

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
Contents**

|                                        |        |
|----------------------------------------|--------|
| INDEPENDENT ACCOUNTANT'S REVIEW REPORT | 1      |
| FINANCIAL STATEMENTS                   |        |
| Statement of Financial Position        | 2      |
| Statement of Activities                | 3      |
| Statement of Functional Expenses       | 4      |
| Statement of Cash Flows                | 5      |
| Notes to Financial Statements          | 6 - 13 |

# Hernden, Trapp, Westfall & Gardner, LLC

MEMBER

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Certified Public Accountants

(941) 739-6066  
FAX (941) 739-6013

ADDRESS

4702 26TH STREET WEST  
BRADENTON, FLORIDA 34207

## Independent Accountant's Review Report

Board of Directors  
United College Ministries in Northern Virginia

We have reviewed the accompanying financial statements of United College Ministries in Northern Virginia (the Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, 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 company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### ***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 American Institute of Certified Public Accountants. 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 accordance with accounting principles generally accepted in the United States of America.

Hernden, Trapp, Westfall & Gardner, LLC  
Certified Public Accountants  
November 19, 2021

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
**"Read Independent Accountant's Review Report"**

**ASSETS**

|                                                   |               |
|---------------------------------------------------|---------------|
| Cash                                              | \$ 53,180     |
| Prepaid Expenses                                  | 883           |
| Office equipment, net of accumulated depreciation | 230           |
| Investments, net of current portion               | <u>44,219</u> |

**TOTAL ASSETS** \$ 98,512

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

|                     |               |
|---------------------|---------------|
| Accounts payable    | \$ 4,007      |
| Payroll tax payable | 2,373         |
| Note payable, PPP   | <u>34,305</u> |

**TOTAL LIABILITIES** 40,685

**NET ASSETS** 57,827

**TOTAL LIABILITIES AND FUND BALANCES** \$ 98,512

Read the accompanying notes to these financial statements.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**"Read Independent Accountant's Review Report"**

**Revenue and support without donor restrictions**

Contributions:

Judicatories:

|                              |               |
|------------------------------|---------------|
| Christian Church (Disciples) | \$ 750        |
| Episcopal                    | 34,000        |
| Presbyterian (USA)           | 36,492        |
| United Church of Christ      | 11,250        |
| United Methodist             | <u>52,175</u> |

**Total Judicatories** 134,667

Local Churches:

|                                   |               |
|-----------------------------------|---------------|
| Baptist                           | 763           |
| Episcopal                         | 2,500         |
| Presbyterian (USA)                | 975           |
| United Church of Christ           | 500           |
| Lutheran                          | 2,750         |
| United Methodist                  | 14,600        |
| St. George (in-kind contribution) | <u>12,000</u> |

**Total local churches** 34,088

Individuals 39,133

**Total revenue and support without donor restrictions** 207,888

**EXPENSES**

Program Services:

|                 |         |
|-----------------|---------|
| Campus ministry | 174,762 |
|-----------------|---------|

Supporting services:

|                            |        |
|----------------------------|--------|
| General and administrative | 30,433 |
| Fundraising                | 9,497  |

Total supporting services 39,930

**Total expenses** 214,692

**Change in net assets from operations** (6,804)

**Investment return, net** 4,671

**Change in net assets without donor restrictions** (2,133)

**Net assets, beginning of year** 59,960

**Net assets, end of year** \$ 57,827

Read the accompanying notes to these financial statements.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**DECEMBER 31, 2020**

|                            | <b>Campus<br/>Ministry</b> | <b>General and<br/>Administrative</b> | <b>Fundraising</b> | <b>Total<br/>Expenses</b> |
|----------------------------|----------------------------|---------------------------------------|--------------------|---------------------------|
| Salaries and payroll taxes | \$ 132,978                 | \$ 12,780                             | \$ 4,914           | \$ 150,672                |
| Meetings and events        | 13,556                     | 94                                    | 54                 | 13,704                    |
| Benefits                   | 15,976                     | 936                                   | 584                | 17,496                    |
| Rent                       | 6,589                      | 5,013                                 | 398                | 12,000                    |
| Professional Fees          | -                          | 4,981                                 | -                  | 4,981                     |
| Other                      | 2,243                      | 2,243                                 | 2,822              | 7,308                     |
| Office expenses            | 1,039                      | 130                                   | 130                | 1,299                     |
| Telephone                  | 1,468                      | 183                                   | 183                | 1,834                     |
| Travel                     | 913                        | 56                                    | 41                 | 1,010                     |
| Insurance                  | -                          | 1,364                                 | -                  | 1,364                     |
| Scholarships               | -                          | 2,500                                 | -                  | 2,500                     |
| Postage                    | -                          | -                                     | 371                | 371                       |
| Depreciation               | -                          | 153                                   | -                  | 153                       |
| <b>Total expenses</b>      | <b>\$ 174,762</b>          | <b>\$ 30,433</b>                      | <b>\$ 9,497</b>    | <b>\$ 214,692</b>         |

Read the accompanying notes to these financial statements.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2020**

|                                                  |                      |
|--------------------------------------------------|----------------------|
| <b>Cash flows from operating activities:</b>     |                      |
| Cash received from contributions                 | \$ 196,814           |
| Cash payments to employees and vendors           | (208,244)            |
| Interest and dividends received                  | <u>305</u>           |
| <b>Net cash used in operating activities</b>     | (11,125)             |
| <b>Cash flows from investing activities</b>      |                      |
| Proceeds from sale of investments                |                      |
| Purchase of investments                          | (326)                |
| <b>Net cash provided by investing activities</b> | <u>(326)</u>         |
| <b>Cash flows from financing activities</b>      |                      |
| PPP Loan                                         | 34,305               |
| <b>Net cash provided by financing activities</b> | <u>34,305</u>        |
| <b>Net increase in cash</b>                      | 22,854               |
| <b>Cash, beginning of year</b>                   | 30,326               |
| <b>Cash, end of year</b>                         | <u><u>53,180</u></u> |

Read the accompanying notes to these financial statements.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**1. Organization and Summary of Significant Accounting Policies**

United College Ministries in Northern Virginia, ("the Organization"), was formed in 1980 to facilitate the ministry of the clergy and lay members of the churches and congregations of Northern Virginia with individuals and institutions engaged in higher and continuing education in the area, and to promote ministry with students and young adults, particularly through the local congregations as well as on the campuses of the Northern Virginia Community Colleges.

A summary of the significant accounting policies of the Organization applied in the preparation of the accompanying financial statements follows.

***Basis of Accounting***

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United State of America (U.S. GAAP) and are presented in accordance with the accrual basis of accounting. Revenue and support are recognized when earned and expenses are recognized when incurred.

***Cash***

Cash consists of cash deposits with financial institutions.

***Office Equipment***

Office equipment is carried at cost, or if donated, the assets are capitalized at the estimated fair value at the date of receipt. Depreciation on office equipment is computed using the accelerated method over the estimated useful lives of 3 to 7 years, with no salvage value.

The Organization capitalizes all expenditures for office equipment over \$2,500. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Expenditures for major repairs and maintenance are capitalized, expenditures for minor repairs and maintenance costs are expensed when incurred.

***Investments***

The Organization records all investments at fair market value, and changes in fair value are reported as investment return in the statement of activities. Income is recognized from interest and dividends as earned. Marketable securities consist of securities and mutual funds. Realized and unrealized gains (losses) are included in the accompanying statement of activities.



**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS - CONT'D**  
**DECEMBER 31, 2020**

***Basis of Presentation***

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Financial Statements of Not-for-Profit Organizations*, whereby the Organization is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As of December 31, 2020, and for the year then ended, the Organization has recorded activities in the following net assets classes:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both. The Organization does not have any net assets with donor restrictions as of December 31, 2020.

***Revenue Recognition***

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed goods are recorded at fair value at the date of the receipt. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. In 2020, the Organization received a total of \$12,000 of in-kind contributions.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS - CONT'D**  
**DECEMBER 31, 2020**

***Functional Allocation of Expenses***

The costs of providing various programs and supporting services are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function including salaries and payroll taxes, benefits, rent, and travel expenses are allocated on a basis of estimated time records and effort, or other reasonable basis.

***Measure of Operations***

The Organization reports as part of operations all activities except for investment return and other items, if any, which are unusual or nonrecurring in nature.

***Concentrations of Credit Risk***

The Organization maintains its cash balances at a financial institution and at times these balances may exceed the federal insured limits. The Organization has not experienced any losses with respect to its cash balances in excess of government provided insurance and management believes that there is no significant concentration of credit risk as a result of maintaining these accounts.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Income Taxes***

The Organization is exempt from Federal income taxes under 501(c)(3) of the Internal Revenue Code, except on net income from unrelated business activities. Accordingly, the Organization has been organized and operated exclusively for charitable purposes. No provision for income taxes is required for the year ended December 31, 2020, as the Organization had no significant net unrelated business income. Under ASC 740-10, *Accounting for Uncertainty in Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely than not that the position will be sustained. The Organization does not believe there are any material uncertain tax positions and; accordingly, will not recognize any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS - CONT'D**  
**DECEMBER 31, 2020**

Additionally, the Organization has filed Internal Revenue Service Form 990 tax returns as required. The Organization believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2017. However, the Organization is still open to examinations by tax authorities from fiscal year 2017 forward. For the year ended December 31, 2020, there were no interest or penalties recorded in the statement of activities.

***Accounting Pronouncement Adopted***

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update required an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of the ASU did not have any effect on the Organization's statement of activities for the year ended December 31, 2020.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarified and improved current guidance by providing a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The update also provided additional guidance about how to determine whether a contribution is conditional. The Organization adopted this update in 2019 under the prospective basis and the adoption of ASU did not have a material effect on the Organization's statement of activities for the year ended December 31, 2020.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments (Topic 230)* which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are intended to reduce diversity in practice. ASU 2016-15 contains additional guidance clarifying when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance. The Organization adopted ASU 2016-15 and did not have a significant impact in the presentation of the statement of cash flows.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA  
NOTES TO FINANCIAL STATEMENTS - CONT'D  
DECEMBER 31, 2020**

***Accounting Pronouncements to be Adopted***

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The ASU is effective for the Organization's financial statements for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on the financial statements.

**2. Liquidity and Availability of Resources**

The following represents the Organizations financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, as of December 31, 2020.

|                                                                                        |               |
|----------------------------------------------------------------------------------------|---------------|
| Financial Assets:                                                                      |               |
| Cash                                                                                   | 53,180        |
| Investments                                                                            | <u>44,219</u> |
| Total financial assets available within one year                                       | 97,399        |
| Less: Board-designated funds for future use                                            | <u>44,219</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>53,180</u> |

As part of the Organization's liquidity management, the organization has a policy to structure its assets to be available and liquid as its obligations become due. The Organization has no debt on the statement of financial position as of December 31, 2020 and typically pays its obligations using cash. As of December 31, 2020, the Organization has financial assets equal to approximately less than 3 months of operating expenses.

**3. Investments**

Investments consist of the following at December 31, 2020.

|                             |                  |
|-----------------------------|------------------|
| Securities and mutual funds | <u>\$ 44,219</u> |
| Total investments           | <u>\$ 44,219</u> |

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

Investment return, net consists of the following for the year ended December 31, 2020:

|                        |                 |
|------------------------|-----------------|
| Interest and dividends | \$ 600          |
| Unrealized gains       | 4,040           |
| Realized gains         | 326             |
| Investment Fees        | <u>(295)</u>    |
|                        | <u>\$ 5,261</u> |

**4. Fair Value Measurement and Disclosures**

The Organization follows ASC Topic 820, *Fair Value Management*, which establishes a common definition for fair value to be applied under U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Measurement date is the date of the financial statements. ASC Topic 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The three levels of the fair value hierarchy are as follows:

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA  
NOTES TO FINANCIAL STATEMENTS - CONT'D  
DECEMBER 31, 2020**

In certain cases, the inputs to measure fair value may result in an asset or liability falling into more than one level of the fair value hierarchy. In such cases, the determination of the classification of an asset or liability within the fair value hierarchy is based on the least determinate input that is significant to the fair value measurement.

The following table presents the Organization's investments that are measured at fair value on a recurring basis as of December 31, 2020:

|                             | Level 1          | Level 2     | Level 3     | Total            |
|-----------------------------|------------------|-------------|-------------|------------------|
| Securities and Mutual Funds | \$ 44,219        | \$ -        | \$ -        | \$ 44,219        |
|                             | <b>\$ 44,219</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 44,219</b> |

The following is a description of the valuation methodologies used by the Organization for investments measured at fair value:

*Securities and Mutual Funds:* Investments in securities and mutual funds are valued at quoted prices in an active market and are classified within Level 1 of the fair value hierarchy.

**5. Net Assets**

Net assets without donor restrictions consist of the following at December 31, 2020:

|                                                              |                         |
|--------------------------------------------------------------|-------------------------|
| Board-designated endowment fund (Emmett Cocke Memorial Fund) | \$ 44,219               |
| Undesignated                                                 | <u>13,608</u>           |
| Total                                                        | <u><b>\$ 57,827</b></u> |

*Board-designated Endowment Fund (Emmett Cocke Memorial Fund)*

In 1993, the Governing Board established the Emmett Cocke Memorial Fund ("Memorial Fund"). This fund accepts contributions made in memory of Reverend Emmett W. Cocke, Jr. The Governing Board of the Organization has used these funds to provide an annual scholarship, based on financial need, and promise of service to social justice, to a Northern Virginia College student. The scholarship is funded by the Memorial Fund's accumulated income.

**UNITED COLLEGE MINISTRIES IN NORTHERN VIRGINIA  
NOTES TO FINANCIAL STATEMENTS - CONT'D  
DECEMBER 31, 2020**

**6. Endowment Funds**

The Organization's endowment consists of funds that have been designated by the Board to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor and Board imposed restrictions and designations.

*Changes in Endowment Net Assets*

The following table represents the changes in the Organization's endowment net assets at December 31, 2020:

|                                         | <b>Without Donor<br/>Restrictions</b> |
|-----------------------------------------|---------------------------------------|
| Endowment net assets, beginning of year | <b>\$ 39,548</b>                      |
| Contributions                           | -                                     |
| Investment return, net                  | <b>4,671</b>                          |
| Appropriations                          | -                                     |
| Endowment net assets, end of year       | <b>\$ 44,219</b>                      |

*Return Objectives and Risk Parameters*

The primary financial objective is to maintain real value of funds over time. The Organization follows a total return strategy with the intent of maximizing long-term return of the portfolio both from market value increases and current yield.

*Spending Policies of the Endowment*

Expenses for the Organization's Board-designated endowment are treated as coming from accumulated earnings first with any remainder coming from accumulated restricted contributions, if any.

**7. Pension Plan**

The Director is the only participant in the Organization's 403(b) plan administered by Wespath Benefits and Investments. Annual pension and benefit costs are funded by contributions to the plan, as determined by the General Board of Pension of the United Methodist Church and are vested immediately. The Director receives a contribution equal to 14% of his salary and housing to cover pension, life insurance, and disability. Total pension benefits paid included in the statement of activities amounted to \$8,826 for year ended December 31, 2020.

**8. Related Party Contribution**

Included on the statement of activities are related party contributions of \$13,552 from Board members.