

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
FINANCIAL STATEMENTS
JUNE 30, 2020

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)

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June 30, 2020

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To the Board of Trustees and Members
Grace Commons Church
(formerly known as First Presbyterian Church of Boulder)
Boulder, Colorado

We have audited the accompanying financial statements of Grace Commons Church (formerly known as First Presbyterian Church of Boulder), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grace Commons Church (formerly known as First Presbyterian Church of Boulder) as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Grace Commons Church's (formerly known as First Presbyterian Church of Boulder) financial statements, and our report dated January 7, 2020, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MIDDLEMIST, CROUCH & CO., CPA's, P.C.

Middlemist Crouch & Company, CPA's PC

Boulder, Colorado
February 1, 2021

FINANCIAL STATEMENTS

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
Statement of Financial Position
June 30, 2020

(with summarized financial information for the year ended June 30, 2019)

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,590,132	\$ 1,791,661
Contributions receivable (net of allowance of \$75,000 and \$125,000)	983,815	1,841,376
Capital campaign pledges (net of allowance of \$487,000)	1,941,769	-
Prepaid expenses	65,579	21,471
Total current assets	4,581,295	3,654,508
NONCURRENT ASSETS		
Property and equipment (net)	5,223,455	5,581,049
Capital campaign pledges receivable - long-term	4,547,627	-
Notes receivable - long-term	513,600	513,600
Restricted cash	562,600	62,600
Total noncurrent assets	10,847,282	6,157,249
Total assets	\$ 15,428,577	\$ 9,811,757

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 52,722	\$ 112,763
Accrued vacation	78,354	58,006
Accrued sabbatical leave	86,573	59,397
Current portion of PCUSA dismissal fee	171,112	171,112
Total current liabilities	388,761	401,278
PCUSA dismissal fee	684,440	855,552
NET ASSETS		
Without donor restrictions	5,277,044	4,578,470
Without donor restrictions-Board designated	555,931	1,158,144
Total unrestricted	5,832,975	5,736,614
With donor restriction	8,522,401	2,818,313
Total net assets	14,355,376	8,554,927
Total liabilities & net assets	\$ 15,428,577	\$ 9,811,757

See accompanying notes to financial statements

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2020
(with summarized financial information for the year ended June 30, 2019)

	2020		2019	
	Without Donor Restriction	With Donor Restriction	Total	Total
Support and Revenue				
Contributions and bequests	\$ 1,699,099	\$ 1,401,332	\$ 3,100,431	\$ 3,977,411
Government Grant (PPP)	-	412,599	412,599	-
Investment income	7,466	-	7,466	16,806
Total support and revenue	<u>1,706,565</u>	<u>1,813,931</u>	<u>3,520,496</u>	<u>3,994,217</u>
Net assets released from restriction	<u>2,977,588</u>	<u>(2,977,588)</u>	<u>-</u>	<u>-</u>
Total support, revenue and net assets released	4,684,153	(1,163,657)	3,520,496	3,994,217
Expenses				
Missions and program services				
Missions	697,917	-	697,917	472,370
Program services	1,745,660	-	1,745,660	2,158,072
Total missions and program services	<u>2,443,577</u>	<u>-</u>	<u>2,443,577</u>	<u>2,630,442</u>
Management and general expenses				
Church operations and maintenance	2,134,112	-	2,134,112	1,857,402
Fundraising	10,103	-	10,103	2,800
Total supporting services	<u>2,144,215</u>	<u>-</u>	<u>2,144,215</u>	<u>1,860,202</u>
Total expenses	4,587,792	-	4,587,792	4,490,644
Boulder With Love capital campaign revenue	-	7,324,461	7,324,461	-
Boulder With Love capital campaign expense	-	(456,716)	(456,716)	-
All In! campaign revenue	-	171,112	171,112	171,112
All In! campaign expenditures	-	(171,112)	(171,112)	(171,112)
Net capital campaign	<u>-</u>	<u>6,867,745</u>	<u>6,867,745</u>	<u>-</u>
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,623)</u>
Increase (Decrease) in net assets	96,361	5,704,088	5,800,449	(501,050)
Net assets beginning of year	5,736,614	2,818,313	8,554,927	9,055,977
Net assets end of year	<u>\$ 5,832,975</u>	<u>\$ 8,522,401</u>	<u>\$ 14,355,376</u>	<u>\$ 8,554,927</u>

See accompanying notes to financial statements

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)

Statement of Functional Expenses
For the year ended June 30, 2020

(with summarized financial information for the year ended June 30, 2019)

	Missions and Programs		Management & General	Fundraising	2020 Total	2019 Total
	Mission	Program				
Salaries & Benefits	\$ 88,488	\$ 1,558,439	\$ 539,667	\$ -	\$ 2,186,594	\$ 2,029,777
Facilities & Equipment: Maintenance & Supplies	-	19,809	510,529	9,833	540,171	612,323
Utilities	-	-	111,151	-	111,151	125,466
Mission, Outreach, Benevolence, Support	426,770	2,003	355	-	429,128	385,529
Education, Training, Leadership, Development	-	58,740	1,973	-	60,713	44,984
Insurance	-	-	76,622	-	76,622	96,271
Administrative, Professional, Service fees	164,737	-	274,264	-	439,001	50,952
Program & Operations Equipment & Supplies	-	106,669	184,933	270	291,872	711,493
Miscellaneous	17,922	-	10,752	-	28,674	13,873
Depreciation	-	-	423,866	-	423,866	419,976
Total	\$ 697,917	\$ 1,745,660	\$ 2,134,112	\$ 10,103	\$ 4,587,792	\$ 4,490,644

See accompanying notes to financial statements

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)

Statement of Cash Flows
For the year ended June 30, 2020

(with summarized financial information for the year ended June 30, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 5,800,449	\$ (501,050)
Adjustments to reconcile change in net assets to net cash (used by) operating activities:		
Loss on disposal of assets	-	4,623
Depreciation expense	423,660	419,976
(Increase)/Decrease in contributions receivable	857,561	325,131
(Increase)/Decrease in capital campaign pledges receivable	(6,489,396)	-
(Increase)/Decrease in prepaid expenses	(44,108)	17,264
Increase/(Decrease) in accounts payable	(60,041)	97,954
Increase/(Decrease) in accrued sabbatical and vacation	47,524	17,948
Net cash provided (used) by operating activities	535,649	381,846
Cash flows from investing activities:		
Purchase of property and equipment	(66,066)	-
Net cash (used) by investing activities	(66,066)	-
Cash flows from financing activities:		
Housing loan	-	(152,000)
Restricted cash - line of credit collateral	(500,000)	-
Dismissal fee liability	(171,112)	(171,112)
Net cash provided by financing activities	(671,112)	(323,112)
Net increase/(decrease) in cash and cash equivalents	(201,529)	58,734
Cash and cash equivalents at beginning of period	1,791,661	1,732,927
Cash and cash equivalents at end of period	\$ 1,590,132	\$ 1,791,661

See accompanying notes to financial statements

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
Notes to Financial Statements
June 30, 2020

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

Nature of Activities

Grace Commons Church (formerly known as First Presbyterian Church of Boulder) (herein after referred to as the Church), is incorporated as a nonprofit corporation in Colorado. The Church is supported primarily through contributions from the congregation. In February 2020, the Church changed its name in accordance with its 2015 dismissal agreement with Presbytery of Plains and Peaks as well as to clarify its mission and accessibility.

Basis of Accounting

The financial statements of the Church have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. When the Board of Trustees designates funds for a specific purpose or time restriction, without donor restriction net assets are reclassified to without donor restriction board-designated net assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Donations are reported as without donor restriction 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 with donor restriction. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is computed using the straight-line method over the estimated useful life. Additions and improvements over \$2,500 and with a useful life greater than one year are capitalized. Ordinary maintenance and repair expenses are expensed as incurred.

Contributed Services

The Church receives a substantial amount of donated services by its members in carrying out the church ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958.

GRACE COMMONS CHURCH
 (formerly known as First Presbyterian Church of Boulder)
 Notes to Financial Statements
 June 30, 2020

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

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of specific identification of actual expenses incurred.

Income Taxes

The Church is exempt from income taxes under Internal Revenue Service Code Section 501 (c)(3).

Contributions Receivable

FASB ASC 958, requires contributions to be recognized as revenue in the period the asset is received at its fair value. Under FASB ASC 958, a pledge is recognized when the Church receives an unconditional promise to give (pledge) from the donor. Contributions receivable are reported net of an allowance for doubtful accounts. The allowance is based on the actual experience of the prior three years. Pledges receivable over 1 year are discounted at the Applicable Federal Rate as of the end of the fiscal year.

New Accounting Pronouncement

The Church adopted Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting guidance for Contributions Received and Contributions Made*, clarifying the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions

NOTE 2- CASH AND CASH EQUIVALENTS

The Church has cash and investments in money market funds and certificates of deposit, which are considered cash equivalents, as of June 30, 2020, as follows:

Wells Fargo Checking	\$ 459,725
Petty Cash & postage reserve	1,240
Ameritrade	278,425
Charles Schwab	850,742
Total Cash and Cash Equivalents	\$1,590,132

Uninsured cash balances at June 30, 2020 were \$0.

NOTE 3- CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2020, consisted of the following:

Unconditional promises to give	\$ 1,058,815
Allowance for uncollectible	(75,000)
Net unconditional promises to give	\$ 983,815

All contributions are due in less than one year and are reported as current assets on the Statement of Financial Position.

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
Notes to Financial Statements
June 30, 2020

NOTE 4- CAPITAL CAMPAIGN PLEDGES

In February 2020, the Church announced a new capital campaign to raise \$8 million for the renovation of its main campus and annex. The Church plans to update current worship, education and discipleship spaces, including a gym and preschool, as well as new entrances, outdoor meeting areas and a smaller prayer chapel. As of June 30, 2020, the Church has lead gifts of over \$1 million and pledges over \$7 million and has expended approximately \$456,000 in pre-construction studies and planning.

Capital campaign pledges at June 30, 2020, consisted of the following:

Due within 1 year	\$ 2,428,769
Due within 2 to 5 years	4,664,982
	7,093,751
Discount	(117,355)
Allowance for uncollectible pledges	(487,000)
Net capital campaign pledges	\$ 6,489,396

Pledges due within 2 to 5 years are discounted at the Applicable Federal Rate of 1.1% as of June 30, 2020.

NOTE 5- PROPERTY AND EQUIPMENT

The major components of property and equipment as of June 30, 2020 are:

Church land	\$ 75,000
Buildings and improvements	14,764,099
Furniture and equipment	873,860
Vehicles	78,031
	15,790,990
Accumulated depreciation	(10,567,535)
Net property and equipment	\$ 5,223,455

NOTE 6- INVESTMENT INCOME

Investment income consists of the following as of June 30, 2020:

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 7,466	\$ -	\$ 7,466
Realized gain(loss)	-	-	-
Unrealized gain(loss)	-	-	-
Investment income	\$ 7,466	\$ -	\$ 7,466

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
Notes to Financial Statements
June 30, 2020

NOTE 7- PENSION EXPENSE

The Church offers staff employees the opportunity for participation in a 403(b)(7) contributory retirement plan. The Church's contribution is from 5% to 7% of their regular salary depending on completed years of service. In addition, the pastoral staff of the Church participates in the Benefits Plan of the Presbyterian Church and the ECO. Contributions are 11% of the pastors' salary. Pension expense is as follows:

Ordained personnel	\$ 40,561
Non-ordained personnel	<u>46,392</u>
	<u>\$ 86,953</u>

These amounts are allocated among the programs and supporting services benefited in the Statement of Activities and Statement of Functional Expenses.

NOTE 8- NOTES RECEIVABLE-HOUSING

The Church has four notes receivable totaling \$513,600 at June 30, 2020, from certain clergy and other eligible staff per the Housing Assistance Policy which arose from advances made to assist them with the purchase of their homes.

The notes are evidenced by a Housing Assistance Loan Agreement and secured by a Deed of Trust on the Residence and a Promissory Note. The notes bear interest at a fixed rate equal to the Applicable Federal Long Term Rate established under Internal Revenue Code Section 1274(d). Borrower shall make interest payments twice per month. The principal is repayable upon sale or abandonment of the property or if the property is no longer the principal residence, termination of employment or default, in accordance with Section 4 of the Housing Assistance Loan Agreement.

NOTE 9- LEASES

The Church leases office equipment under 2 separate leases which expire in 2024. The monthly lease payments total \$681. Rental expense for the year ended June 30, 2020 was \$8,207.

NOTE 10- SABBATICAL

Pursuant to the FASB ASC 710-10-50-1 Accounting for Compensated Absences, employers must accrue an expense for future sabbaticals over the service period during which the benefits are earned. The Church's sabbatical policy allows for a one or two month sabbatical, depending on job title, after seven years of service. The expense recorded as compensation in the financial statements for the fiscal year ended June 30, 2020 was \$27,176.

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
Notes to Financial Statements
June 30, 2020

NOTE 11- FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and disclosures topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

Assets and Liabilities Measured on a Recurring Basis .

Cash and cash equivalents, receivables, prepaid expenses, accrued expenses and accounts payables: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

NOTE 12- LINE OF CREDIT

The Church has a business line of credit with First Western Trust with a limit of \$500,000. The line of credit matures on November 6, 2021, with a variable interest rate equal to the Prime Rate, currently 3.5%. The line of credit is secured by \$500,000 on deposit with the bank. The balance owing at June 30, 2020 was \$0.

NOTE 13- REPLACEMENT RESERVES

In 2014, the Church had a replacement reserve analysis prepared. The analysis identified 303 projected replacements for funding with an estimated one-time replacement cost of \$4,201,298. The Replacement Reserve Analysis calculates recommended funding of Replacement Reserves by the Cash Flow Method. The Cash Flow Method (CFM) calculates Minimum Annual Funding of Replacement Reserves that will fund Projected Replacements identified in the Replacement Reserve Inventory from a common pool of Replacement Reserves and prevent Replacement Reserves from dropping below a Minimum Recommended Balance. Annual minimum funding under this method is \$240,513. As of June 30, 2020, the Church has funded \$320,000 of this reserve and has an unfunded balance of \$1,123,078.

NOTE 14- PCUSA DISMISSAL

On October 22, 2015, the Church executed an agreement with the Presbytery of Plains and Peaks to dismiss the Church from the Presbyterian Church U.S.A. (PCUSA). The Church has agreed to pay a settlement payment \$2,290,000 to the Presbytery divided between a payment of \$1,890,000, the Dismissal payment, and \$400,000 for the purchase of real property located in Windsor, Colorado.

GRACE COMMONS CHURCH
 (formerly known as First Presbyterian Church of Boulder)
 Notes to Financial Statements
 June 30, 2020

NOTE 15- PCUSA DISMISSAL-continued

The Church made its first payment of \$750,000 to the Presbytery on January 28, 2016. The remaining \$1,540,000 will be paid in annual installments of \$171,112 over 9 years with 0% interest and no prepayment penalty for early payoff. The amount due as of June 30, 2020, was \$855,552.

NOTE 16- LIQUIDITY AND AVAILABILITY

The Church regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Church has various sources of liquidity at its disposal, including cash and cash equivalent.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Church considers all expenditures related to its ongoing activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Church operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted funds. Refer to the statement of cash flows which identifies the sources and uses of the Church's cash and shows positive cash generated by operations for fiscal years 2020.

The following table reflects the Church's financial assets as of June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor-imposed restrictions or internal board designations.

Financial Assets:	
Cash and cash equivalents	\$ 1,590,132
Accounts receivable	983,815
Total Financial Assets	2,573,947
Less those unavailable for general expenditure within one year due to:	
Board Designated Provision for Plant Replacement, Renewal and Special Maintenance (PPRRSM)	(160,588)
Donor restricted funds, not including accounts receivable	(1,021,831)
	(1,182,419)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,391,528

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
Notes to Financial Statements
June 30, 2020

NOTE 17- PRESBYTERIAN FOUNDATION OF BOULDER

The Presbyterian Foundation of Boulder, dba FaithBridge Foundation, was established in 2008 and is a 501c(3) charitable organization. The Board of Directors is elected and independent from the Church and the Church and its Trustees exercise no control over the Foundation's operations. Donations from the Church are held in two funds: one is the All In Fund (contributions to this fund are restricted by donors to pay dismissal costs from the PC(USA)) and the other is a Donor Advised Fund. During the year ended June 30, 2020, the Church made donations to the Donor Advised Fund in the amount of \$251,000. The Church received a \$171,112 grant from the Donor Advised Fund at the Foundation.

In May of 2020, the Foundation changed its name to Grace Commons Foundation.

On June 25, 2020, the application submitted by the Foundation in October 2019 to the IRS for determination to be classified as a Type III Integrated Auxiliary of Grace Commons Church under IRC Section 509(a)(3) was approved. This designation affords the Church considerable flexibility in its management and structure as compared to the previous charitable vehicle while still maintaining an element of independent integrity.

NOTE 18- COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Church was required to close its facility in March 2020. The Church transitioned from in-person to on-line services and fellowship for the remainder of the fiscal year.

NOTE 19- PAYCHECK PROTECTION PROGRAM

On April 17, 2020, the Church received \$412,599 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides government assistance to qualifying businesses. The funds are not required to be returned as long as they are used for eligible purposes, including payroll, benefits, rent and utilities. Additionally, the recipient is required to maintain its payroll levels. If the requirements are not met, the PPP funds must be repaid over two years at an interest rate of 1%.

The Church has chosen to account for the PPP funds as a conditional government grant in accordance with ASC 958-605 *Accounting for Contributions*. As such, the Organization initially recorded the PPP funds as a conditional advance followed by a reduction in the advance and recognition of revenue as the conditions were substantially met.

As of the June 30, 2020, the Church has recognized the full amount of the PPP funds as revenue since management is confident that the conditions for recognition have been met by fully using the funds for qualifying expenditures and by maintaining its payroll levels.

GRACE COMMONS CHURCH
(formerly known as First Presbyterian Church of Boulder)
Notes to Financial Statements
June 30, 2020

NOTE 20- CHILD CARE SERVICES AGREEMENT

On April 14, 2020, the Church executed an agreement with Pathways Learning Academy, LLC to operate and manage a child care center on Church property. The agreement will begin when the Church has completed renovations of the center and receives a certificate of occupancy, anticipated for Fall of 2021. The Church will receive 60% of the center's quarterly profits after an operations service fee of \$8,333 per month is deducted. The renovations will be completed as part of the \$8 million capital project.

NOTE 21- SUBSEQUENT EVENTS

On July 14, 2020, the Church entered into a contract with JVA Consulting Engineers for civil engineering services related to the church's plans to renovate the church and annex. The costs associated with the services range from \$181,000 to \$213,000. The Church also entered into 2 separate contracts with Studio Terra on July 10, 2020, for landscaping architectural design in the amounts of \$32,500 for the Church project and \$24,750 for the annex.

The Church did not have any subsequent events, other than noted above, through February 1, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2020.