by the vestry may be expended by a vote of the vestry and are recorded as unrestricted net assets. The Organization instructed its brokerage firm to immediately dispose of securities donated to the Organization.

As of December 31, 2024 and 2023, the endowment net asset composition by type of fund consisted of the following:

	<u>2024</u>	<u>2023</u>
Vestry-designated funds	\$ 5,466,043	4,976,347
Donor-restricted funds	<u>1,151,041</u>	<u>1,113,639</u>
Total	<u>\$ 6,617,084</u>	<u>6,089,986</u>

Changes in endowment net assets for the years ended December 31, 2024 and 2023, consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at January 1, 2024	\$ <u>4,976,347</u>	<u>1,113,639</u>	<u>6,089,986</u>
Investment return			
Dividends and other income	329,605	60,788	390,393
Net appreciation (realized and unrealized)	<u>159,691</u>	<u>102,401</u>	<u>262,092</u>
Total investment return	489,296	163,189	652,485
Contributions	400	-	400
Expenditures	<u>-</u>	<u>(125,787)</u>	<u>(125,787)</u>
Net change	<u>489,696</u>	<u>37,402</u>	<u>527,098</u>
Endowment net assets at December 31, 2024	<u>\$ 5,466,043</u>	<u>1,151,041</u>	<u>6,617,084</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at January 1, 2023	\$ <u>4,024,346</u>	<u>1,214,484</u>	<u>5,238,830</u>
Investment return			
Dividends and other income	324,281	47,017	371,298
Net appreciation (realized and unrealized)	<u>358,630</u>	<u>119,353</u>	<u>477,983</u>
Total investment return	682,911	166,370	849,281
Contributions	1,875	-	1,875

Saint Andrew's Episcopal Church
Notes to Financial Statements (Continued)
(See Independent Accountant's Review Report)

(4) **Endowment** (Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Reallocation of capital campaign funds	<u>267,215</u>	<u>(267,215)</u>	<u>-</u>
Net change	<u>952,001</u>	<u>(100,845)</u>	<u>851,156</u>
Endowment net assets at December 31, 2023	<u>\$ 4,976,347</u>	<u>1,113,639</u>	<u>6,089,986</u>

(5) **Property**

Property consists of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Church building and improvements	\$ 4,211,509	4,077,882
Residential building and improvements	773,385	773,385
Rectory building and improvements	<u>746,120</u>	<u>702,363</u>
Property, cost	5,731,014	5,553,630
Less: accumulated depreciation	<u>2,414,507</u>	<u>2,307,686</u>
Property, net	<u>\$ 3,316,507</u>	<u>3,245,944</u>

(6) **Accrued Expenses**

Accrued expenses consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Accrued payroll and benefits	\$ 34,167	26,936
Utilities and miscellaneous expenses	<u>14,900</u>	<u>13,838</u>
Total	<u>\$ 49,067</u>	<u>40,774</u>

(7) **Restrictions on Net Assets**

Net assets with donor restrictions consists of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Capital campaign	\$ 3,999	3,999
Subsequent year support	385,341	352,143
Benevolence	29,535	32,015
Elderly member assistance	342,763	302,805
Outreach	217,034	189,415
Property maintenance	346,578	407,870
Music	147,596	128,821
Clergy and ministry expenses	97,070	84,729
Other	<u>2,103</u>	<u>2,103</u>
Total	<u>\$ 1,572,019</u>	<u>1,503,900</u>

Saint Andrew's Episcopal Church
Notes to Financial Statements (Continued)
(See Independent Accountant's Review Report)

(8) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and restricted cash	\$ 728,918	479,058
Investments	6,830,006	6,514,532
Pledges receivable, net	43,774	50,858
Other receivables	2,721	16,547
Long-term pledges receivable	<u>2,900</u>	<u>3,100</u>
Total financial assets	7,608,319	7,064,095
Less those unavailable for general expenditures within one year, due to:		
Restricted to long-term investment	(3,999)	(3,999)
Donor-restricted to maintain as an endowment (Note 4)	(1,151,041)	(1,113,639)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,453,279</u>	<u>5,946,457</u>

(9) Leasing Arrangements

Rental Income

The Church rents a portion of its main building to the Wellesley Montessori School (the "School") pursuant to a lease agreement that expired on June 30, 2023, and was not formally renewed until January 2024. The School continued to occupy the premises under an informal month-to-month arrangement. Pursuant to the lease, rental income of \$8,256 was due monthly from September 2023 through June 2024. The School continues to occupy the premises thereafter under an informal month-to-month arrangement with rent of \$8,256 due for September and October 2024, and rent of \$9,336 due monthly thereafter. As of the date these financial statements were available to be issued, management is continuing to negotiate lease terms with the School.

The Church rents both apartments located in the two-family residential property discussed in Note 2(e). The lease agreement for Unit 1 commenced in June 2022 and expired on May 31, 2023, with monthly rent of \$2,500. The tenant continues to occupy the unit on a month-to-month basis, with monthly rent of \$2,500 for June and July 2023, and \$2,700 thereafter. The lease agreement for Unit 2 expired on June 30, 2022, but continued on a month-to-month basis with monthly rent of \$2,600 from July 2022 through July 2023. In August 2023, this lease was formally renewed through July 30, 2024, with monthly rent of \$2,800, and in August 2024, this lease was renewed again through July 30, 2025, with monthly rent of \$2,800.

The Church also rents its facilities for various events during the year. Incidental rents amounted to \$4,138 and \$4,871 for the years ended December 31, 2024 and 2023,

Saint Andrew's Episcopal Church
Notes to Financial Statements (Continued)
(See Independent Accountant's Review Report)

(9) **Leasing Arrangements** (Continued)

Rental Income (Continued)

respectively. Total rental income from the Church's leasing activities amounted to \$154,856 and \$147,830 for the years ended December 31, 2024 and 2023, respectively.

Minimum future rental income as of December 31, 2024, is \$19,600, all of which is due during the year ending December 31, 2025.

Operating Lease

The Church adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 842, *Leases*. The Church determines if an arrangement contains a lease at inception based on whether the Church has the right to control the asset during the contract period and other facts and circumstances. The standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not result in the recording of a right-of-use asset and related lease liability, but will rather be expensed on a straight-line basis over the lease term. The Church elects the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

In March 2023, the Church leased office equipment pursuant to an operating lease for a term of five years and monthly payment of \$679. The lease liability was determined utilizing the risk-free rate for a five-year term as of the inception of the lease as a practical expedient. As of December 31, 2024, the remaining term of the operating lease is three years and three months. The discount rate used was 3.73%. The following summarizes the line items in the statement of financial position which include amounts of operating leases as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Right-of-use asset – operating lease	\$ <u>24,902</u>	<u>31,978</u>
Current installments of operating lease liability	\$ 7,344	7,075
Operating lease liability, net of current installments	<u>17,558</u>	<u>24,903</u>
Total operating lease liability	\$ <u>24,902</u>	<u>31,978</u>

Operating lease cost and cash paid for operating lease installments pursuant to the vehicle leases described above totaled \$8,148 and \$6,111 for the years ended December 31, 2024 and 2023, respectively. Minimum future rents due pursuant to these leases are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 8,148
2026	8,148
2027	8,148
2028	<u>2,037</u>
Total lease payments	26,481
Amounts representing interest	<u>1,579</u>
Present value of lease liability	\$ <u>24,902</u>

Saint Andrew’s Episcopal Church
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(10) Retirement Plans

The Church participates in a defined contribution pension plan (“the Plan”) for all eligible lay employees. Under the Plan, the Church contributes 5% of eligible salaries and matches employee contributions to the Plan up to 4%. It is the opinion of counsel to the Plan that, as a Church Plan, this Plan is exempt from the requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”). Pension expense for this Plan amounted to \$22,467 and \$19,096, for the years ended December 31, 2024 and 2023, respectively.

The Church is also a participant in a separate pension plan administered by the Church Pension Fund (an independent organization) that provides pension benefits to all ordained clergy of the Episcopal Church, including those who hold positions with Saint Andrew’s Episcopal Church. Pension expense for this plan amounted to \$82,221 and \$82,010, for the years ended December 31, 2024 and 2023, respectively.

(11) Related Parties

The Church and the Diocese are related parties in that the Church is a parish of the Diocese and pays an annual assessment to the Diocese. The Church occasionally has immaterial amounts due from employees that are repaid on a timely basis. The Church had no other material related party transactions during the years ended December 31, 2024 and 2023.

(12) Concentrations of Credit Risk

The Church’s financial instruments exposed to concentrations of credit risk consist of cash and cash equivalents, and marketable securities. The Church limits its risk by depositing its cash with high credit quality financial institutions. At times, however, cash and cash equivalents may be in excess of federally insured (Federal Deposit Insurance Corporation) limits. Marketable securities are invested with an internationally recognized securities broker. Credit risk is limited through diversification of investments and close monitoring of market conditions by the vestry. The Church routinely assesses the financial strength of its donors and as a consequence, believes that its pledges receivable credit risk exposure is limited.

(13) Restricted Cash and Cash Equivalents

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 727,819	478,159
Restricted cash and cash equivalents	<u>1,099</u>	<u>899</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ <u>728,918</u>	<u>479,058</u>

Restricted cash represents donations restricted by donors for long-term investment.

Saint Andrew's Episcopal Church
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(14) Reclassifications

Certain accounts in the accompanying prior year statements of activities and functional expenses have been reclassified to conform with the current year presentation.

(15) Subsequent Events

The Organization has evaluated subsequent events through January 20, 2025, which is the date that the Organization's financial statements were available to be issued. Management has determined that as of January 20, 2025, there are no subsequent events that require recognition or disclosure in the financial statements.