

**Ecclesia Houston**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2021 and 2020

# **Ecclesia Houston**

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## Independent Auditors' Report

To the Board of Overseers of  
Ecclesia Houston:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Ecclesia Houston, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ecclesia Houston as of December 31, 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Ecclesia Houston and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ecclesia Houston's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ecclesia Houston's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ecclesia Houston's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Blazek & Vetterling*

August 17, 2022

## Ecclesia Houston

### Statements of Financial Position as of December 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 975,643	\$ 671,368
Prepaid expenses and other assets	844,185	818,404
Government grant receivable (Note 8)	248,682	
Investments (Note 4)	7,480,156	8,222,882
Note receivable (Note 3)	137,323	
Property and equipment, net (Note 5)	<u>22,077,773</u>	<u>21,556,205</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 31,763,762</u></b>	<b><u>\$ 31,268,859</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 111,817	\$ 40,176
Grants payable	225,000	71,200
Construction related payables		<u>212,350</u>
Total liabilities	<u>336,817</u>	<u>323,726</u>
Commitment (Note 8)		
Net assets:		
Without donor restrictions	19,833,707	19,367,033
With donor restrictions (Note 6)	<u>11,593,238</u>	<u>11,578,100</u>
Total net assets	<u>31,426,945</u>	<u>30,945,133</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 31,763,762</u></b>	<b><u>\$ 31,268,859</u></b>

*See accompanying notes to financial statements.*

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## Ecclesia Houston

### Statement of Activities for the year ended December 31, 2021

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 3,478,314	\$ 322,234	\$ 3,800,548
Government grants ( <i>Note 8</i> )		1,059,274	1,059,274
Special event		101,859	101,859
Direct donor benefits		(29,655)	(29,655)
Program fees and rental income	59,628		59,628
Paper Co. café sales	14,165		14,165
Cost of goods sold – Paper Co. café	(23,110)		(23,110)
Net investment return	<u>151,865</u>		<u>151,865</u>
Total revenue	3,680,862	1,453,712	5,134,574
Net assets released from restrictions:			
Expenditures for missions and outreach	379,300	(379,300)	
Expenditures for COVID-19 relief funding:			
Paycheck Protection Program loan	591,200	(591,200)	
Employee retention credits	<u>468,074</u>	<u>(468,074)</u>	
Total	<u>5,119,436</u>	<u>15,138</u>	<u>5,134,574</u>
EXPENSES:			
Program expenses:			
Ministry and education	3,264,717		3,264,717
Missions and outreach	<u>596,431</u>		<u>596,431</u>
Total program expenses	3,861,148		3,861,148
Management and general	753,192		753,192
Paper Co. café	<u>38,422</u>		<u>38,422</u>
Total expenses	<u>4,652,762</u>		<u>4,652,762</u>
CHANGES IN NET ASSETS	466,674	15,138	481,812
Net assets, beginning of year	<u>19,367,033</u>	<u>11,578,100</u>	<u>30,945,133</u>
Net assets, end of year	<u>\$ 19,833,707</u>	<u>\$ 11,593,238</u>	<u>\$ 31,426,945</u>

*See accompanying notes to financial statements.*

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## Ecclesia Houston

### Statement of Activities for the year ended December 31, 2020

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions – other	\$ 5,108,264	\$ 472,061	\$ 5,580,325
Contributions – government grants		591,200	591,200
Special event		46,739	46,739
Direct donor benefits		(16,598)	(16,598)
Program fees and rental income	166,527		166,527
Paper Co. café sales	49,181		49,181
Cost of goods sold – Paper Co. café	(20,896)		(20,896)
Net investment return	132,814		132,814
Total revenue	5,435,890	1,093,402	6,529,292
Net assets released from restrictions:			
Expenditures for missions and outreach	672,394	(672,394)	
Expenditures for Paycheck Protection Program loan	591,200	(591,200)	
Total	6,699,484	(170,192)	6,529,292
EXPENSES:			
Program expenses:			
Ministry and education	3,485,409		3,485,409
Missions and outreach	1,104,905		1,104,905
Total program expenses	4,590,314		4,590,314
Management and general	716,391		716,391
Paper Co. café	81,435		81,435
Total expenses	5,388,140		5,388,140
CHANGES IN NET ASSETS	1,311,344	(170,192)	1,141,152
Net assets, beginning of year	18,055,689	11,748,292	29,803,981
Net assets, end of year	\$ 19,367,033	\$ 11,578,100	\$ 30,945,133

*See accompanying notes to financial statements.*

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## Ecclesia Houston

### Statement of Functional Expenses for the year ended December 31, 2021

	<u>MINISTRY AND EDUCATION</u>	<u>MISSIONS AND OUTREACH</u>	<u>MANAGEMENT AND GENERAL</u>	<u>PAPER CO. CAFÉ</u>	<u>TOTAL EXPENSES</u>
Payroll and related benefits	\$ 2,259,287		\$ 494,919	\$ 7,036	\$ 2,761,242
Grants to other non-profits		\$ 326,238			326,238
Professional services	207,553		30,074	200	237,827
Program equipment and supplies	95,178	91,178		11,785	198,141
Repairs and maintenance	164,752		22,740		187,492
Insurance	143,565		19,850		163,415
Occupancy	135,183		13,189	764	149,136
Depreciation	124,072		13,786	4,799	142,657
Software, subscriptions, and other technology	67,402		37,884	947	106,233
Benevolence direct assistance		81,407			81,407
Staff training and development	5,968		34,486	175	40,629
Bank fees			39,048	827	39,875
Outreach/direct disaster assistance		32,390			32,390
Meals and entertainment	13,400		8,379		21,779
Property taxes			16,439		16,439
Other	<u>48,357</u>	<u>65,218</u>	<u>22,398</u>	<u>11,889</u>	<u>147,862</u>
Total expenses	<u>\$ 3,264,717</u>	<u>\$ 596,431</u>	<u>\$ 753,192</u>	<u>\$ 38,422</u>	4,652,762
Direct donor benefits					29,655
Cost of goods sold – Paper Co. café					<u>23,110</u>
Total					<u>\$ 4,705,527</u>

*See accompanying notes to financial statements.*



## Ecclesia Houston

### Statement of Functional Expenses for the year ended December 31, 2020

	<u>MINISTRY AND EDUCATION</u>	<u>MISSIONS AND OUTREACH</u>	<u>MANAGEMENT AND GENERAL</u>	<u>PAPER CO. CAFÉ</u>	<u>TOTAL EXPENSES</u>
Payroll and related benefits	\$ 2,597,773		\$ 494,395	\$ 65,077	\$ 3,157,245
Grants to other non-profits		\$ 750,268			750,268
Professional services	174,539		25,726		200,265
Program equipment and supplies	91,497	48,839		3,242	143,578
Repairs and maintenance	86,368		18,426		104,794
Insurance	103,382		14,478		117,860
Occupancy	138,558		13,456	1,579	153,593
Depreciation	117,481		13,053	4,810	135,344
Software, subscriptions, and other technology	52,709		40,589		93,298
Benevolence direct assistance		132,232			132,232
Staff training and development	10,438		16,746	282	27,466
Bank fees			41,345	2,407	43,752
Outreach/direct disaster assistance		150,872			150,872
Meals and entertainment	11,303		4,502		15,805
Property taxes			15,255		15,255
Retreat/mission travel	87,771	22,694			110,465
Other	<u>13,590</u>	<u>          </u>	<u>18,420</u>	<u>4,038</u>	<u>36,048</u>
Total expenses	<u>\$ 3,485,409</u>	<u>\$ 1,104,905</u>	<u>\$ 716,391</u>	<u>\$ 81,435</u>	5,388,140
Direct donor benefits					16,598
Cost of goods sold – Paper Co. café					<u>20,896</u>
Total					<u>\$ 5,425,634</u>

*See accompanying notes to financial statements.*

## Ecclesia Houston

### Statements of Cash Flows for the years ended December 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 481,812	\$ 1,141,152
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	142,657	135,344
Gain on sale of assets		(2,117)
Net realized and unrealized gain on investments	(143,389)	(88,087)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(25,781)	(307,955)
Government grant receivable	(248,682)	
Accounts payable and accrued expenses	71,641	(94,955)
Grants payable	153,800	(184,579)
Deferred program fee revenue		(32,300)
Net cash provided by operating activities	<u>432,058</u>	<u>566,503</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(172,846)	(227,030)
Proceeds from sales of investments	83,074	209,648
Net change in cash and money market mutual funds held as investments	975,887	(41,851)
Purchases of property and equipment	(876,575)	(1,404,520)
Proceeds from sale of property and equipment		<u>18,600</u>
Net cash provided (used) by investing activities	<u>9,540</u>	<u>(1,445,153)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advance on note receivable	(140,000)	
Payments on note receivable	<u>2,677</u>	
Net cash used by financing activities	<u>(137,323)</u>	
NET CHANGE IN CASH	304,275	(878,650)
Cash, beginning of year	<u>671,368</u>	<u>1,550,018</u>
Cash, end of year	<u>\$ 975,643</u>	<u>\$ 671,368</u>

*See accompanying notes to financial statements.*

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## Ecclesia Houston

Notes to Financial Statements for the years ended December 31, 2021 and 2020

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Ecclesia Houston (Ecclesia) is a nonprofit organization located in Houston, Texas incorporated under the laws of the State of Texas. Ecclesia is a holistic, missional, Christian community that seeks to spread the Gospel of Jesus Christ, teaching the Bible and sharing the Christian faith with as many people as possible. Ecclesia is primarily supported by contributions provided through its Christian community in two locations. Ecclesia has created a café and coffee shop at the Elder Street location to provide a place of community for the congregation and others in Houston.

Federal income tax status – Ecclesia is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a religious organization under §509(a)(1) and §170(b)(1)(A)(i).

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses. Cash which is held for long-term investment is grouped with investments and excluded from cash in the statement of cash flows.

Note receivable is carried at the unpaid principal balance, less an allowance for uncollectible note receivable balances, if necessary. No allowance has been provided at December 31, 2021.

Property and equipment is reported at cost. Contributions of property are reported at estimated fair value at the date of gift. Expenditures or contributions in excess of \$5,000 are capitalized as property. Depreciation is reported on a straight-line basis over estimated useful lives of 5 to 37 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Absent explicit donor restrictions regarding use, contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Mission grants approved are recognized as expense when Ecclesia approves an unconditional commitment to a grant recipient. Commitments made but not yet funded are reported as mission grants payable. All grants are to be paid within one year. During 2021 and 2020, Ecclesia provided grants to Living Water International totaling approximately \$240,000 and \$450,000, respectively.

Contributions including government grants, are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their

use are classified as restricted support. Conditional contributions are subject to one or more barriers that must be overcome before Ecclesia is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been substantially met. Funding received before conditions are met is reported as a refundable advance.

Contributed materials, use of facilities, and services – Donated materials and use of facilities are recognized at fair value as contributions without donor restrictions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have contributed their time to Ecclesia for which no amount has been recognized in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Special event revenue is the total amount paid by attendees of an event and includes elements of both contributions and exchange transactions. Special event revenue is recognized when the event occurs. Direct donor benefits represent the cost of goods and services provided to attendees of the event.

Program fees, rental income and café sales are recognized as the services or goods are provided as follows:

- *Holyland Trip* – Registration fees are paid by trip participants. Ecclesia recognizes the revenue from this trip as performance obligations are satisfied at a point in time, when the trip takes place. Included in the price of the trip are overnight accommodations, meals, tour bus fees, tour guides, airport transfer fees, and entrance fees. Fees paid in advance are reported as deferred program fee revenue. There were no fees paid in advance in 2021 or 2020.
- *Mother's Day Out* – This child care program is offered to families within the Houston area. The program is for children of all ages and is offered two days a week at the West Side campus. The program seeks to engage children in developmentally appropriate experiences with God's Word through storytelling. Registration for this program is typically on a 2 to 4 month basis, depending on the time of year. Ecclesia recognizes revenue ratably over 2 to 4 month time periods as performance obligations are met. There are explicit price concessions based on the number of children that a family enrolls. The program fees are billed monthly and are net of any discounts.
- *Café Sales* – Café sales are recognized when the goods are provided.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Paper Co. café activities are the direct conduct or supervision of activities for the Paper Co. café. Management and general activities are not directly identifiable with specific program or café activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and other occupancy costs are allocated based on square footage. Information technology costs are allocated based on estimates of time and costs of specific technology utilized.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 975,643	\$ 671,368
Other receivables	54,567	1,420
Government grant receivable	248,682	
Investments	7,480,156	8,222,882
Note receivable	<u>137,323</u>	<u>          </u>
Total financial assets	8,896,371	8,895,670
Less portion of note receivable that is due beyond one year	<u>(129,185)</u>	<u>          </u>
Total financial assets available for general expenditure	<u>\$ 8,767,186</u>	<u>\$ 8,895,670</u>

Financial assets available for general expenditures include cash, equity securities, and accounts receivable. Ecclesia expects to fund general expenditures in excess of financial assets available to meet cash needs with future contributions, program fees, and Paper Co. café sales.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Ecclesia considers all expenditures related to its ongoing activities of providing ministry, mission and outreach programs, the operations of the Paper Co. café, as well as the conduct of services undertaken to support those activities, to be general expenditures.

## NOTE 3 – RELATED PARTY TRANSACTIONS

During 2021, Ecclesia loaned a member of the pastoral staff \$140,000, the proceeds of which were used to purchase the borrower's residence. The note bears interest at 2% and requires monthly payments of principal and interest beginning September 1, 2021, through maturity on August 15, 2036. The note is secured by the borrower's residence.

At December 31, 2021, principal payments are due as follows:

2022	\$ 8,138
2023	8,303
2024	8,470
2025	8,641
2026	8,816
Thereafter	<u>94,955</u>
Total	<u>\$ 137,323</u>

During 2021, Ecclesia entered into an agreement to lease certain space at the Lindale location to an organization to operate a Head Start program. The lease provides for a 5-year term, expiring on June 30, 2025, with the option to renew for three, 5-year increments. The lease provides for monthly rental payments of \$2,420 plus operating expenses of \$10,000. A member of the pastoral staff is the spouse of an executive employee of the lessor. Ecclesia recognized rental income of approximately \$51,000 under this agreement during 2021.

#### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

At December 31, 2021 and 2020, all assets are measured as Level 1 and are as follows:

	<u>2021</u>	<u>2020</u>
Investments:		
Mutual funds:		
Money market	\$ 6,722,745	\$ 7,701,951
Equity	129,359	53,555
Bond	4,330	37,177
Common stock	445,278	289,926
Exchange-traded funds	<u>111,742</u>	<u>76,890</u>
Total assets	7,413,454	8,159,499
Cash held as investments	<u>66,702</u>	<u>63,383</u>
Total investments	<u>\$ 7,480,156</u>	<u>\$ 8,222,882</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value.
- *Common stock* and *exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Ecclesia believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

## NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 16,036,251	\$ 16,036,251
Buildings and improvements	5,406,863	2,943,090
Furniture, fixtures, and equipment	666,618	535,019
Construction in progress	<u>1,118,153</u>	<u>3,049,300</u>
Total property and equipment, at cost	23,227,885	22,563,660
Accumulated depreciation	<u>(1,150,112)</u>	<u>(1,007,455)</u>
Property and equipment, net	<u>\$ 22,077,773</u>	<u>\$ 21,556,205</u>

In January 2016, Ecclesia entered into an agreement with a local area church to transfer all of the assets of the church to Ecclesia, which was appraised for approximately \$11,500,000. The agreement further provides that the property be used solely as a church operating as a member congregation of the Union Baptist Association for a period of 10 years from the date of the agreement. If Ecclesia does not utilize the property as a church, Union Baptist Association has the right to contest the title and revert the property. Ecclesia began operating a church at this location effective January 1, 2016.

## NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Venezuela Missions	\$ 40,382	\$ 49,824
Gulf Coast Response	38,089	19,344
Hurricane Dorian Relief	8,932	8,932
Outreach grants	<u>5,835</u>	<u>          </u>
Total subject to expenditure for specified purpose	93,238	78,100
Not subject to appropriation or expenditure:		
Land to be used for a church until 2026 ( <i>Note 5</i> )	<u>11,500,000</u>	<u>11,500,000</u>
Total net assets with donor restrictions	<u>\$ 11,593,238</u>	<u>\$ 11,578,100</u>

## NOTE 7 – RETIREMENT PLAN

Ecclesia maintains a §403(b) retirement savings plan to which all employees may contribute subject to Internal Revenue Service regulations. Ecclesia's contributions were approximately \$155,000 and \$168,000 in 2021 and 2020, respectively.

## NOTE 8 – GOVERNMENT GRANTS

Government grant revenue recognized at December 31, 2021 includes the following:

U.S. Small Business Administration:	
Paycheck Protection Program loan forgiveness	\$ 591,200
Employee Retention Credit grant	<u>468,074</u>
Total government grants	<u>\$ 1,059,274</u>

At December 31, 2021, there is an outstanding receivable for the Employment Retention Credit grant in the amount of \$248,682.

Ecclesia's government grants require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by Ecclesia with the terms of the contracts. Management believes such disallowances, if any, would not be material to Ecclesia's financial position or changes in net assets.

## NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 17, 2022, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.