

**HISTORIC ST. LUKE'S RESTORATION
(A NON-PROFIT CORPORATION)**

FINANCIAL REPORT

JUNE 30, 2021 AND 2020

HISTORIC ST. LUKE'S RESTORATION

OFFICERS

Rt. Rev. Susan Haynes, Bishop	Chairman
William T. Hodsdon	President
E. Dana Dickens, III	President Elect and Vice-President
David Hare	Treasurer
Judith Hare Winslow	Secretary

BOARD OF DIRECTORS

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Boyce, Spady & Moore PLC

Certified Public Accountants & Consultants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Officers and Board of Directors
Historic St. Luke's Restoration
Smithfield, Virginia

We have reviewed the accompanying financial statements of Historic St. Luke's Restoration (a non-profit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities 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 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.

Accountants' 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 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.

We are required to be independent of Historic St. Luke's Restoration and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' 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 conformity with accounting principles generally accepted in the United States.

Boyce, Spady & Moore PLC

Suffolk, Virginia
March 3, 2022

FINANCIAL STATEMENTS

YEARS ENDED

JUNE 30, 2021 AND 2020

HISTORIC ST. LUKE'S RESTORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash – unrestricted	\$ 45,900	\$ 58,017
Cash – donor advised funds	<u>10,000</u>	<u>15,000</u>
Total cash	55,900	73,017
Note receivable	2,000	-
Inventory	9,173	10,650
Investments:		
Merrill Lynch accounts	3,425,183	2,855,362
Raymond James accounts	<u>2,145,055</u>	<u>1,692,297</u>
Total current assets	<u>5,637,311</u>	<u>4,631,326</u>
PROPERTY AND EQUIPMENT		
Land, including land for burial plots	274,461	274,461
Buildings and improvements	950,453	950,453
Columbarium	119,887	119,887
Erosion project	585,090	585,090
Fence project	74,936	74,936
Organ	112,017	112,017
Iron gates	32,586	32,586
Furniture and equipment	153,492	153,492
Glasheen shrine	62,022	62,022
Transportation equipment	23,341	23,341
Video productions	<u>25,385</u>	<u>25,385</u>
Subtotal	2,413,670	2,413,670
Less accumulated depreciation	<u>1,152,926</u>	<u>1,082,919</u>
Total property and equipment	<u>1,260,744</u>	<u>1,330,751</u>
OTHER ASSETS		
Endowment Investments		
Bridger Family Association Legacy Fund	<u>101,588</u>	<u>-</u>
Total assets	<u>\$ 6,999,643</u>	<u>\$ 5,962,077</u>

See independent accountants' review report and notes to financial statements.

HISTORIC ST. LUKE'S RESTORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current obligations under capital lease	\$ -	\$ 183
Line of credit	156,904	196,081
Accounts payable	8,597	10,575
Payroll liabilities	130	20
Accrued expenses	26,405	8,942
Deferred revenue	4,800	1,400
Total current liabilities	196,836	217,201
LONG-TERM LIABILITIES		
Paycheck protection program loan	-	60,000
Total long-term liabilities	-	60,000
Total liabilities	196,836	277,201
NET ASSETS		
Net assets without donor restrictions		
Board designated for savings	2,264,524	2,264,524
Board designated for perpetual care of cemetery	888,947	631,601
Undesignated	3,537,748	2,773,751
Total net assets without donor restrictions	6,691,219	5,669,876
Net assets with donor restrictions	111,588	15,000
Total net assets	6,802,807	5,684,876
Total liabilities and net assets	\$ 6,999,643	\$ 5,962,077

HISTORIC ST. LUKE'S RESTORATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support, revenue and gains:		
Contributions received	\$ 236,829	\$ 214,378
In-kind non-financial contributions received	1,836	-
Grants received	86,639	-
Earned income:		
Admissions and program events	7,381	12,344
Cemetery plot sales	98,800	80,456
Rentals	17,800	14,475
Gift shop sales	5,835	12,269
Less: cost of goods sold	(3,266)	(6,390)
Paycheck Protection Program loan forgiveness	60,000	-
Investment return, net of expenses	1,217,514	155,855
	1,729,368	483,387
Net assets released from restrictions	24,732	12,503
Total public support, revenue and gains without donor restrictions	1,754,100	495,890
 Program expenses:		
Advertising and marketing	25,069	20,113
Computer programs	4,494	4,526
Depreciation	70,007	75,392
Dues and subscriptions	200	400
Education	5,393	2,942
Equipment rental	1,044	1,045
Interest	7,623	12,998
Maintenance contracts	9,027	8,819
Major gift initiative	100,000	50,000
Payroll	158,094	144,550
Payroll taxes	11,608	11,296
Printing	923	1,367
Professional consulting	550	21,250
Program events	3,265	3,041
Repairs and maintenance	43,870	44,455
Supplies	-	1,000
Training	98	517
Utilities	24,361	23,029
Total program expenses	465,626	426,740

See independent accountants' review report and notes to financial statements.

HISTORIC ST. LUKE'S RESTORATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
General and administrative expenses:		
Computer programs	\$ 516	\$ 389
Dues and subs	653	973
Equipment rental	1,045	1,045
Insurance	20,327	21,725
Legal and professional	6,750	6,500
Maintenance contracts	4,946	2,413
Miscellaneous	514	1,271
Office and housekeeping supplies	9,181	9,628
Operations expenses	23,136	19,942
Payroll	137,513	127,547
Payroll taxes	9,962	9,245
Repairs and maintenance	444	1,632
Storm water fees and real estate taxes	<u>1,836</u>	<u>1,859</u>
Total general and administrative expenses	<u>216,823</u>	<u>204,169</u>
Fundraising expenses:		
Development	20,409	44,661
Equipment rental	1,044	1,044
Payroll	26,895	23,130
Payroll taxes	<u>1,960</u>	<u>1,689</u>
Total fundraising expenses	<u>50,308</u>	<u>70,524</u>
Change in net assets without donor restrictions	<u>1,021,343</u>	<u>(205,543)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions received with donor restrictions	19,732	17,503
Endowment fund contributions	100,000	-
Net investment earnings on endowment fund	1,588	-
Net assets released from restrictions	<u>(24,732)</u>	<u>(12,503)</u>
Change in net assets with donor restrictions	<u>96,588</u>	<u>5,000</u>
CHANGE IN NET ASSETS	<u>1,117,931</u>	<u>(200,543)</u>
Beginning net assets	<u>5,684,876</u>	<u>5,885,419</u>
Ending net assets	<u>\$ 6,802,807</u>	<u>\$ 5,684,876</u>

HISTORIC ST. LUKE'S RESTORATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,117,931	\$ (200,543)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	70,007	75,392
Realized gain on sale of investments	(364,242)	(205,750)
Unrealized (gain) loss on investments	(746,218)	177,706
Paycheck Protection Program loan forgiveness	(60,000)	-
Change in assets and liabilities:		
Inventory	1,477	(1,069)
Accounts payable	(1,978)	9,990
Accrued expenses	17,463	3,295
Payroll liabilities	110	(105)
Deferred revenue	3,400	1,133
Contributions restricted for long-term purposes:		
Contributions	(100,000)	-
Net cash used in operating activities	(62,050)	(139,951)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(47,463)
Proceeds from sale of investments	838,904	1,207,189
Purchase of investments	(852,611)	(1,004,523)
Net cash provided by (used in) investing activities	(13,707)	155,203
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of loan receivable	(2,000)	-
Payments on capital lease obligations	(183)	(2,145)
Net payments on line of credit	(39,177)	(49,035)
Proceeds from paycheck protection plan loan	-	60,000
Contributions restricted for long-term purposes:		
Endowment fund	100,000	-
Net cash provided by financing activities	58,640	8,820
Net change in cash and restricted cash	(17,117)	24,072
Cash and restricted cash, beginning of year	73,017	48,945
Cash and restricted cash, end of year	\$ 55,900	\$ 73,017
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 9,157	\$ 12,372
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Paycheck Protection Program loan forgiveness	\$ 60,000	\$ -

HISTORIC ST. LUKE'S RESTORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business. Historic St. Luke's Restoration (the Restoration) is a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code located in Smithfield, Virginia. The Restoration's mission is to preserve, protect, and promote the Historic St. Luke Church landmark and its collections, documents, history, graveyard, and surroundings.

Basis of Presentation. The financial statements of the Restoration have been prepared in accordance with U.S. generally accepted accounting principles, which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Restoration or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statements of activities.

Cash. The Restoration maintains amounts in bank deposit accounts, which at times may exceed federally insured limits. The Restoration has not experienced any losses in such accounts.

For purposes of the statement of cash flows, the Restoration considers all highly liquid non-brokered investments available for current use with an initial maturity of three months or less to be cash equivalents. The Restoration had no cash equivalents during the years ended June 30, 2021 and 2020.

Note Receivable. Periodically, the Restoration will finance cemetery plot purchases for sixty days without interest. The outstanding balance as of June 30, 2021 is considered fully collectible. Therefore, no allowance for doubtful accounts is necessary.

Inventory. Inventory consists of retail goods held in the gift shop which are valued at cost on the first-in-first-out (FIFO) basis.

Investments. Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions 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.

HISTORIC ST. LUKE'S RESTORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property and Equipment. The Restoration capitalizes property and equipment that has a useful life in excess of one year including building improvements over \$5,000. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Restoration reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Restoration reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using straight-line and accelerated methods, based on the estimated economic lives of the assets.

Lives used for calculating depreciation rates for the principal asset classifications are as follows:

Buildings and improvements	10 – 39 years
Columbarium	39 years
Erosion and fence project and organ	15 years
Iron gates and Glasheen shrine	20 years
Furniture and equipment	7 – 10 years
Transportation equipment	3 – 5 years
Video productions	4 years

Expenditures for improvements and betterments, which substantially increase the useful lives of existing fixed assets, are capitalized at cost. Maintenance, repairs, and minor renewals are expensed as incurred.

Public Support and Revenue. Public support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions and grants are recognized in the period funds are received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risk involved. An allowance for uncollectible pledges receivable is provided based upon management's judgement considering factors such as prior collection history, type of contribution and nature of fundraising activity. Contributions received with donor-imposed restrictions are reported as revenue in the net asset with donor restrictions class. The Restoration did not have any unconditional pledges receivable as of June 30, 2021 or 2020.

Revenue from admissions and program events is recognized when tickets are purchased. Revenue from gift shop sales is recognized at the point of sale as goods are sold.

Non-refundable deposits on cemetery plot sales are recognized when received. The balance of the contract price is recognized when the contract is paid in full and the certificate of use is issued.

(Continued)

HISTORIC ST. LUKE'S RESTORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Non-refundable deposits for event rentals are recognized when received. When the event is held, the fee for use of the facility is recognized.

Donated Materials and Services. The Restoration records the value of donated materials or services when there is an objective basis available to measure their value. The Restoration recognizes the estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received require special skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

The Restoration received donated professional services valued at \$1,836 during the year ended June 30, 2021. The amount has been reflected in the statement of activities. No amounts have been reflected for the year ended June 30, 2020. A substantial number of volunteers donated significant amounts of time to the Restoration's program services that did not meet the criteria above.

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. The amounts reported in the financial statements may be affected by these estimates and assumptions and actual results could differ from those estimates. The Restoration uses estimates and assumptions in determining the useful lives of property and equipment.

Advertising. Advertising and marketing costs are expensed as incurred. Advertising and marketing expense for the years ended June 30, 2021 and 2020 was \$25,069 and \$20,113, respectively.

Functional expenses. The cost of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations have been determined by management on an equitable basis.

Expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Computer programs	Usage
Development	Time and effort
Equipment rental	Usage
Maintenance contracts	Contract purpose
Payroll	Time and effort
Payroll taxes	Time and effort
Repairs and maintenance	Time and effort

HISTORIC ST. LUKE'S RESTORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Recently Adopted Authoritative Guidance. In 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue Recognition from Contracts with Customers* (ASC 606), which replaces numerous requirements in U.S. GAAP, including industry-specific requirements, and provided companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principal of the new standard is that the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard is effective for nonpublic entities for annual reporting periods beginning after December 15, 2019. Early adoption is permitted.

Effective July 1, 2020, the Restoration adopted ASC 606 using the modified retrospective method. Adoption of the new guidance has not had a material impact on either reported revenue or net earnings.

In 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* for the purpose of providing guidance in evaluating whether transactions should be accounted for as contributions or exchanges. The update introduces the concept of barriers in providing guidance on identifying conditions that would preclude the recognition of certain contributions as revenue until such barriers could be overcome. The new standard is effective for nonpublic entities for annual reporting periods beginning after December 15, 2019. Early adoption is permitted.

Effective July 1, 2020, the Restoration adopted ASU 2018-08 using the retroactive method. Adoption of the new guidance has not had a material impact on either reported revenue from donors or net earnings.

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents the Restoration's financial assets at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and restricted cash	\$ 55,900	\$ 73,017
Investment securities	<u>5,671,826</u>	<u>4,547,659</u>
Total financial assets	5,727,726	4,620,676
Less amounts not available to meet general expenditures within one year:		
Net assets with donor restrictions	<u>111,588</u>	<u>15,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,616,138</u>	<u>\$ 4,605,676</u>

The Restoration's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in conservative investments including money market accounts, mutual funds and exchange traded products.

NOTE 3. INVENTORY

Inventory, at lower of cost or market, consists of the following:

	<u>2021</u>	<u>2020</u>
Retail goods in gift shop	<u>\$ 9,173</u>	<u>\$ 10,650</u>

HISTORIC ST. LUKE'S RESTORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4. INVESTMENTS

The fair values of investments totaled \$5,671,826 and \$4,547,659 at June 30, 2021 and 2020, respectively.

The following is a summary of investments at June 30, 2021 and 2020:

	2021	2020
Money market funds	\$ 127,017	\$ 162,091
Mutual funds	4,311,049	3,352,098
Exchange traded products	1,233,760	1,033,470
	\$ 5,671,826	\$ 4,547,659

The following schedule summarizes investment returns and their classification in the statements of activities for the years ended June 30, 2021 and 2020.

	2021		2020
	With donor restrictions	Without donor restrictions	Without donor restrictions
Interest income	\$ -	\$ 12	\$ 327
Dividend income	449	135,301	153,214
Net realized gains	-	364,242	205,750
Net unrealized gains and (losses)	1,241	744,977	(177,706)
Investment expenses	(102)	(27,018)	(25,730)
Net investment return	\$ 1,588	\$ 1,217,514	\$ 155,855

NOTE 5. LINE OF CREDIT

The Restoration has a \$400,000 line of credit with Farmers Bank. The loan is secured by the Restoration's assets and bears interest at a Prime Rate plus 0.50%. As of June 30, 2021, the Restoration had borrowed \$156,904 on the line of credit and had available credit of \$243,096. The balance as of June 30, 2020 was \$196,081. Interest is due monthly. The line of credit matures June 23, 2022.

NOTE 6. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Restoration received loan proceeds in the amount of \$60,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES"), 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 (or twenty-four) 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 the loan forgiveness would be reduced if the borrower terminated employees or reduced salaries during the eight or twenty-four week period.

Under the agreement, the unforgiven portion of the PPP loan, if any, would be payable over two years at an interest rate of 1.0% with a deferral of payments through December 31, 2020. The Restoration used the proceeds for purposes consistent with the Paycheck Protection Program. The loan was forgiven during the year ended June 30, 2021.

(Continued)

HISTORIC ST. LUKE'S RESTORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	2021	2020
Subject to expenditure for specified purposes:		
Beyond Artifacts program	\$ -	\$ 5,000
Building restoration	10,000	10,000
Net investment earnings on the Bridger Family Association Legacy Fund available for operations	1,588	-
Donor restricted endowment supporting		
The Bridger Family Association Legacy Fund	100,000	-
Total	\$ 111,588	\$ 15,000

NOTE 8. ENDOWMENT FUND

The Restoration's endowment fund was established during the year ended June 30, 2021 to support the Bridger Family Association Legacy Fund ("Legacy Fund"). Contributions to the Legacy Fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Restoration indefinitely and income from the Legacy Fund will be used to support operations of the Bridger Family Association Genealogical & Research Center, when built, and general operations prior to its construction. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Restoration is governed by state law under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) law as adopted by the Commonwealth of Virginia. Virginia's version of UPMIFA was enacted during 2008. The Board of Trustees of the Restoration has interpreted the relevant state law 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. Therefore, the Restoration classifies amounts in the donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met.

As a result of this interpretation, the Restoration classifies as net assets with donor restrictions amounts retained in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 endowment fund that is not classified as amounts retained in perpetuity is classified as donor restricted amounts. Those amounts are appropriated for expenditure by the Restoration in a manner consistent with the standard of prudence prescribed by the state UPMIFA law.

(Continued)

HISTORIC ST. LUKE'S RESTORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 8. ENDOWMENT FUND (Concluded)

In accordance with UPMIFA, the Restoration considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Restoration, and (7) the investment policies of the Restoration.

As of June 30, 2021, the endowment is composed of the following:

Amounts required to be invested in perpetuity	\$	100,000
Amounts subject to appropriation for support of the Bridger Family Association Genealogical & Research Center, when built, and general operations until the center opens		1,588
Total donor-restricted endowment fund	\$	101,588

There were no endowment assets at June 30, 2020.

The Restoration has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide the Bridger Family Association Genealogical & Research Center program with income. Endowment assets are invested in mutual funds. The Restoration seeks to build endowment assets through additional contributions. The Restoration has a policy of appropriating for distributions at the Board's discretion on a monthly or quarterly basis. Annualized Legacy Fund pay-outs shall not exceed 5% per annum of the total Average Market Value (AMV) of assets over the previous twelve quarters.

The composition of endowment net assets for this fund and the changes in the endowment net assets as of June 30, 2021 are as follows:

	Net Assets with Donor Restrictions
Endowment net assets, July 1, 2020	\$ -
Contributions	100,000
Investment return (net)	1,588
Amounts appropriated for expenditure	-
Endowment net assets, June 30, 2021	\$ 101,588

NOTE 9. CAPITAL LEASE

The Restoration leased certain equipment under an agreement classified as a capital lease. The lease was paid in full during the year ended June 30, 2021. The cost and accumulated depreciation of the leased equipment as of June 30, 2021 was \$10,073 and \$3,693, respectively.

HISTORIC ST. LUKE'S RESTORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 10. OPERATING LEASE

The Restoration leases equipment under a non-cancelable operating lease. The rent expense under this lease was \$3,134 for the years ended June 30, 2021 and 2020. Future minimum lease payments under this non-cancelable operating lease with an initial term of one year or more are as follows:

Fiscal year ending:		
June 30, 2022	\$	3,134
June 30, 2023		2,612

NOTE 11. INCOME TAXES

There have been no examinations of tax returns by the Internal Revenue Service and the only open years subject to examination are the years ending after June 30, 2017.

NOTE 12. FAIR VALUE MEASUREMENTS

Financial accounting standards established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Restoration has the ability to access.

Level 2 Inputs to the valuation methodology include

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Investment Securities. Investment securities consist of mutual funds and exchange-traded products. Fair values of these securities are usually based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

(Continued)

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NOTE 12. FAIR VALUE MEASUREMENTS (Concluded)

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2021 and 2020, are as follows:

	<u>June 30, 2021</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices</u> <u>In Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Investment securities:				
Merrill Lynch – money market and mutual funds	\$ 101,588	\$ 101,588	\$ -	\$ -
Merrill Lynch – money market and mutual funds	3,425,183	3,425,183	-	-
Raymond James – money market and exchange-traded products	1,256,108	1,256,108	-	-
Raymond James – money market and mutual funds	888,947	888,947	-	-
	<u>\$ 5,671,826</u>	<u>\$ 5,671,826</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>June 30, 2020</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices</u> <u>In Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Investment securities:				
Merrill Lynch – money market and mutual funds	\$ 2,023,930	\$ 2,023,930	\$ -	\$ -
Merrill Lynch – money market and mutual funds	831,432	831,432	-	-
Raymond James – money market and exchange-traded products	1,060,696	1,060,696	-	-
Raymond James – money market and mutual funds	631,601	631,601	-	-
	<u>\$ 4,547,659</u>	<u>\$ 4,547,659</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTE 13. BRIDGER FAMILY ASSOCIATION LEGACY FUND AT HISTORIC ST. LUKE'S RESTORATION

In April 2020, the Restoration's Board of Directors, in association with the Bridger Family Association, established the Bridger Family Association Legacy Fund at Historic St. Luke's Restoration ("the Legacy Fund"). The Bridger Family Association, which is named for its colonial era ancestor, Colonel Joseph Bridger, who is given credit as the principal benefactor in the building of St. Luke's Church, has shared a very close relationship with the Restoration since it was established in 2006. When the concept of the Legacy Fund was introduced, Bridger Family Association members were eager to support its establishment. As of June 30, 2021, \$400,000 individual written intents to give to the Legacy Fund had been received. The Restoration's goal is to secure additional intents to give to total at least \$1,000,000. When funded, income generated from the Legacy Fund will be used to support operations of the Bridger Family Association Genealogical & Research Center, when it is built and general operations prior to its construction.

As of June 30, 2021, \$100,000 had been donated to the Bridger Family Association Legacy Fund.

The intents to give will not be recorded as promises to give until the bequests have been validated by the probate court subsequent to each donor's passing.

NOTE 14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 3, 2022, the date on which the financial statements were available to be issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties continue which could have a negative impact on the Restoration. The potential financial impact of the pandemic on the Restoration is unknown.