

**The Ginghamburg United Methodist  
Church of Miami County, State of  
Ohio, Inc.  
DBA Ginghamburg Church**

Financial Statements

For the Years Ended  
December 31, 2020 and 2019



**BodinePerry**  
Certified Public Accountants & Advisors

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## Independent Accountants' Review Report

To the Administrative Board  
The Ginghamburg United Methodist Church  
of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church

We have reviewed the accompanying financial statements of The Ginghamburg United Methodist Church of Miami County, State of Ohio, Inc. DBA Ginghamburg Church (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

### Report on 2019 Financial Statements

The financial statements of The Ginghamburg United Methodist Church of Miami County, State of Ohio, Inc. DBA Ginghamburg Church as of December 31, 2019, were reviewed by Pritchett, Dlusky, Saxe & Keller, Ltd., who merged with Bodine Perry in November 2021, whose report dated February 15, 2021, stated that based on their procedures, they were not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Columbus, Ohio  
December 09, 2022

**The Ginghamburg United Methodist Church  
of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Statements of Financial Position  
December 31, 2020 and 2019

**Assets**

	2020	2019
<b>Current Assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 679,525	\$ 494,206
Temporarily restricted	452,732	493,366
Total cash and cash equivalents	1,132,257	987,572
Accounts receivable, net	9,449	16,132
Employee retention tax credit receivable	99,102	-
Inventory	26,303	34,799
Prepaid expenses	13,277	11,681
Deferred compensation plan	-	86,818
Total Current Assets	1,280,388	1,137,002
 <b>Property and Equipment</b>		
Land	603,959	608,099
Land improvements	1,258,069	1,269,905
Building and improvements	9,254,433	9,258,247
Equipment	3,308,060	5,740,223
Total Property and Equipment	14,424,521	16,876,474
Less: accumulated depreciation	(8,582,722)	(10,596,464)
Net Property and Equipment	5,841,799	6,280,010
 <b>Total Assets</b>	<b>\$ 7,122,187</b>	<b>\$ 7,417,012</b>

See Independent Accountants' Review Report and Notes to Financial Statements.

**Ginghamsburg United Methodist Church  
of Miami County, State of Ohio, Inc.  
DBA Ginghamsburg Church**

Statements of Financial Position  
December 31, 2020 and 2019

**Liabilities and Net Assets**

	2020	2019
<b>Current Liabilities</b>		
Accounts payable	\$ 63,286	\$ 100,795
Accrued salaries	34,489	122,503
Accrued expenses	419	18,668
Deferred revenue	928	1,262
Deferred compensation plan	-	86,818
Current portion of long-term debt	543,692	8,862
Current portion of obligations under capital lease	11,514	14,243
Total Current Liabilities	654,328	353,151
<b>Long-Term Liabilities</b>		
Long-term debt	160,507	15,269
Obligations under capital lease	41,058	1,232
Net Long-Term Liabilities	201,565	16,501
Total Liabilities	855,893	369,652
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	5,730,794	6,406,008
Designated for specific purposes:		
Preschool	43,917	76,658
Bookstore/global	38,851	71,328
Total net assets without donor restrictions	5,813,562	6,553,994
Net assets with donor restrictions	452,732	493,366
Total Net Assets	6,266,294	7,047,360
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,122,187</b>	<b>\$ 7,417,012</b>

See Independent Accountants' Review Report and Notes to Financial Statements

**The Ginghamburg United Methodist Church  
of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2020 and 2019

	<b>2020</b>			<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues and Support</b>						
Contributions and gifts	\$ 3,030,386	\$ 413,448	\$ 3,443,834	\$ 4,278,607	\$ 413,614	\$ 4,692,221
Student registrations	937,675		937,675	1,248,168	-	1,248,168
Program income and other	249,210		249,210	467,566	3	467,569
Rental income	51,769		51,769	-	-	-
Investment return	-		-	-	44	44
Gain (loss) on disposal of fixed assets	(18,852)		(18,852)	1,300	-	1,300
Employee retention tax credits	99,102		99,102	-	-	-
Net assets released from restrictions	454,082	(454,082)	-	595,310	(595,310)	-
<b>Total Revenues and Support</b>	<b>4,803,372</b>	<b>(40,634)</b>	<b>4,762,738</b>	<b>6,590,951</b>	<b>(181,649)</b>	<b>6,409,302</b>
<b>Expenses</b>						
Program services						
Outreach	1,137,545	-	1,137,545	1,726,724	-	1,726,724
Discipleship	1,419,349	-	1,419,349	1,916,643	-	1,916,643
Weekend experience	1,183,407	-	1,183,407	1,423,862	-	1,423,862
Preschool	989,930	-	989,930	1,120,717	-	1,120,717
Supporting services						
Administration	739,733	-	739,733	732,881	-	732,881
Fundraising	73,840	-	73,840	136,602	-	136,602
<b>Total Expenses</b>	<b>5,543,804</b>	<b>-</b>	<b>5,543,804</b>	<b>7,057,429</b>	<b>-</b>	<b>7,057,429</b>
Change in Net Assets	(740,432)	(40,634)	(781,066)	(466,478)	(181,649)	(648,127)
<b>Net Assets, Beginning</b>	<b>6,553,994</b>	<b>493,366</b>	<b>7,047,360</b>	<b>7,020,472</b>	<b>675,015</b>	<b>7,695,487</b>
<b>Net Assets, Ending</b>	<b>\$ 5,813,562</b>	<b>\$ 452,732</b>	<b>\$ 6,266,294</b>	<b>\$ 6,553,994</b>	<b>\$ 493,366</b>	<b>\$ 7,047,360</b>

See Independent Accountants' Review Report and Notes to Financial Statements.

**The Ginghamburg United Methodist Church  
of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Statements of Cash Flows  
For The Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (781,066)	\$ (648,127)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	515,591	520,717
(Gain) loss on disposal of fixed assets	18,852	(1,300)
Net realized (gains) losses on investments	-	(15)
(Increase) decrease in operating assets:		
Accounts receivable	6,683	(161)
Employee retention tax credit receivable	(99,102)	-
Inventory	8,496	12,279
Prepaid expenses	(1,596)	21,901
Deferred compensation	86,818	69,322
Increase (decrease) in operating liabilities:		
Accounts payable	(37,509)	(56,936)
Accrued salaries	(88,014)	(24,614)
Accrued expenses	(18,249)	(22,123)
Deferred revenue	(334)	433
Deferred compensation	(86,818)	(69,322)
Net Cash Provided (Used) by Operating Activities	(476,248)	(197,946)
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(111,707)	(53,782)
Proceeds from sale of property and equipment	15,475	1,300
Purchases of investments	-	(24)
Proceeds from the sale of investments	-	9,576
Net Cash Provided (Used) by Investing Activities	(96,232)	(42,930)
<b>Cash Flows from Financing Activities</b>		
Payments on long-term debt	(8,862)	(3,520)
Proceeds from long-term debt	688,930	27,651
Proceeds from capital lease	63,300	-
Payments on capital lease	(26,203)	(13,294)
Net Cash Provided (Used) by Financing Activities	717,165	10,837
Net Increase (Decrease) in Cash	144,685	(230,039)
Beginning Cash Balance	987,572	1,217,611
<b>Ending Cash Balance</b>	<b>\$ 1,132,257</b>	<b>\$ 987,572</b>
<b>Supplementary Cash Flow Disclosures</b>		
Cash paid for interest	\$ 6,152	\$ 2,295
Cash paid (refunded) for income taxes	\$ -	\$ -

See Independent Accountants' Review Report and Notes to Financial Statements.

**The Ginghamburg United Methodist Church  
of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Statement of Functional Expenses  
For the Year Ended December 31, 2020

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Outreach</u>	<u>Discipleship</u>	<u>Weekend Experience</u>	<u>Preschool</u>	<u>Administra- tion</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 403,403	\$ 752,242	\$ 741,714	\$ 880,830	\$ 330,422	\$ 5,718	\$ 3,114,329
Office expense and supplies	-	-	491	36,667	187,950	64,455	289,563
Information technology	-	30,439	30,439	-	128,788	-	189,666
Occupancy/facilities	-	211,287	103,543	1,718	35,064	-	351,612
Children, student and adult ministries	48,659	104,528	-	-	-	912	154,099
Missions	685,483	-	-	-	-	2,755	688,238
Depreciation and amortization	-	306,453	153,227	4,554	51,357	-	515,591
Music ministry and worship	-	-	134,420	-	-	-	134,420
Conferences, conventions, and meetings	-	14,400	-	1,467	-	-	15,867
Interest expense	-	-	-	-	6,152	-	6,152
Cost of sales	-	-	19,573	64,694	-	-	84,267
Total	<u><u>\$ 1,137,545</u></u>	<u><u>\$ 1,419,349</u></u>	<u><u>\$ 1,183,407</u></u>	<u><u>\$ 989,930</u></u>	<u><u>\$ 739,733</u></u>	<u><u>\$ 73,840</u></u>	<u><u>\$ 5,543,804</u></u>

See Independent Accountants' Review Report and Notes to Financial Statements.



**The Ginghamburg United Methodist Church  
of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Statement of Functional Expenses  
For the Year Ended December 31, 2019

	<u>Program Services</u>				<u>Supporting Services</u>		<u>Total</u>
	<u>Outreach</u>	<u>Discipleship</u>	<u>Weekend Experience</u>	<u>Preschool</u>	<u>Administra- tion</u>	<u>Fundraising</u>	
Personnel	\$ 448,758	\$ 969,249	\$ 848,424	\$ 940,881	\$ 345,439	\$ 7,139	\$ 3,559,890
Office expense and supplies	-	-	487	41,282	168,824	75,820	286,413
Information technology	-	34,383	34,382	-	114,238	-	183,003
Occupancy/facilities	2,976	298,528	147,164	33,680	50,200	46,800	579,348
Children, student and adult ministries	102,905	284,174	-	-	-	3,770	390,849
Missions	1,172,085	119	-	-	-	3,073	1,175,277
Depreciation and amortization	-	309,624	154,812	4,396	51,885	-	520,717
Music ministry and worship	-	-	192,172	-	-	-	192,172
Conferences, conventions, and meetings	-	20,566	-	5,108	-	-	25,674
Interest expense	-	-	-	-	2,295	-	2,295
Cost of sales	-	-	46,421	95,370	-	-	141,791
Total	<u><u>\$ 1,726,724</u></u>	<u><u>\$ 1,916,643</u></u>	<u><u>\$ 1,423,862</u></u>	<u><u>\$ 1,120,717</u></u>	<u><u>\$ 732,881</u></u>	<u><u>\$ 136,602</u></u>	<u><u>\$ 7,057,429</u></u>

See Independent Accountants' Review Report and Notes to Financial Statements.

**The Ginghamburg United Methodist Church  
Of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Notes to the Financial Statements  
For the Years Ended December 31, 2020 and 2019

**Note A - Summary Of Significant Accounting Policies**

**Organization and Business Activity**

The Ginghamburg United Methodist Church, of Miami County, State of Ohio, Inc. DBA Ginghamburg Church (the Church) is a not-for-profit Ohio corporation supported primarily through contributions from the congregation. The Church is dedicated to spreading the Gospel through establishing, developing, and promoting all aspects of church ministry within Tipp City, Ohio, and the surrounding communities.

**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.

**Financial Statement Presentation**

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of CPA's (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective as of January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Church and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the primary objectives of the Church. The Church's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Church or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in to perpetuity. When donor restrictions are met by action or the passage of time the assets are moved into net assets without donor restrictions.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Church considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**The Ginghamburg United Methodist Church  
Of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Notes to the Financial Statements  
For the Years Ended December 31, 2020 and 2019

**Note A - Summary Of Significant Accounting Policies (continued)**

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from service fees and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. In management's opinion, there are no material uncollectible receivables at December 31, 2020 and 2019. Therefore, allowances have not been established.

**Bookstore Inventory**

Inventory, which consists of coffee shop supplies, are valued at the lower of cost, determined by the first-in, first-out method, or net realizable value.

**Land, Buildings and Equipment**

The old church and Discipleship Center are recorded at an appraised value totaling \$684,000. The historical cost of the main campus is \$4,845,630. All other fixed assets are recorded at historical cost if purchased and fair value if donated. It is the Church's policy to capitalize individual items costing more than \$1,000. Depreciation is recorded over the estimated useful lives of the assets, utilizing the straight-line method. Depreciation expense for the assets stated at cost and for the appraised assets was \$515,591 and \$520,717 for the years ending December 31, 2020 and 2019, respectively.

**Sales Tax**

The Church collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected but not yet remitted.

**Income Taxes**

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

**Revenue Recognition**

The Church records contributions from the general public and associated organizations when earned. Gifts of cash and other assets received without donor stipulations are reported as support and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as support and net assets with donor restrictions. When a donor-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. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as support and net assets without donor restrictions.

**Contributed Services**

The Church receives a substantial amount of services donated by its members in carrying out the Church's ministry. Contributions of services are recognized as support at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition.

**The Ginghamburg United Methodist Church  
Of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Notes to the Financial Statements  
For the Years Ended December 31, 2020 and 2019

**Note A - Summary Of Significant Accounting Policies (continued)**

**Release of Restrictions**

The Church reports support and revenue as restricted support and revenue if amounts are received with donor stipulations that limit the use of the donated assets. When a donor 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 accompanying statement of activities as net assets released from restrictions. The Church considers donor-restricted support and revenue whose restrictions are met in the same reporting year they are recognized to be classified as net assets without restrictions.

**Compensated absences**

It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Church's policy is to recognize the costs of compensated absences when actually paid to employees.

**Functional Allocation of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort.

**Note B - Notes Payable**

Notes payable consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Note payable - US Bank, due in monthly installments of \$38,769 including interest at 1.0%, secured by the SBA. This is a Paycheck Protection Program loan and \$680,200 was forgiven on February 11, 2021.	\$ 688,930	\$ -
Note payable - US Bank, due in monthly installments of \$848 including interest at 6.54%, secured by a vehicle, final payment due July 2022.	<u>15,269</u>	<u>24,131</u>
	704,199	24,131
Less current maturities	<u>543,692</u>	<u>8,862</u>
	<u>\$ 160,507</u>	<u>\$ 15,269</u>

Aggregate maturities of notes payable are as follows:

<u>Years ended December 31:</u>	<u>Amount</u>
2021	\$ 543,692
2022	160,507
2023	-
2024	-
2025 and thereafter	-
	<u>\$ 704,199</u>

**The Ginghamburg United Methodist Church  
Of Miami County, State of Ohio, Inc.  
DBA Ginghamburg Church**

Notes to the Financial Statements  
For the Years Ended December 31, 2020 and 2019

**Note C - Obligations Under Capital Lease**

The Church is the lessee of equipment under capital lease expiring in 2025. The cost of the equipment under capital lease was \$63,300 at December 31, 2020, (accumulated depreciation was \$12,660), and the equipment is depreciated over its estimated productive life. The related liability under the capital lease is recorded at the lower of its fair market value or the present value of the minimum lease payments.

The following is a schedule of future minimum lease payments required under the capital lease together with their present value as of December 31, 2020:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 15,564
2022	15,564
2023	15,564
2024	15,564
2025	<u>-</u>
Total minimum lease payments	62,256
Less: amount representing interest	<u>9,684</u>
Present value of minimum lease payments	52,572
Less: current portion	<u>11,514</u>
Long-term portion	<u>\$ 41,058</u>

**Note D - Net Assets**

The detail of the Church's net asset categories are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Without donor restrictions:		
Undesignated	\$ 5,730,794	\$ 6,406,008
Preschool	43,917	76,658
Bookstore/Global	<u>38,851</u>	<u>71,328</u>
Total without donor restrictions	.....5,813,562	.....6,553,994
With donor restrictions:		
Capital improvements	76,528	62,855
Debt reduction	13,221	23,398
Love fund	5,677	4,934
Young heroes	-	2
Miracle offering	347,464	387,478
Miscellaneous	<u>9,842</u>	<u>14,699</u>
Total with donor restrictions	<u>452,732</u>	<u>493,366</u>
Total net assets	<u>\$ 6,266,294</u>	<u>\$ 7,047,360</u>

**The Ginghamburg United Methodist Church  
Of Miami County, State of Ohio, Inc.  
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Notes to the Financial Statements  
For the Years Ended December 31, 2020 and 2019

**Note E - Net Assets Released From Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors during the years ending December 31:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Land, buildings and equipment	\$ 19,796	\$ 44,094
Debt reduction	10,177	4,640
Love fund	2,218	3,044
Young Heroes	2	9,583
Miracle offering	407,190	449,273
Miscellaneous	14,699	84,676
	<u>\$ 454,082</u>	<u>\$ 595,310</u>

**Note F - Operating Leases**

The Church leases office equipment under an operating lease agreement expiring through the year 2025. Rent expense for the years ending December 31, 2020 and 2019 was \$15,852 and \$37,356, respectively. Minimum future rental payments under the non-cancelable lease are as follows for the years ending December 31:

2021	\$ 15,852
2022	15,852
2023	15,852
2024	15,852
2025	<u>2,642</u>
Total minimum future rental payments	<u>\$ 66,050</u>

**Note G - Pension And Deferred Compensation**

The pastors of the Church are covered under the United Methodist Church Pension Plan. The Church contributed \$-0- to the General Board of Pensions for the years ending December 31, 2020 and 2019.

The Church has established a non-qualified deferred compensation plan for key employees. Under this plan, the Church may make, in its sole discretion, an employer contribution from time to time by crediting an amount to the participant's account. A participant may elect the investment options that shall apply to the balance in the participant's account. A participant shall be fully vested in the amounts in the participant's account attributable to the participant's compensation deferral elections. If employer contributions are made under the Plan, a participant shall be vested in the amount in the participant's account attributable to employer contributions in accordance with a vesting schedule set forth in writing by the Plan Administrator by no later than the grant date. If no vesting schedule is provided by the Plan Administrator, the participant shall be fully and immediately vested with respect to each employer contribution made on the grant date. There were no contributions to the plan in 2020 and 2019. The total liability related to these plans was \$-0- and \$86,818 at December 31, 2020 and 2019, respectively.

**The Ginghamburg United Methodist Church  
Of Miami County, State of Ohio, Inc.  
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Notes to the Financial Statements  
For the Years Ended December 31, 2020 and 2019

**Note H - Concentrations**

**Credit Risk**

Financial instruments, which potentially subject the Church to concentration of credit risk, consist of cash and contract receivables. The Church maintains cash in accounts with one financial institution in an amount, which, at times, may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. The accounts are insured by the FDIC up to \$250,000 at December 31, 2020 and 2019. The Church's cash balances regularly exceed the FDIC limit; however, the Church has not experienced any losses on such accounts and does not believe it is exposed to any significant risk with respect to such cash.

**Note I - Commitments and Contingencies**

**Employment Contract**

On February 24, 2017, the Church entered into a memorandum of understanding (MOU) with the lead pastor in regards to his services as Pastor Emeritus and Global Church Ambassador from July 1, 2017 through December 31, 2018. He retained the compensation package in effect as of the signing of the MOU through December 31, 2017. As of January 1, 2018, the compensation package consisted of an annual retainer, reimbursement for all health insurance premiums, and administrative support. This MOU ended on December 31, 2018 and was renewed for 2019, 2020, and 2021 by mutual agreement of the parties. In all events, the compensation/support package shall continue to be payable until December 31, 2021.

**Note J - Related Parties**

New Creation Counseling Center, Inc., Dream Builders Group, Inc., and The New Path, Inc. are affiliates of the Church whose financial statements were not consolidated due to lack of control. The Church provided \$97,000, \$93,568, and \$115,585, respectively in support to these affiliates during the year ended December 31, 2020. The Church provided \$118,935, \$115,069, and \$158,298, respectively in support to these affiliates during the year ended December 31, 2019.

**Note K - Government Grants**

Employee Retention Tax Credit

The Employee Retention Tax Credit (ERTC) was originally established under the CARES Act, and subsequently modified by two additional laws. The ERTC was created to encourage businesses, that were impacted by COVID-19, keep people employed. The refundable ERTC is based on a percentage of qualified wages, up to a certain limit. As of December 31, 2020, the ERTC earned by the Church was \$99,102. The Church has substantially met all the requirements for the ERTC and has elected to account for the money as a conditional grant under ASC 958-605. As a result, the \$99,102 is recognized in other income and a corresponding receivable is recorded on the balance sheet as Employee Retention Tax Credit Receivable.

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**Note K - Government Grants (continued)**

Paycheck Protection Program

Under the Coronavirus Aid, Relief and Economic Security Act (the “CARES” Act) the Church received monies under the Paycheck Protection Program (“PPP”) in the amount of \$688,930 and has elected to account for the monies as a conditional government grant (“Grant”) in accordance with accounting standards codification 958-605. The conditions of the grant restrict the use of funds to be used to pay for payroll related costs, such as wages, group health care benefits, and retirement contributions, etc., and certain non-payroll related costs. In addition, certain levels of full-time equivalent employees must be maintained. The Church has determined that they have substantially met all conditions of the grant and thus applied for forgiveness. The Church received notice of forgiveness of \$680,200 from the Small Business Administration on February 11, 2021 and will therefore recognize the contribution in the statement of activities for 2021.

In 2021, the Church applied for and received a second round Paycheck Protection Program loan for \$632,620. The Church has determined that they have substantially met all conditions of the grant and thus applied for forgiveness. On August 23, 2021, the Church received notice of full forgiveness from the Small Business Administration and will therefore recognize the contribution in the statement of activities for 2021.

**Note L - Liquidity And Availability Of Financial Assets**

The following reflects the Church’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 1,240,808	\$ 1,003,654
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	452,732	493,366
Board designated net assets	<u>82,768</u>	<u>147,986</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 705,308</u>	<u>\$ 362,302</u>

**Note M - Future Change In Accounting Principle**

**Accounting for Leases**

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with terms over twelve months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Church’s year ending December 31, 2022.



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**Note N - COVID-19 Pandemic**

In 2020, the spread of the COVID-19 pandemic affected the United States and the Church's operations and those of third parties on which the Church relies. While during 2020 the Church did not see a material COVID-19 impact on the results of operations, given the uncertainties surrounding the duration of the outbreak it is not currently possible to ascertain the overall impact of COVID-19 on the business in the future. Management is monitoring the situation in order to mitigate any potential impact on the Church's operations and financial performance.

**Note O - Subsequent Events**

Subsequent events have been evaluated through December 09, 2022, the date the financial statements are available to be issued.