

**THE UNITARIAN CHURCH IN WESTPORT**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**THE UNITARIAN CHURCH IN WESTPORT  
FOR THE YEAR ENDED JUNE 30, 2019**

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**THE UNITARIAN CHURCH IN WESTPORT**

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees  
The Unitarian Church in Westport

We have reviewed the accompanying financial statements of The Unitarian Church in Westport (TUCW), (a nonprofit organization), which comprise the statement of financial position-modified cash basis as of June 30, 2019, and the related statement of activities-modified cash basis for the year 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 company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

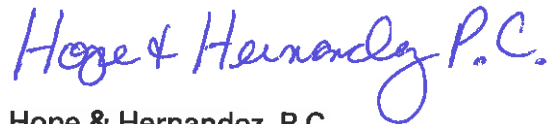
## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

### **Known Departure From Modified Cash Basis of Accounting**

Due to the lack of historical cost data, The Unitarian Church in Westport has estimated the \$3,000,000 beginning balance of land, buildings, and furniture, fixtures and equipment at July 1, 2014. Further, the Church did not begin to depreciate its fixed assets until the year ended June 30, 2015.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.



Hope & Hernandez, P.C.  
Bridgeport, Connecticut  
November 6, 2019

**THE UNITARIAN CHURCH IN WESTPORT**

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**FINANCIAL STATEMENTS**

**THE UNITARIAN CHURCH IN WESTPORT  
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS  
JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash	\$ 322,365	\$ 156,980	\$ 479,345
Investments-Stocks and Bonds	1,306,920	1,708,043	3,014,963
Prepaid Federal Income Tax	653	0	653
Cash-Restricted For Pass Thru to Other Charities	25	0	25
Total Current Assets	<u>1,629,963</u>	<u>1,865,023</u>	<u>3,494,986</u>
Non-Current Assets:			
Fixed Assets, net of accumulated depreciation of \$385,195	<u>2,981,187</u>	<u>0</u>	<u>2,981,187</u>
Total Non-Current Assets	<u>2,981,187</u>	<u>0</u>	<u>2,981,187</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>4,611,150</u></b>	<b>\$ <u>1,865,023</u></b>	<b>\$ <u>6,476,173</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Current Liabilities:			
403(B) Contribution Payable	\$ 2,030	\$ 0	\$ 2,030
Prepaid Pledge Payments	86,706	0	86,706
Prepaid Facility Rent	3,475	0	3,475
Pass Thru To Other Charities Payable	25	0	25
Total Current Liabilities	<u>92,236</u>	<u>0</u>	<u>92,236</u>
Net Assets			
Without Donor Restrictions	4,518,914	0	4,518,914
With Donor Restrictions	<u>0</u>	<u>1,865,023</u>	<u>1,865,023</u>
Total Net Assets	<u>4,518,914</u>	<u>1,865,023</u>	<u>6,383,937</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>4,611,150</u></b>	<b>\$ <u>1,865,023</u></b>	<b>\$ <u>6,476,173</u></b>

**THE UNITARIAN CHURCH IN WESTPORT  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Pledge & Gift Trust Income	\$ 582,066	\$ 0	\$ 582,066
Non-Pledge Contributions & Plate Collections	295,845	0	295,845
Contributions With Donor Restrictions	0	221,272	221,272
Fundraisers	48,798	0	48,798
Pass Thru Collections	9,527	0	9,527
Facility Use Fees	96,919	0	96,919
Parking Lot Rentals	41,100	0	41,100
Other Revenue	15,449	0	15,449
Interest, Dividends, Realized Gains	35,538	129,708	165,246
Net assets released from Restrictions	79,004	(79,004)	0
	<u>1,204,246</u>	<u>271,976</u>	<u>1,476,222</u>
<b>Total Support and Revenue</b>			
<b>Operating Expenses:</b>			
Program Services	740,897	0	740,897
Management and General	198,080	0	198,080
Fundraising	38,886	0	38,886
	<u>977,863</u>	<u>0</u>	<u>977,863</u>
<b>Total Operating Expenses</b>			
Changes in Net Assets From Operations	226,383	271,976	498,359
<b>Non-Operating Activities:</b>			
Investment Return, Net	37,241	(383)	36,858
	<u>263,624</u>	<u>271,593</u>	<u>535,217</u>
<b>Changes in Net Assets</b>			
Net Assets, Beginning of Year	4,255,290	1,593,430	5,848,720
	<u>4,255,290</u>	<u>1,593,430</u>	<u>5,848,720</u>
<b>Net Assets, End of Year</b>	<u>\$ 4,518,914</u>	<u>\$ 1,865,023</u>	<u>\$ 6,383,937</u>



**THE UNITARIAN CHURCH IN WESTPORT**

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**NOTES TO THE FINANCIAL STATEMENTS**

**THE UNITARIAN CHURCH IN WESTPORT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Unitarian Church in Westport (TUCW) is a diverse and welcoming religious community, free of creed and dogma, and open to people of all backgrounds and beliefs. The congregation inspires and supports spiritual growth. TUCW connects through worship, music, learning, and caring ministries and acts in the service of peace and justice.

Summary of Significant Accounting Policies

Basis of Presentation

TUCW's policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis, revenues are recognized when received rather than earned and expenses are recognized when paid rather than incurred.

Net Asset Classes

TUCW prepares its financial statements using guidelines established under ASU 2016-4, Not-For-Profit Entities (Topic 958) which require that a nonprofit organization provide information regarding the net assets of the organization based on the existence or absence of donor imposed restrictions. The types of net asset classifications are described as follows:

**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 organization. These net assets may be used at the discretion of TUCW's management and 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 TUCW or by the passage of time. Other donor restrictions can be perpetual in nature, where by the donor has stipulated that 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 statement of activities.

**THE UNITARIAN CHURCH IN WESTPORT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – Continued**

**Measure of Operations**

The statement of activities reports all changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to TUCW's ongoing programs and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Accounting Policies**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These assumptions include but are not limited to the depreciable lives of long-lived assets. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

TUCW considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**THE UNITARIAN CHURCH IN WESTPORT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES** - Continued

**Fixed Assets and Accumulated Depreciation**

Fixed assets are recorded at cost and include expenditures greater than \$5,000 that naturally increase values or extend useful lives. Contributed assets are recorded at their fair market value at the date of receipt as determined by TUCW. Depreciation totals \$86,703 for the year ended June 30, 2019 and is computed over the estimated useful lives of the assets, which range from 7 to 39 years, using the straight-line method for financial reporting purposes. Expenditures in the nature of normal repairs and maintenance are charged to operations as incurred.

**Subsequent Events**

Date of Management Evaluation - Management has evaluated subsequent events through November 6, 2019, the date on which the financial statements were available to be issued.

Management has not identified any significant subsequent events requiring disclosure.

**New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-4, Not-For-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. TUCW has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Reclassifications**

Beginning net asset amounts have been reclassified to conform to the current year presentation.

**NOTE 2 - INCOME TAXES**

The Church is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes and generally is not subject to income taxes. For the year ended June 30, 2019, TUCW leased a portion of its parking lot to outside entities. However, no federal unrelated business income tax was incurred. The Church is not aware of any activities that would jeopardize its tax-exempt status. As of June 30, 2019, the Church had no uncertain tax positions that qualify for either recognition or disclosure in the

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NOTE 2 - INCOME TAXES- Continued

financial statements and does not expect this to change in the next twelve months. The 2015 through 2018 tax years remain subject to examination by the Internal Revenue Service.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject TUCW to concentration of credit risk consists principally of cash. TUCW at June 30, 2019, maintained \$233,143 in cash balances in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Church has not incurred any losses in the past and it believes it is not exposed to any significant credit risk.

NOTE 4 - AVAILABILITY AND LIQUIDITY

The following represents TUCW's financial assets at June 30, 2019.

Financial assets at year end:

Cash and cash equivalents	\$ 479,345
Investments	<u>3,014,963</u>
Total Financial Assets	\$ 3,494,308

Less amounts not available to be used within one year 1,582,196

Financial assets available to meet general expenditures  
over the next twelve months \$ 1,912,112

TUCW has a \$250,000 line of credit available to meet cash flow needs.

NOTE 5 - INVESTMENTS - FAIR VALUE MEASUREMENTS

TUCW reports its investments in accordance with FASB ASC 820, Fair Value Measurements and ASU 2011-04 Fair Value Measurements (Topic 820). TUCW's investments are reported at fair value in the accompanying statement of financial position at June 30, 2019 as follows:

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 5 - INVESTMENTS - FAIR VALUE MEASUREMENTS - Continued**

		Quoted Markets	Prices in for Identical	Active Assets
	Fair Value	Level 1	Level 2	Level 3
<b>Without Donor Restrictions</b>				
UUA Common Fund	\$700,562	\$359,999	\$307,919	\$32,644
Vanguard				
Cash	58,982	58,982	-	-
Stocks	8,130	8,130	-	-
Bonds	318,330	318,330	-	-
Vanguard-Bernhard Music Fund				
Stocks	147,510	147,510	-	-
Bonds	65,298	65,298	-	-
Vanguard-Lifespan Faith Development				
Stocks	4,054	4,054	-	-
Vanguard-Buildings & Grounds				
Stocks	4,054	4,054	-	-
<b>Total Without Donor Restrictions</b>	<b><u>\$1,306,920</u></b>	<b><u>\$966,357</u></b>	<b><u>\$307,919</u></b>	<b><u>\$32,644</u></b>
<b>With Donor Restrictions</b>				
Vanguard-Social Justice				
Stocks	\$42,511	\$42,511	-	-
Vanguard-Music				
Stocks	83,336	83,336	-	-
Vanguard				
Cash	3,143	3,143	-	-
Stocks	1,499,877	1,499,877	-	-
Bonds	79,176	79,176	-	-
<b>Total With Donor Restrictions</b>	<b><u>\$1,708,043</u></b>	<b><u>\$1,708,043</u></b>	<b>-</b>	<b>-</b>

**THE UNITARIAN CHURCH IN WESTPORT  
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**NOTE 5 - INVESTMENTS - FAIR VALUE MEASUREMENTS - Continued**

FASB ASC 820 Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The fair value of investments is determined by the individual investment manager. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1            Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
  
- Level 2            Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
  
- Level 3            Prices or valuations that require inputs that are both significant to the fair value measurements and unobservable.

**NOTE 6 - FIXED ASSETS**

Below is a summary of fixed assets at June 30, 2018:

Church Building and Meeting House	\$1,900,000
Furniture, Fixtures and Equipment	106,880
Building Improvements	181,698
Land Improvements	<u>116,900</u>
Sub-Total Depreciable Assets	2,305,478
Less: Accumulated Depreciation	<u>(298,492)</u>
Net Book Value of Depreciable Assets	2,006,986
Land	<u>1,000,000</u>
TOTAL	<u>\$3,006,986</u>

**NOTE 6 - EMPLOYEE BENEFITS**

Deferred Compensation Plan - The Church maintains a 403(b) defined contribution plan open to all employees who meet certain eligibility requirements. For the year ended June 30, 2018, TUCW contributed 10% of participating employees' wages, totaling \$34,064 to the plan which is administered through TIAA-CREF.

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8 – NET ASSETS**

Net assets with donor restrictions are as follows for the year ended June 30, 2019:

<b>Specific Purpose</b>	
Minister’s Discretionary Fund	\$ 2,665
Ed’s 40 Year Tribute	3,849
Music	83,336
Social Justice	42,511
Capital Campaign	<u>150,466</u>
	\$ 282,827
Investment in Perpetuity	<u>1,582,196</u>
Total	<u>\$ 1,865,023</u>

Investment in Perpetuity consists of \$1,582,196 in cash and investments maintained at Vanguard. The funds were donated to the Church in 2005 with restrictions on the distribution of funds consisting of 50% of the annual income and 50% of the annual capital gains. Funds distributed must be used for grounds maintenance and to pay for outside speakers to attract community interest in Unitarian thinking.

**NOTE 9 – OPERATING LEASES**

The Church entered into a 63 month non-cancellable operating lease, with monthly payments of \$645, for a Xerox copier system in August, 2014. Minimum lease payments at June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$2,580
Thereafter	-0-

TUCW leases building space to a nursery school. Minimum lease payments due from the nursery school are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$74,604
Thereafter	-0-

TUCW leases parking space to an outside entity at a rate of \$2,200 per month. The lease began December 1, 2018 for a period of 24 months. Minimum lease payments due are as follows:



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**NOTE 9 – OPERATING LEASES Continued**

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$26,400
2021	11,000
Thereafter	-0-

TUCW also leases parking space to an outside entity at a rate of \$1,150 per month. The lease expired in 2012 and has continued on a month-to-month basis.

**NOTE 10 – LINE OF CREDIT**

TUCW has a \$250,000 line of credit from the Fairfield County Bank. The line balance is \$0 at June 30, 2019.