

PRESBYTERY OF SANTA FE

FINANCIAL STATEMENTS

**For the Year Ended December 31, 2019
With Comparative Totals for 2018**



**PRESBYTERY OF SANTA FE
FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018**

TABLE OF CONTENTS

Independent Accountant’s Review Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flow	6
Notes to Financial Statements	7 – 17
Supplementary Information:	
Schedule of Designated Net Assets	18
Schedule of Net Assets with Donor Restrictions	19

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Presbytery of Santa Fe
Albuquerque, New Mexico

We have audited the accompanying financial statements of the Presbytery of Santa Fe (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, 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 Presbytery of Santa Fe as of December 31, 2019, 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

The 2018 financial statements were reviewed by us and our report thereon, dated September 24, 2019, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with the modified cash basis of accounting. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as identified in the table of contents appearing on pages 18-19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Integrity Accounting & Consulting, LLC
Albuquerque, NM
September 17, 2020

PRESBYTERY OF SANTA FE
STATEMENT OF FINANCIAL POSITION
As of December 31, 2019, With Comparative Totals For 2018

	Notes	2019 Totals	2018 Totals
ASSETS			
Current assets			
Cash and cash equivalents	C	\$ 208,544	160,104
Investments	D, E	2,633,045	2,340,676
Receivables		10,362	14,925
Prepaid expenses		6,407	9,850
Total current assets		<u>2,858,358</u>	<u>2,525,555</u>
Property and equipment, net	F	984,057	998,891
TOTAL ASSETS		<u>\$ 3,842,415</u>	<u>3,524,446</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable		\$ 2,503	639
Payroll liabilities		4,016	4,266
Total current liabilities		<u>6,519</u>	<u>4,905</u>
Total liabilities		6,519	4,905
Net Assets:			
Without donor restrictions:			
Undesignated		742,922	505,529
Board designated	J	1,074,724	1,001,037
Net investment in property and equipment		984,057	998,891
Total without donor restrictions		<u>2,801,703</u>	<u>2,505,457</u>
With donor restrictions	J	1,034,193	1,014,084
Total net assets		<u>3,835,896</u>	<u>3,519,541</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 3,842,415</u>	<u>3,524,446</u>

PRESBYTERY OF SANTA FE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019, With Comparative Totals For 2018

	Notes	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals
REVENUE					
Mission support		\$ 382,235	-	382,235	332,897
In-kind contributions		-	-	-	11,762
Designated and restricted income		130,404	140,590	270,994	283,788
Per capita assessments		165,757	-	165,757	188,805
Investment income	D	43,729	-	43,729	42,456
Interest income	D	5,566	-	5,566	3,563
Other income		160	-	160	219
Net assets released from restrictions		129,634	(129,634)	-	-
Total revenue		<u>857,485</u>	<u>10,956</u>	<u>868,441</u>	<u>863,490</u>
EXPENDITURES					
Program		575,868	-	575,868	563,173
Per capita		167,086	-	167,086	170,782
General & administrative		72,078	-	72,078	77,417
Total Operating Expenses		<u>815,032</u>	<u>-</u>	<u>815,032</u>	<u>811,372</u>
Change in net assets before unrealized gains/(losses)		42,453	10,956	53,409	52,118
Net realized/unrealized gains/(losses) in investments	D	<u>253,793</u>	<u>9,153</u>	<u>262,946</u>	<u>(138,700)</u>
Change in net assets		296,246	20,109	316,355	(86,582)
Net assets, beginning		<u>2,505,457</u>	<u>1,014,084</u>	<u>3,519,541</u>	<u>3,606,123</u>
Net assets, ending		<u><u>\$ 2,801,703</u></u>	<u><u>1,034,193</u></u>	<u><u>3,835,896</u></u>	<u><u>3,519,541</u></u>

PRESBYTERY OF SANTA FE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019, With Comparative Totals For 2018

	Mission and Committees	Per Capita	General & Administrative	2019 Total	2018 Total
Personnel expense:					
Salaries	\$ 82,848	38,237	6,373	127,458	129,539
Payroll taxes	7,368	3,401	567	11,336	11,410
Pension benefits	12,982	5,992	999	19,973	32,148
Total salaries and related expenses	103,198	47,630	7,939	158,767	173,097
Direct program expenses:					
Mission	322,175	-	-	322,175	306,921
Per capita expense	-	89,801	22,450	112,251	109,827
CdV expense	81,448	-	-	81,448	79,821
Youth	44,238	-	-	44,238	36,587
Meetings	2,723	4,085	-	6,808	7,149
Committees	8,914	2,971	2,971	14,856	16,785
Investment expense	-	-	19,729	19,729	19,609
Travel	123	47	19	189	1,367
Professional services	-	-	6,510	6,510	11,750
Telephone	1,836	1,020	1,224	4,080	5,582
Office rent	3,600	1,800	1,800	7,200	7,201
Office supplies	1,260	5,880	1,260	8,400	9,568
Insurance	-	6,274	-	6,274	5,931
Repairs and maintenance	-	-	726	726	3,083
Communications	-	125	-	125	116
Dues and subscriptions	300	1,400	300	2,000	2,000
Bank charges	-	-	827	827	767
Continuing education	120	120	60	300	-
Interest expense	-	-	-	-	52
Bad debt expense	-	-	3,296	3,296	-
Total general expenses	466,737	113,523	61,172	641,432	624,116
Total expenses before depreciation	569,935	161,153	69,111	800,199	797,213
Depreciation	5,933	5,933	2,967	14,833	14,160
Total expenses	\$ 575,868	167,086	72,078	815,032	811,373

PRESBYTERY OF SANTA FE
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019, With Comparative Totals For 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Cash received from:		
Mission support	\$ 386,799	325,209
Per Capita assessments	165,757	188,805
Designated and restricted income	270,994	283,788
Investment income	43,729	42,456
Interest income	5,566	3,563
Other income	160	219
Subtotal cash received	<u>873,005</u>	<u>844,040</u>
Cash paid to:		
Personnel and related activities	(775,413)	(784,728)
Investment expense	(19,729)	(19,609)
Subtotal cash used in operations	<u>(795,142)</u>	<u>(804,337)</u>
Net cash provided/(used) by operating activities	<u>77,863</u>	<u>39,703</u>
Cash Flows From Investing Activities:		
Cash used to purchase investments	(49,153)	(46,019)
Cash received from sale of investments	19,730	19,466
Cash used to purchase property and equipment	-	(9,496)
Net cash provided/(used) by investing activities	<u>(29,423)</u>	<u>(36,049)</u>
Cash Flows From Financing Activities:		
Net cash provided/(used) by financing activities	-	-
Net increase/(decrease) in cash balance	48,440	3,654
Beginning cash balance	<u>160,104</u>	<u>156,450</u>
Ending cash balance	\$ <u><u>208,544</u></u>	<u><u>160,104</u></u>
Reconciliation of Change in Net Assets To Cash Provided by Operating Activities		
Change in net assets	\$ 316,355	(86,582)
Adjustments for:		
Depreciation expense	14,833	14,160
Realized market investment (gain) loss		
Unrealized (gain) loss from investments	(262,946)	138,700
Capitalized in-kind contributions	-	(11,762)
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	4,564	(7,688)
(Increase)/decrease in prepaid expenses	3,443	(8,343)
(Decrease)/increase in payables	1,864	42
(Decrease)/increase in accrued liabilities	(250)	1,176
Net cash provided by operating activities	\$ <u><u>77,863</u></u>	<u><u>39,703</u></u>

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

NOTE A – NATURE OF OPERATIONS

The Presbytery of Santa Fe (Presbytery) is a religious, charitable, non-profit organization, which began operations in 1973 and serves as a governing body over the Presbyterian churches in a geographic area in New Mexico. The Presbytery is governed by the Synod of the Southwest (Synod), which is in turn governed by the Presbyterian Church (USA).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Presbytery have been prepared on the accrual basis. Under the accrual method of accounting, revenues are recognized when earned rather than when received and expenses are recognized when the related liability is incurred rather than when paid.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

1) Classes of Net Assets:

The Presbytery reports information regarding its financial position and activities based on the existence or absence of restrictions imposed by donor or grantors. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor or grantor restrictions, including net assets that have been designated by the Board of Trustees for a particular purpose or as a board-designated endowment fund. Net assets without donor restrictions represent the investment in unrestricted assets and the investment in property and equipment, less accumulated depreciation and amortization.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions expire by passage of time or can be fulfilled and removed by actions of the Conference pursuant to those stipulations. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

2) Fair Value of Measurements:

Fair Value Measurements – The Presbytery has adopted ASC 820-10 which provides a framework for measuring fair value and requires additional disclosure about use of fair value measurements in an effort to make the measurement more consistent and comparable.

As defined in ASC 820-10, 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. In

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

determining fair value, the Presbytery uses various methods including market, income, and cost approaches. Based on these approaches, the Presbytery often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Presbytery utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Presbytery is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Mutual funds and fixed income balances – based on quoted market prices.

Investments and loan program and charitable remainder trust – based on inputs derived principally from or corroborated by observable market data by correlation or other means.

Charitable remainder trust – Based on the estimated PV of future receipts with an average rate of return of 4.23%.

The following table summarizes the valuation of the Presbytery's financial instruments by the above FASB ASC 820-10 categories as of December 31:

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 70,272	-	-	70,272
Mutual funds & Exchange-traded products	1,580,165	-	-	1,580,165
Corporate Fixed Income	500	-	-	500
Investment and loan program	-	467,767	-	467,767
Charitable remainder trust	-	-	514,341	514,341
Total	<u>\$ 1,650,937</u>	<u>467,767</u>	<u>514,341</u>	<u>2,633,045</u>

The table below reconciles the beginning and ending balances for the year ended December 31, 2019 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Balance, beginning of year	\$ 505,188
Realized gains/(losses)	-
Unrealized gains/(losses) relating to instruments still held at the reporting date	9,153
Purchases, sales, issuances, and settlements (net)	-
Balance, end of year	<u>\$ 514,341</u>

Fair values of assets and liabilities measured on a recurring basis at December 31, 2018 are as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 30,695	-	-	30,695
Mutual funds & Exchange-traded products	1,341,688	-	-	1,341,688
Corporate Fixed Income	760	-	-	760
Investment and loan program	-	462,344	-	462,344
Charitable remainder trust	-	-	505,188	505,188
Total	<u>\$ 1,373,143</u>	<u>462,344</u>	<u>505,188</u>	<u>2,340,675</u>

The table below reconciles the beginning and ending balances for the year ended December 31, 2018 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Balance, beginning of year	\$ 499,631
Realized gains/(losses)	-
Unrealized gains/(losses) relating to instruments still held at the reporting date	5,557
Purchases, sales, issuances, and settlements (net)	-
Balance, end of year	<u>\$ 505,188</u>

3) Cash and Cash Equivalents:

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased.

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

4) Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets in the statement 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 unrestricted net assets 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.

5) Property & Equipment:

The Presbytery capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Contributed property and equipment, if no appraisal exists at the time of the donation, the notice of value from the County Assessor of the county in which the property is located shall be the amount recorded in the books. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Routine repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the assets estimated useful life.

6) Impairment of Long-Lived Assets:

The Presbytery accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. FASB ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of December 31, 2019.

7) Charitable Remainder Trusts:

Charitable Remainder Trusts represents the Presbytery's interest in various irrevocable trusts held by the Presbyterian Foundation. In accordance with FASB ASC 958-300-14, the interests have been measured at fair value by using the estimated present value of the future receipts with an expected rate of return of 4.20%. See Note E for additional information.

8) Revenue Recognition:

The Presbytery primarily receives its revenue in the form of contributions from churches and individual donors. Contributions received are recorded as either support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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. When restrictions are fulfilled in the same reporting period as the contribution is received, the Presbytery presents such contributions in the net assets without donor restrictions.

Gifts of land, buildings, equipment and other long-lived assets are also reported as revenues and net assets without donor restrictions, unless subject to time restrictions or other donor stipulations. Absent explicit donor stipulations for the length of time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the long-lived assets are placed in service.

Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Bequests are recorded as income at the time the Home has an established right to the bequest and the proceeds are measurable. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

9) Fund Accounting:

To ensure observance of limitations and restrictions placed on the use of resources available to the Presbytery, the accounts of the Presbytery are maintained in accordance with the principles of fund accounting. This is a procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; in the accompanying financial statements, funds that have similar characteristics have been recorded and reported by fund group.

10) Functional Expenses:

For the year ended December 31, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

11) Income Taxes:

The Presbytery is exempt through a group exemption with the Presbyterian Church (USA) from income tax under Section 501 (c) (3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the code. The Presbyter has been classified as a publicly supported organization that is not a private foundation under Section 509 (a) of the code.

Contributions to the Presbytery qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code. No unrelated business income taxes were due for the year. The Presbytery is not required to file Form 990 or any other type of annual IRS tax form. Currently, the 2016, 2017 and 2018 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. However, the Presbytery is not currently under audit

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

nor has the Presbytery been contacted by any of these jurisdictions.

The Presbytery has adopted the provisions of FASB ASC 740-10. Under ASC 740-10, an organization must recognize the tax benefit/liability associated with any uncertain tax positions taken by the organization when it is more likely than not the position will be sustained by review of the taxing authority. An analysis performed by management during the year ended December 31, 2019 of the Presbytery's tax positions revealed no positions that met the requirements for disclosure as identified by ASC 740-10.

12) Use of Estimates:

The process of preparing financial statements—modified cash basis, a comprehensive basis of accounting other than generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

13) Other matters:

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that owned the assets. Ordinary income from investments, receivables, and the like is accounted for in the fund owning the assets.

14) Comparative Information:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Presbytery's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Certain accounts in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year-end financial statements. Net assets are unchanged due to these reclassifications.

15) New Accounting Pronouncement:

On August 18, 2016, FASB issued ASU2016-14, *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, deficient in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Presbytery has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

NOTE C – CASH AND CASH EQUIVALENTS

Cash consists of the following at December 31:

Type	2019	2018
Cash - Unrestricted		
Cash on hand	\$ 57	57
Cash in bank	<u>208,487</u>	<u>160,047</u>
Total cash and cash equivalents	<u>\$ 208,544</u>	<u>160,104</u>

The Presbytery maintains its cash balances in one financial institution located in New Mexico. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2019 and 2018 all of the Presbytery's cash balances were covered by FDIC insurance. The Presbytery maintains its cash balances with high quality financial institutions which the organization believes limits any custodial credit risk to an acceptable level.

NOTE D – INVESTMENTS

Investments are stated at fair value for marketable debt and equity securities. Investments consist of the following:

Type	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Presbyterian Church Investment and				
Loan Program	\$ 467,767	467,767	462,344	462,344
Money Market Funds	<u>70,272</u>	<u>70,272</u>	30,695	30,695
Corporate Fixed Income	<u>500</u>	<u>500</u>	760	760
Mutual funds & Exchange-traded products	<u>1,580,165</u>	<u>1,272,144</u>	1,341,688	1,251,003
Charitable Remainder Trust	<u>514,341</u>	<u>514,341</u>	505,188	505,188
Total investments	<u>\$ 2,633,045</u>	<u>2,325,024</u>	<u>2,340,675</u>	<u>2,249,990</u>

Investments consist of amounts held by one brokerage companies and funds held by the Presbyterian Church Investment and Loan Program, Inc. They are presented in the financial statements in the aggregate at the current market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held.

Investment activity for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Fair value at beginning of year	\$ 2,340,675	2,452,823
Investment income	23,680	46,161
Net realized and unrealized gains/(losses)	288,419	(138,700)
Fees	<u>(18,287)</u>	<u>(18,200)</u>
Net investment income	293,812	(110,739)
Distributions	<u>(1,442)</u>	<u>(1,409)</u>
Fair value at end of year	<u>\$ 2,633,045</u>	<u>2,340,675</u>

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

NOTE E – CHARITABLE REMAINDER TRUST

Charitable remainder trusts represent the Presbytery's interest in various irrevocable trusts held by the Presbyterian Foundation. In accordance with FASB ASC 958-300-14, the interests have been measured at fair value by using the fair value of the assets contributed to the trust.

The Presbytery is the beneficiary of three perpetual charitable trusts held by the Presbyterian Foundation. Each of the trusts is irrevocable with the corpus of the trust being donor restricted. The Presbytery is entitled to a portion of the annual income earned on the trust accounts in accordance with the terms of the individual trusts. The income received from the trusts is potentially purpose restricted based on donor stipulations. The corpus portion of the trusts is inaccessible by the Presbytery, so it is reflected in the associated financial statements as permanently restricted. Changes in the value of the trusts have been reported in the statement of activities as increases/decreases in permanently restricted net assets.

The Presbytery is the beneficiary of three perpetual charitable trusts held by the Presbyterian Foundation. Each of the trusts is irrevocable with the original gift of the trust being restricted in perpetuity. The Presbytery is entitled to a portion of the annual income earned on the trust's accounts in accordance with the terms of the individual trusts. The income received from the trusts is purpose restricted based on donor stipulations. As a result, the income portion of the interests has been recorded as net assets with donor restrictions. Changes in the value of the trusts have been reported in the statement of activities as increases/decreases in net assets with donor restrictions.

The Presbytery is an income beneficiary of the following endowments and memorial funds.

<u>Account</u>	<u>Income to Presbytery</u>	<u>FMV of fund assets</u>	<u>Income received in 2018</u>	<u>Estimated present value of future cash flows</u>
Willis Depke Endowment	100%	\$ 130,801	5,045	120,224
Ruth Stewart Memorial Fund	100%	412,201	15,897	378,707
Jane Arp Memorial Fund	100%	16,764	647	15,410
		<u>\$ 559,766</u>	<u>21,589</u>	<u>514,341</u>

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

<u>Type</u>	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</u>
Land	\$ 657,586	-	-	657,586
Building	375,158	-	-	375,158
Equipment	31,432	-	-	31,432
Furniture and fixtures	12,535	-	-	12,535
Total property and equipment	1,076,711	-	-	1,076,711
Less accumulated depreciation	(77,820)	(14,833)	-	(92,653)
Property and equipment, Net	<u>\$ 998,891</u>	<u>(14,833)</u>	<u>-</u>	<u>984,058</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$14,833 and \$14,160, respectively.

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

NOTE G – DUE TO AFFILIATED ORGANIZATIONS

The Presbytery receives funds under an obligation to remit to various affiliated organizations outside and within the Presbyterian Church organization and accordingly, is reflected as a liability in the accompanying statement of financial position.

NOTE H – LEASES – RELATED PARTY

On June 1, 2016 the Presbytery entered into a five-year lease for office space with First Presbyterian Church of Albuquerque for \$600 a month. First Presbyterian Church of Albuquerque is a member of the Presbytery.

Minimum lease payments for the next five years are as follow:

Year Ended		
December 31	Amount	
2020	\$	7,200
2021		3,000
2022		-
2023		-
2024		-
	\$	<u>10,200</u>

Rent expense for the year ended December 31, 2017 was \$7,200.

The Presbytery leases property in the Sandia Mountains to Sandia Mountain Retreats under a five-year lease for \$1 a year. The lease was renewed for five years in 2016.

The Presbytery has also entered into a lease with the County of Rio Arriba for the Truchas Volunteer Fire Department building and a senior citizens center. The lease was dated February 2005 and is for a term of 40 years with a rent payment of \$1 a year.

The Presbytery leases building to the Truchas Service Center, Inc., Truchas, New Mexico. The lease was dated January 1, 1995 and is for a term of 25 years with a rent payment of \$1 a year.

The Presbytery leases property and building to Health Center of Northern New Mexico in Espanola, New Mexico. The lease dated June 30, 1993 is for term of 30 years with a rent payment of \$1 a year.

NOTE I – CLASSIFICATIONS OF NET ASSETS

Without Donor Restrictions - Board Designated – The Presbytery maintains board-designated funds for specific purposes. Board-designated funds are classified as a type of unrestricted net assets. The Presbytery's board designated funds are listed on page 18.

With Donor Restrictions – The Presbytery maintains donor-designated funds for specific purposes. The Presbytery's donor designated funds are listed on page 19.

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

NOTE J – ECONOMIC DEPENDENCY

Contributions are the Presbytery's primary source of support, making up 94% and 94% of all revenues and support during the fiscal year ended December 31, 2019 and 2018, respectively. The Presbytery expects these contributions to continue into the foreseeable future. However, if a significant portion of these funds are not continued, the Presbytery's ability to continue all programs would be diminished.

NOTE K – PENSION AND HEALTH PLAN

Eligible employees of the Presbytery participate in an employer-paid, defined contribution pension and healthcare plan administered by the Board of Pensions of the Presbyterian Church (USA). Contributions and costs are determined as 36.5% of each employee's compensation (11% related to the pension plan and 24.5% related to the healthcare plan and 1% related to death and disability benefits). Highmark Blue Cross/Blue Shield administers the healthcare plan.

Eligible employees of the Presbytery may also participate in a retirement savings plan available through the Board of Pensions of the Presbyterian Church (USA) and administered by the Fidelity Group of Investments.

Under terms of both plans, pastors who work at least 20 hours per week (1,000 hours per year) are automatically enrolled in the defined contribution pension/healthcare plan and may choose to make contributions to the retirement savings account, once they have completed a 90-day probationary period which begins on their first date of employment. Any employee can choose to make contributions to the retirement savings account.

Contributions made on behalf of the Presbytery's employees for both retirement and employee benefits for the years ended December 31, 2019 and 2018 were \$15,589 and \$44,333, respectively.

NOTE L – LIQUIDITY

The Presbytery's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	Total
Cash and cash equivalents	\$ 208,544
Investments	1,084,511
Receivables	10,362
Prepaid expenses	6,407
Total	<u>\$ 1,309,824</u>

Amounts already appropriated from either the donor-restricted endowment or quasi-endowment (board designated) for general expenditure within one year of the balance sheet date have not been subtracted as unavailable. As part of the Presbytery's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE M – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of assets, liabilities and net assets – modified cash basis date but before the financial statements are issued. The Presbytery recognizes in the

PRESBYTERY OF SANTA FE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019 With Comparative Totals for 2018

financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Presbytery's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements are available to be issued. The Presbytery has evaluated subsequent events through September 17, 2020 which is the date the financial statements were available to be issued.

PRESBYTERY OF SANTA FE
SCHEDULE OF DESIGNATED NET ASSETS
For The Year Ended December 31, 2019

	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</u>
Administrative				
Termination Package Reserve	\$ 14,980	-	-	14,980
Internet Café Carryover	3,003	-	-	3,003
CAT Website Grant	2,167	-	484	1,683
Council Commission - Special Relationships	1,348	-	-	1,348
Audit Reserve	4,512	1,853	4,512	1,853
Council Comm - Congregational Development	373	-	-	373
Web Page	244	-	-	244
Designated Mission Reserves				
CE Training	1,445	-	-	1,445
COM Training	579	-	-	579
Immigrant Relief Fund	-	200	-	200
Urban Hispanic Mission	4,223	-	-	4,223
UCCC Farmington	861	-	866	(5)
Candidate Fund Designated	4,010	318	230	4,098
Campus Ministry Program	12,390	-	-	12,390
CdV Education Center	10,528	-	10,528	-
Cdv Kitchen Remodel	300	-	-	300
Reserves				
Program Reserve	311,582	-	-	311,582
Ecclesial Judicial Reserve	15,295	-	-	15,295
Presbytery Legal Expenses	22,242	-	-	22,242
Church in Crisis Reserve	345,080	-	500	344,580
Per Capita Reserve	65,532	-	-	65,532
Capital Expenditure Replacement	32,527	-	-	32,527
MPF Staff	53,647	-	250	53,397
Farmington Principal Reserve	62,848	-	139	62,709
Mt Taylor Sale	126,717	-	6,571	120,146
YAV Individual Fundraising	-	9,903	9,903	-
	<u>\$ 1,096,433</u>	<u>12,274</u>	<u>33,983</u>	<u>1,074,724</u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT.

PRESBYTERY OF SANTA FE
SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS
For The Year Ended December 31, 2019

	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</u>
Administrative				
Yela Continuing Education	\$ 64	-	64	-
Admin Continuing Education	236	300	200	336
In/Out	2,087	820	1,281	1,626
In/Out Native American Part.	313	-	-	313
In/Out Admin	98	1,992	2,090	-
In/Out Books	-	4,854	5,378	(524)
Per Capita Advance Payments	6,346	3,481	6,346	3,481
Presbytery Meeting 1	-	1,635	1,635	-
Presbytery Meeting 2	-	4,260	4,260	-
Presbytery Meeting 3	-	17,580	17,580	-
Mission in Cuba				
Trip to Cuba	-	15,730	15,600	130
Cuba Travel Fund	674	58	-	732
Mission Education				
Mental Health Events	2,000	-	-	2,000
Higher Education Consultant	172	-	-	172
Restoring Creation Grant	900	-	-	900
Other Missions				
Presbytery Projects	263	-	-	263
Presbyterian Student Fellowship	8,268	-	-	8,268
Self Development of People	82	-	-	82
Native American Conversations	-	8,130	6,375	1,755
NCD/Redevelopment				
Evangelism	455	-	-	455
Santa Fe NCD	20,165	-	-	20,165
NCD Santa Fe First Donation	18,000	-	-	18,000
JHH PSF NCD	39,522	-	-	39,522
JHH PSF NCD Santa Fe	5,113	-	-	5,113
Pastors/CLP/Candidates				
NM Ministry Project/Garrett	18,986	-	-	18,986
Candidates Fund	20,234	1,251	-	21,485
Women Candidate Scholars	6,220	-	1,800	4,420
Jicarita Cluster CLP Classes	413	4,631	-	5,044
Pastor Emergency Fund	5,298	803	1,100	5,001
Presbytery of Santa Fe Missions				
VIM YARS	9,947	-	-	9,947
Hunger Action Enabler	12,007	63	-	12,070
Peace Offering	22,203	8,769	5,000	25,972
Hunger Relief PSF	16,924	2,061	-	18,985
Hunger Relief Outside PSF	3,500	701	-	4,201
Work Camp Expenses	7,222	-	-	7,222
JE Arp Endowment	482	647	-	1,129
R E Stewart Endowment	217,198	11,918	-	229,116
Racial/Ethnic Mission				
Jicarita Cluster	4,511	-	4,511	-
CdV Reserve				
CdV Reserve	2,301	-	-	2,301
Youth				
Triennium	17,718	50,506	55,259	12,965
Youth Bequest	2,902	-	-	2,902
Camp Loma Verde	-	400	400	-
Youth Mid-High Retreats	300	-	-	300
Senior High Retreats	725	-	-	725
Youth Connection	33,709	-	-	33,709
Youth Mission	907	-	324	583
Youth Fundraising	431	-	431	-
Total	\$ <u>508,896</u>	<u>140,590</u>	<u>129,634</u>	<u>519,852</u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT.