

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION
Grant Application
 Fiscal Year 2014

IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- Application is available at www.mckinneycdc.org; by calling 214.544.0296 or by emailing cgibson@mckinneycdc.org
- Please call to discuss your plans for submitting an application in advance of completing the form provided. Completed application and all supporting documents are required to be submitted electronically or on a CD for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation
 5900 S. Lake Forest Blvd., Suite 110
 McKinney, TX 75070

- *If you are interested in a preliminary review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at www.mckinneycdc.org, by calling 214.544.0296 or emailing cgibson@mckinneycdc.org.*

Applications must be completed in full, using this form, and received by MCDC, electronically or on a CD, by 5:00 p.m. on the date indicated in schedule below.

Please indicate the type of funding you are requesting:

- | | |
|--|--|
| <p><input checked="" type="checkbox"/> Project Grant
 Quality of Life projects that advance the mission of MCDC and are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines).</p> | <p><input type="checkbox"/> Promotional or Community Event Grant (maximum \$15,000)
 Initiatives, activities and events that promote the City of McKinney for the purpose of developing new or expanded business opportunities and/or tourism – and enhance quality of life for McKinney residents.</p> |
|--|--|

Promotional and Community Event Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 3, 2014	January 2014	February 2014
Cycle II: June 30 2014	July 2014	August 2014

Project Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 31, 2014	February 2014	March 2014
Cycle II: April 30, 2014	May 2014	June 2014
Cycle III: July 31, 2014	August 2014	September 2014

APPLICATION

ORGANIZATION INFORMATION

Name: St. Peter's Episcopal Church

Federal Tax I.D.: 75-1447168

Incorporation Date: 12/27/2007

Mailing Address: 511 Foote St.

City McKinney

ST: TX

Zip: 75069

Phone: 972-562-1166

Fax: 972-542-9881

Email: jstclair@stpetersmckinney.com

Website: www.stpetersmckinney.com

Check One:

- Nonprofit – 501(c) Attach a copy of IRS Determination Letter
- Governmental entity
- For profit corporation
- Other

Professional affiliations and organizations to which your organization belongs: Episcopal Diocese of Dallas, McKinney Chamber of Commerce, 3e McKinney

REPRESENTATIVE COMPLETING APPLICATION:

Name: Jamie St.Clair

Title: Outreach Coordinator

Mailing Address: 511 Foote St.

City: McKinney

ST: TX

Zip: 75069

Phone: 972-896-5086

Fax: 972-542-9881

Email: jstclair@stpetersmckinney.com

CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:

Name: Laura Canfield

Title: SPARC Managing Artist

Mailing Address: 4416 Sterling Ln

City: Plano

ST: TX

Zip: 75093

Phone: 214-405-0213

Fax:

Email: laura@thepottersheart.net

FUNDING

Total amount requested: \$6,675.00

PROJECT/PROMOTION/COMMUNITY EVENT

Start Date: 04/15/2014

Completion Date: 12/31/2014

BOARD OF DIRECTORS *(may be included as an attachment)*

Nancy Brill

Craig Fowler

Guy Giersch

Mike Jones

George Kadera, Jr.

Victor Kriechbaum

Steve VanLandingham

Tad Murley

Michele Bernard

Molly Mitchell

Sy Shahid

Julie Smith

LEADERSHIP STAFF *(may be included as an attachment)*

Rev. Michael Hoffman

Rev. Kathy Garrett

Using the outline below, provide a written narrative no longer than 7 pages in length:

I. Applying Organization

Describe the mission, strategic goals and objectives, scope of services, day to day operations and number of paid staff and volunteers.

Disclose and summarize any significant, planned organizational changes and describe their potential impact on the Project/Promotion/Community Event for which funds are requested.

II. Project or Promotion/Community Event (whichever is applicable)

- Outline details of the Project/Promotion/Community Event for which funds are requested. Include information regarding scope, goals, objectives, target audience.
- **For Promotional Grants/Community Events** – describe how this initiative will promote the City of McKinney for the purpose of business development and/or tourism.
- Describe how the proposed Project/Promotion/Community Event fulfills strategic goals and objectives for the organization.
- Please also include planned activities, time frame/schedule, and estimated attendance and admission fees if applicable.
- What is the venue/location for Project/Promotion/Community Event?
- Provide a timeline for the Project/Promotion/Community Event.
- Detail goals for growth/expansion in future years.

Project Grants – please complete the section below:

- | | | |
|-----------------------------|---|--|
| • An expansion/improvement? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| • A replacement/repair? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • A multi-phase project? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • A new project? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

Has a feasibility study or market analysis been completed for this proposed project? *If so, please attach a copy of the Executive Summary.* No

Provide specific information to illustrate how this Project/Promotion/Event will enhance quality of life and further business and economic development in the City of McKinney, and support one or more of MCDC's goals:

- Develop and strengthen community amenities to improve quality of life
- Support projects eligible for Type B support under state law
- Contribute to business and economic development within McKinney
- Strengthen relationships with our partners
- Maintain financial sustainability
- Educate the community about the impact of MCDC investments on quality of life in McKinney

Has a request for funding, for this Project/Promotion/Community Event, been submitted to MCDC in the past?

Yes No

III. Financial

- Provide an overview of the organization's financial status including the impact of this grant request.
- Please attach your budget for the current year and audited financial statements for the preceding two years. If financials are not available, please indicate why.

What is the estimated total cost for this Project/Promotion/Community Event?

\$13,350.00

(Please include a budget for the proposed Project/Promotion/Community Event.)

What percentage of Project/Promotion/Community Event funding will be provided by the Applicant? 50%

Are Matching Funds available? Yes No

Cash \$	Source	% of Total
In-Kind \$	Source	% of Total

Are other sources of funding available? *If so, please list source and amount.*

Have any other federal, state, or municipal entities or foundations been approached for funding? No

IV. Marketing and Outreach

Describe marketing plans and outreach strategies for your organization and for the Project/Promotion/Community Event for which you are requesting funding – and how they are designed to help you achieve current and future goals.

V. Metrics to Evaluate Success

Outline the metrics that will be used to evaluate success of the proposed Project/Promotion/Community Event. If funding is awarded, a final report will be required summarizing success in achieving objectives outlined for the event.

Acknowledgements

If funding is approved by the MCDC board of directors, Applicant will assure:

- The Project/Promotion/Community Event for which financial assistance is sought will be

- administered by or under the supervision of the applying organization;
- All funds awarded will be used exclusively for the purpose described in this application;

Acknowledgements - continued

- MCDC will be recognized in all marketing, outreach, advertising and public relations as a funder of the Project/Promotion/Community Event. Specifics to be agreed upon by applicant and MCDC and included in an executed performance agreement;
- Organization's officials who have signed the application are authorized by the organization to submit the application;
- Applicant will comply with the MCDC Grant Guidelines in executing the Project/Promotion/Community Event for which funds were received.
- A final report detailing the success of the Project/Promotion/Community Event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotion/Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotion/Community Event with submission of invoices/receipts to MCDC. The final 20% will be paid following MCDC's receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final report on the Project/Promotion/Community Event.
- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120th day after the date the MCDC notifies the applicant of the violation.

We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.

Chief Executive Officer

Signature

Printed Name

THE REV. MICHAEL HOFFMAN

Date

1/30/14

Representative Completing Application

Signature

Printed Name

1/30/14

INCOMPLETE APPLICATIONS, OR THOSE RECEIVED AFTER THE DEADLINE, WILL NOT BE CONSIDERED.

**Grant Narrative for SPARC
January 31, 2014**

I. Applying Organization

St. Peter's Episcopal Church is one of three Episcopal churches in McKinney and is a member of the Episcopal Diocese of Dallas. We are a thriving congregation of people who are passionate about reaching out to those in need in our community. We have seven paid staff members and untold number of volunteers.

II. Project

Project: SPARC (St. Peter's Artist Run Community) - SPARC is a new ministry of St. Peter's that connects artists and outreach within Collin County. This community of artists pays monthly dues to obtain access to the SPARC house, equipment, etc. Additionally, artists have access to SPARC facilities and equipment for teaching classes. We have two Managing Artists (MA's) who are responsible for recruiting and selecting artists to become members of SPARC and they are responsible for all scheduling including classes. A percentage of artist dues, class fees and product sales will be donated to outreach projects supported by the church.

Scope: Equip SPARC at St. Peter's by 1.)building kiln shed, 2.)running electricity to kiln shed, 3.)purchasing kiln, 4.)purchasing 2 pottery wheels, and 5.)purchasing and installing work sinks.

Goals: By providing space and resources to artists, St. Peter's hopes to promote creative spirits in our community and direct artist's work towards feeding the hungry, housing the homeless, and educating children.

Objectives:

1. Provide 11 studio spaces for potters as well as equipment and supplies to support creating finished pottery pieces.
2. Widen the experience of art in the community by providing class space to art teachers to provide more than 200 new opportunities per month for artists & students to participate in pottery.
 - a. 224 student classroom spots/month
 - b. 10 workshop participants/month
3. Generate \$300/month new outreach revenue to be given to McKinney non-profits.

Target Audience:

1. Local potters – SPARC will provide new studio space, equipment, sales and gallery space.
2. Local community – the community will benefit from the gallery, increased classroom opportunity and increased local art talent.
3. Local charities – recipients of the outreach funds generated by SPARC

Grant Narrative for SPARC
January 31, 2014

Supporting St. Peter's Goals and Objectives: As Christians, we at St. Peter's are called to minister to all who need help. St. Peter's has a long term goal to give 20% of our annual budget to groups outside our church. In our 2014 budget, we have reached an Outreach budget of 14.76% of our annual budget. Now, in addition, income from SPARC will be given to charitable organizations supported by the church. The income from SPARC is helping us work to achieve our long term goal in giving.

One of St. Peter's signature outreach events is Empty Bowls McKinney. The artists of SPARC have agreed to help with Empty Bowls and represent SPARC in a positive light in the community. Their involvement with Empty Bowls is drastically changing the event in a very positive way! Not only are they contributing their own work, but they will be leading classes open to the community to make bowls for the event.

SPARC will operate based on the following percentages:

Artist Dues: 20% to Outreach
 20% to Managing Artists (MA)
 60% to SPARC

Classes: 10% to Outreach
 10% to SPARC (if the teacher is not an MA 5% will go to MA's)
 80% to teacher of that class

Art sold through SPARC:
 20% to Outreach
 80% to creator of each piece

The location of SPARC is in the church owned property located at 405 Sherman St. in McKinney.

**Grant Narrative for SPARC
January 31, 2014**

Timeline:

12/15/2013	St. Peter's Vestry approves SPARC project
Jan. 2014	<ul style="list-style-type: none"> - Begin setting up studios in SPARC house - Managing Artists (2) move in
01/20/2014	Three classes begin in SPARC studio (24 spots for students/week)
Feb. 2014	<ul style="list-style-type: none"> - Studio potters (4) move in and begin renting studio space - 2 new classes begin (20 spots for students/week) - Repair plumbing and replace kitchen sink - Repair plumbing and install industrial sink
March 2014	<ul style="list-style-type: none"> - Fill remaining studio spaces (2 private and 1 shared = 5 studio potters) - Purchase 2 pottery wheels - Add at least 2 more classes (16 spots for students/week) - Begin alternative firing workshops (10 participants)
April 2014	<ul style="list-style-type: none"> - Build kiln shed and complete electrical work. - Purchase and install kilns and begin firing students' & studio potters' pottery on site
June 2014	Begin quarterly advanced pottery workshops (10 participants)
2014	Continue to add classes and workshops as needed to grow SPARC. Provide opportunities for community members to be introduced to pottery for the first time and for local potters to enhance their skills. Contribute to a growing professional pottery community in McKinney.

How does SPARC support MCDC's Goals?

- We expect that SPARC will strengthen the community of McKinney and improve the quality of life with the additional artist talent we will foster, through the additional classroom opportunities provided for art and through the additional money being given to local charities.
- We expect that SPARC will contribute to the business and economic development within McKinney by offering the SPARC artists the space, equipment and supplies to produce and sell art. We will also contribute economically by adding to the classroom space available in McKinney to art teachers.

**Grant Narrative for SPARC
January 31, 2014**

III. Financial

Once the initial equipment is purchased, SPARC expects to cover all its costs through the fees paid by artists and their students. This grant request is to help with startup costs to build a kiln shed behind the existing house, run electricity to the shed, purchase a kiln (and associated kiln furniture), purchase 2 pottery wheels, purchase and install a two work sinks. (Additional equipment in the form of shelving, furnishings, small kilns and some supplies have been provided by St. Peter's. The managing artists are also providing some equipment including kilns and wheels. Agreements have been made about ownership of all equipment.)

Proposed Project Budget

Build Kiln Shed	\$2,150
Run electricity to kiln shed	\$5,500
Kiln and Kiln Furniture	\$2,500
2 Pottery Wheels	\$2,000
Work sinks & plumbing	<u>\$1,200</u>
TOTAL	\$13,350

What percentage of Project funding will be provided by the Applicant? 50%

**Grant Narrative for SPARC
January 31, 2014**

IV. Marketing and Outreach

SPARC has already begun to market itself through studio potters' personal and business websites, Facebook, emails and personal networking. A SPARC website and Facebook page are in process. Six artist spaces in the building have already been rented. In addition, three artists have already begun to schedule classes.

SPARC has become the host location for the monthly meetings of the McKinney Creative Community. This group that gathers artists and creatives will help the outreach of SPARC and spread the word of St. Peter's involvement in art and community outreach.

Finally, all artists participating in SPARC agree to support and contribute to the Empty Bowls event sponsored annually by St. Peter's Episcopal Church. This event, by nature dependent on potters, furthers the goals of St. Peter's by building awareness of hunger. All proceeds benefit hunger initiatives at Community Lifeline Center. In this year alone, with the support of the artists of SPARC, we have quadrupled the number of art pieces donated to the event and doubled the number of bowls for the event. It remains to be seen their impact on attendance at the event.

V. Metrics to Evaluate Success

We will evaluate our success by measuring against our objectives:

1. Is SPARC providing 11 studio spaces for potters as well as equipment and supplies to support creating finished pottery pieces?
2. Is SPARC widening the experience of art in the community by providing class space to art teachers to provide more than 200 new opportunities per month for artists & students to participate in pottery?
3. Is SPARC generating \$300/month outreach revenue and giving it to McKinney non-profits?

St. Peter's Episcopal Church
Statement of Revenue and Expenses - Summary View
For the month ended December 31, 2013

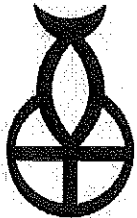
	Month		YTD		Budget Remaining
	Actual	Budget	Actual	Budget	
		Vs Budget		Vs Budget	
Revenue					
Operating Offerings	\$ 72,622	\$ 49,840	\$ 22,782	\$ 598,080	\$ (2,886)
Other Revenue	\$ 43	\$ 458	\$ (415)	\$ 5,500	\$ (7,676)
Total Revenue	\$ 72,665	\$ 50,298	\$ 22,367	\$ 603,580	\$ (4,790)
Operating Expenses					
Outreach (incl Disocesan Assessment)	\$ 7,377	\$ 6,287	\$ (1,090)	\$ 75,440	\$ 351
Personnel	\$ 38,104	\$ 30,025	\$ (8,078)	\$ 360,305	\$ 3,337
Insurance	\$ -	\$ 919	\$ 919	\$ 11,029	\$ (372)
Maintenance & Utilities	\$ 2,360	\$ 2,765	\$ 404	\$ 33,176	\$ 4,215
Office Services	\$ 1,682	\$ 2,069	\$ 387	\$ 24,833	\$ (475)
Congregational Live					
Music Ministries	\$ 262	\$ 1,083	\$ 821	\$ 13,000	\$ 163
Children & Family Ministries	\$ 313	\$ 550	\$ 237	\$ 6,600	\$ 1,387
Youth Ministries	\$ (25)	\$ 750	\$ 775	\$ 9,000	\$ 1,534
Other Congregational Life	\$ 775	\$ 1,122	\$ 347	\$ 13,460	\$ (37)
Property Expense	\$ 2,316	\$ 1,966	\$ (350)	\$ 23,591	\$ 7,400
Total Expenses	\$ 53,164	\$ 47,536	\$ (5,628)	\$ 570,434	\$ 17,151
Net Revenues	\$ 19,501	\$ 2,762	\$ 16,739	\$ 33,146	\$ 22,292
Non Operating Income / (Expense)	\$ (2,773)	\$ -	\$ (2,773)	\$ -	\$ (2,333)
Non Income Statement Expenditures					
Schedule Loan Payments - Bank, Lamar & A/C	\$ 2,144	\$ 2,124	\$ (20)	\$ 25,486	\$ 2,458
Extra Principal on Bank Loan	\$ 250	\$ 250	\$ -	\$ 3,000	\$ -
Fixed Asset Additions-Operating Budget	\$ -	\$ 317	\$ 317	\$ 3,800	\$ (3,262)
Fixed Asset & Debt Reductions-Donor Specified	\$ -	\$ -	\$ -	\$ 1,661	\$ (1,661)
Total Non Income Statement Expenditures	\$ 2,394	\$ 2,690	\$ 297	\$ 32,286	\$ (2,465)
Net Total	\$ 14,335	\$ 72	\$ 14,263	\$ 860	\$ (22,160)
Depreciaton					
Net Income After Depreciaton	\$ 66,804	\$ -	\$ (66,804)	\$ -	\$ (66,804)
	\$ (50,076)	\$ 2,762	\$ (52,838)	\$ 33,146	\$ (42,179)
Vestry Approved Non-Budgeted Items					
Purchase of A/C for Nave	\$ 42,089				
Specific Contributions	\$ (400)				
Loan from Foundation	\$ (20,000)				
Funding from Unrestricted Cash	\$ (21,689)				

St. Peter's Episcopal Church
Statement of Financial Position
As of December 31, 2013 and November 30, 2013

	<u>12/31/2013</u>	<u>11/30/2013</u>
Assets		
Cash - Unrestricted	\$ 113,762	\$ 103,758
Cash - Restricted	99,727	94,725
Marketable Securities	5,832	1,552
Prepaid Expenses	3,150	3,100
Land	303,000	303,000
Depreciable Assets - Net	1,256,922	1,320,498
Donated Assets-Crypt & Cemetary Plots	4,000	4,000
Designated Funds-Putnam	6,746	6,753
Foundation & Emerson-Brokerage Account	106,745	105,037
Foundation & Emerson-A/C Loan	18,175	18,482
Total Assets	<u>\$ 1,918,058</u>	<u>\$ 1,960,904</u>
Liabilities		
Accrued Expenses	\$ 816	\$ 816
Tenant's Deposit	1,400	1,400
Note payable	77,435	78,978
Mortgage on Lamar Street House	137,833	138,377
Air Conditioner Loan	18,175	18,482
Total Liabilities	<u>235,658</u>	<u>238,051</u>
Net Assets		
Unrestricted:		
Balance at beginning of period	1,460,041	1,456,813
Excess of Revenues over expenditures	<u>(9,033)</u>	<u>41,043</u>
Balance at end of period	1,451,008	1,497,856
Restricted:		
Temporarily Restricted	99,727	94,725
Permanently Restricted	<u>131,665</u>	<u>130,271</u>
Total Net Assets	<u>1,682,401</u>	<u>1,722,852</u>
Total Liabilities, Fund Principal & Restricted Funds	<u>\$ 1,918,058</u>	<u>\$ 1,960,904</u>

St. Peter's Episcopal Church
Statement of Revenue and Expenses - Summary View
Comparative View of 2012 & 2013 Results and 2014 Budget

	2013		2012		2014 Budget	
	Actual	Budget	Actual	Vs Budget	Budget	2014 Vs 2013
Revenue						
Operating Offerings	\$ 595,194	\$ 598,080	\$ 567,373	\$ (2,886)	\$ 627,904	\$ 32,710
Net Assets Released/Donor	\$ 2,061	\$ -	\$ 44,943	\$ 2,061	\$ -	\$ (5,895)
Other Revenue	\$ 11,115	\$ 5,500	\$ 10,060	\$ 5,615	\$ 5,220	\$ (5,895)
Total Revenue	\$ 608,370	\$ 603,580	\$ 622,376	\$ 4,790	\$ 633,124	\$ 24,754
Expenses						
Outreach (incl Diocesan Assessment)	\$ 75,089	\$ 75,440	\$ 65,555	\$ 351	\$ 93,428	\$ (18,339)
Personnel	\$ 356,968	\$ 360,305	\$ 338,114	\$ 3,337	\$ 375,994	\$ (19,026)
Insurance	\$ 11,401	\$ 11,029	\$ 10,379	\$ (372)	\$ 11,971	\$ (570)
Maintenance & Utilities	\$ 28,961	\$ 33,176	\$ 30,540	\$ 4,215	\$ 30,422	\$ (1,461)
Office Services	\$ 25,308	\$ 24,833	\$ 19,150	\$ (475)	\$ 21,344	\$ 3,964
Music Ministries	\$ 12,837	\$ 13,000	\$ 10,233	\$ 163	\$ 14,540	\$ (1,703)
Children & Family Ministries	\$ 5,213	\$ 6,600	\$ 5,460	\$ 1,387	\$ 8,000	\$ (2,787)
Youth Ministries	\$ 7,466	\$ 9,000	\$ 6,339	\$ 1,534	\$ 8,000	\$ (534)
Other Congregational Life	\$ 13,497	\$ 13,460	\$ 9,397	\$ (37)	\$ 15,220	\$ (1,723)
Property Expense	\$ 16,191	\$ 23,591	\$ 25,087	\$ 7,400	\$ 22,808	\$ (6,616)
Total Operating Expenses	\$ 552,931	\$ 570,434	\$ 520,254	\$ 17,503	\$ 601,727	\$ (48,795)
Operating Income before Depreciation	\$ 55,439	\$ 33,146	\$ 102,122	\$ 22,293	\$ 31,397	\$ (24,042)
Net on Rental Property	\$ 2,333	\$ -	\$ (2,791)	\$ 2,333	\$ 3,717	\$ 1,385
Non Income Statement Expenditures						
Principal on Bank Loans-Operating Budget	\$ 26,027	\$ 28,486	\$ 16,307	\$ 2,459	\$ 29,614	\$ (3,586)
Principal on Bank Loans-Donor Specified	\$ 50	\$ -	\$ 975	\$ (50)	\$ -	\$ 50
Fixed Asset Additions-Operating Budget	\$ 7,062	\$ 3,800	\$ 7,202	\$ (3,262)	\$ 5,500	\$ 1,562
Fixed Asset Additions-Donor Specified	\$ 2,011	\$ -	\$ 44,943	\$ (2,011)	\$ -	\$ 2,011
Total Non Income Statement Expenditures	\$ 35,150	\$ 32,286	\$ 69,427	\$ (2,864)	\$ 35,114	\$ 37
Net Surplus (Deficit)	\$ 22,621	\$ 860	\$ 29,904	\$ 21,761	\$ 1	\$ (22,620)
Net Income Reconciliation						
Net Surplus (Deficit)	\$ 22,621	\$ 860	\$ 29,904	\$ 21,761	\$ 1	\$ (22,620)
Less:						
Depreciation	\$ 66,804	NA	\$ 60,744	NA	NA	NA
Add:						
Non Income Statement Expenditures	\$ 35,150	\$ 32,286	\$ 69,427	\$ (2,864)	\$ 35,114	\$ 37
Net Income	\$ (9,033)	NA	\$ 38,587	NA	NA	NA



St. Peter's
Episcopal Church

CDBG Board,

Thank you for considering the grant application from SPARC. I wanted to clarify the religious status of this organization.

SPARC is a ministry of St. Peter's Episcopal Church. SPARC is hosted by St. Peter's in that we provide the space and it is considered under our tax identification. Our church wants to support art and assist people in need so SPARC fits inside of our vision.

But there is no religious affiliation to SPARC itself. The artists who form SPARC will be of a variety of faiths (or none at all). As long as they are interested in helping the poor with their art, they can join.

The organizations that will receive funding from SPARC will not be religious institutions. They will fund non-profits like Community Lifeline, McKinney Food Pantry, Samaritan Inn, etc.

To be absolutely clear, St. Peter's will not receive any funds from SPARC. We are not charging them to use their facility. They have their own bank account, and their funds will be kept separate from St. Peter's funds.

I am very excited about using SPARC to energize artists to help those in need. I believe SPARC will be a blessing to McKinney, and I hope you will support their grant request.

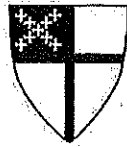

The Rev. Michael Hoffman

S t . P e t e r ' s E p i s c o p a l C h u r c h

Church: College and Lamar
Phone: (972) 562-1166

Office: 511 Foote Street
www.stpetersmckinney.com

McKinney Texas 75069
Fax: (972) 542-9881



THE EPISCOPAL CHURCH

THE DOMESTIC AND FOREIGN MISSIONARY SOCIETY
OF THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA
FOUNDED 1821 ■ INCORPORATED 1846

January 18, 2008

To whom it may concern:

The Protestant Episcopal Church in the United States of America, also known as the Episcopal Church, whose federal tax identification number is 31-1629166, is an unincorporated association that has since the 1940s continuously enjoyed an explicit federal "group" tax-exemption under the Internal Revenue Code. The Church's status is currently reflected in its listing in the IRS Cumulative List of Tax Exempt Organizations, p. 2538 (2003 ed.) (note the Code "1" in the listing denoting group exemption).

The Church's Group Exemption Number is GEN. No. 3741.

This exemption covers the Episcopal Church and those of its "Dioceses in the U.S. and Institutions Thereof" that elect to come under the group exemption, even though the latter are not separately listed in the Cumulative List.

According to our records, the following organization is covered by this exemption since May 2001: The Episcopal Diocese of Dallas – 1630 North Garrett Avenue, Dallas, TX 75206 – EIN #75-0800638.

Sincerely yours,

N. Kurt Barnes
Treasurer

THE EPISCOPAL CHURCH CENTER

815 SECOND AVENUE NEW YORK, NY 10017-4503 USA ■ 212-716-6000 ■ 800 334-7626 ■ www.episcopalchurch.org

Internal Revenue Service

Department of the Treasury
P.O. Box 2508
Cincinnati, OH 45201

Date: August 5, 2003

Person to Contact:

Ms. Smith #31-07262
Contact Representative

Protestant Episcopal Church in the
United States of America
Episcopal Church
815 2nd Ave.
New York, NY 10017-4503

Toll Free Telephone Number:

8:00 A.M. to 6:30 P.M. EST
877-829-5500

Fax Number:

513-263-3756

Federal Identification Number:

31-1629166

Group Exemption Number:

3741

Dear Sir or Madam:

This is in response to your request of August 5, 2003 regarding a copy of your organization's group exemption letter.

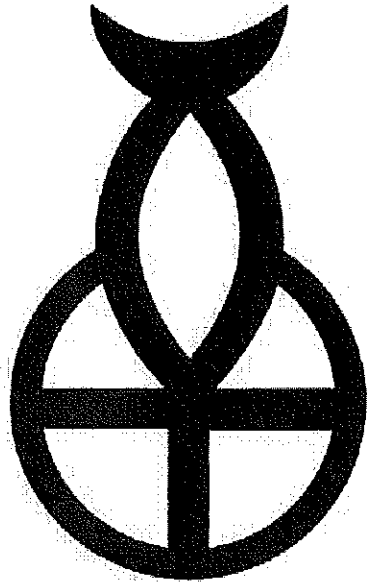
In January 1940 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Based on the information submitted, we recognized the subordinates named on the list your organization supplied as exempt from federal income tax under section 501(c)(3) of the Code. Also, we classified those subordinates as organizations that are not private foundations because they are organizations of the type described in sections 509(a)(1) and 170(b)(1)(A)(i) of the Code.

Donors may deduct contributions to your organization's subordinates as provided in section 170 of the Code. Bequests, legacies, devises, transfers or gifts to the subordinates or for their use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Your organization and its subordinates are not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. If subject to this tax, the organization must file an income tax return on Form 990-T, *Exempt Organization Business Income Tax Return*. In this letter, we are not determining whether any of your organization or its subordinates' present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Unless specifically excepted, your organization and its subordinates are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid each employee during a calendar year. This does not apply, however, if your organization makes or has made a timely election under section 3121(w) of the Code to be exempt from such tax. Your organization and its subordinates are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).



ST. PETER'S EPISCOPAL CHURCH

Financial Statements
December 31, 2012

ROBIN M CARAWAY, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

ST. PETER'S EPISCOPAL CHURCH
FINANCIAL STATEMENTS
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ROBIN M CARAWAY, CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditors' Report

To the Members of the Vestry
St. Peter's Episcopal Church

Report on the Financial Statements

We have audited the accompanying financial statements of St. Peter's Episcopal Church, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 St. Peter's Episcopal Church as of December 31, 2012, 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.

Robin M Caraway, CPA, PLLC

McKinney, Texas
August 19, 2013

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ST. PETER'S EPISCOPAL CHURCH
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

Cash and cash equivalents, unrestricted	\$ 117,538
Cash and cash equivalents, restricted	102,626
Prepaid expenses and deposits	3,275
Long-term investments	123,193
Fixed assets, net	1,572,735
	\$ 1,919,367

LIABILITIES AND NET ASSETS

LIABILITIES

Current maturities, notes payable	\$ 21,313
Accounts payable and accrued expenses	1,215
Long-term debt	218,207
	240,735

NET ASSETS

Unrestricted	1,456,811
Temporarily restricted	131,258
Permanently restricted	90,563
	1,678,632
	\$ 1,919,367

ST. PETER'S EPISCOPAL CHURCH
STATEMENT OF ACTIVITIES
YEAR ENDING DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND OTHER REVENUES				
Contributions	\$ 568,348	\$ 169,772	\$ 670	\$ 738,790
Parish Hall Rental	3,230	-	-	3,230
Interest and Investment Income	777	9,864	-	10,641
Rental income	9,800	-	-	9,800
Other income	5,078	-	-	5,078
Net Assets Released from Restrictions	143,056	(143,056)	-	0
Total Support and Other Revenues	<u>730,289</u>	<u>36,580</u>	<u>670</u>	<u>767,539</u>
EXPENSES				
Program Services				
Congregational Life	110,263	-	-	110,263
Outreach and Missions	35,630	-	-	35,630
Total Program Services	<u>145,893</u>	<u>-</u>	<u>-</u>	<u>145,893</u>
Supporting Services				
Management and General	398,183	-	-	398,183
Diocesan Assessment	49,206	-	-	49,206
Depreciation	60,744	-	-	60,744
Property	37,678	-	-	37,678
Total Supporting Services	<u>545,811</u>	<u>-</u>	<u>-</u>	<u>545,811</u>
Total Expenses	<u>691,704</u>	<u>-</u>	<u>-</u>	<u>691,704</u>
CHANGE IN NET ASSETS				
	38,585	36,580	670	75,835
NET ASSETS, beginning of year	1,418,226	94,678	89,893	1,602,797
NET ASSETS, end of year	<u>\$ 1,456,811</u>	<u>\$ 131,258</u>	<u>\$ 90,563</u>	<u>\$ 1,678,632</u>

See accompanying notes to financial statements.

ST. PETER'S EPISCOPAL CHURCH
STATEMENT OF CASH FLOWS
YEAR ENDING DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 75,835
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	60,744
Realized and unrealized gains on investments	(6,092)
Change in prepaid expenses and deposits	(175)
Change in accounts payable and accrued expenses	(4,825)
Contributions restricted for long-term asset purchases	(30,425)
Contributions restricted to designated purposes	(136,380)
Contributions restricted to long-term investments	(3,637)
Investment income restricted to designated purposes	(3,772)
Cash released to operations from designated and long-term investments	112,633
	<u>63,906</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(100,726)
	<u>(100,726)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from contributions restricted for long-term asset purchases	30,425
Proceeds from long-term financing	48,582
Payments on long-term financing	(17,281)
	<u>61,726</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 24,906
 CASH AND CASH EQUIVALENTS, beginning of year	 92,632
 CASH AND CASH EQUIVALENTS, end of year	 <u>\$ 117,538</u>
 SUPPLEMENTAL INFORMATION:	
Interest expense paid	<u>\$ 14,467</u>

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 – Nature of Activities and Significant Accounting Policies

Organization

St. Peter's Episcopal Church (St. Peter's or the Church) was organized and made a mission church in 1876 and was elevated to Parish status in 1890. Since inception, St. Peter's has overcome numerous challenges. The church was rebuilt and dedicated in 1960 following complete destruction in a fire. Another fire in 1970 destroyed the existing Parish Hall, which was rebuilt and rededicated in 1972. In 1998, the Parish Hall and Church were remodeled to accommodate the rapid and consistent growth of the Church. St. Peter's mission is to provide a safe, loving environment for spiritual growth which enables its parishioners to reach out in service to the community and to share the love of Christ with the world. The Church is affiliated with the Episcopal Diocese of Dallas. Support comes primarily through contributions from parishioners.

St. Peter's Program Services include:

Congregational Life: St. Peter's has many different kinds of ministries and programs to serve the parishioners. The majority of the Church's program funding is spent on Christian Education, Bible Studies, retreats, mission trips and spiritual growth through music ministries. Additional funds are provided for communication of St. Peter's events, programs and ministries as well as the supplies necessary for worship.

Outreach and Mission Fundraising: St. Peter's utilizes a portion of unrestricted contributions received from parishioners and funds raised through church sponsored events to support various non-profit organizations and mission; among those the Holy Family School, the Community Food Pantry, and parishioners in need.

Basis of Accounting and Presentation

These financial statements have been prepared on the accrual basis of accounting and correspond with the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Net assets of the Church are presented in one of three classes: (1) unrestricted net assets, (2) temporarily restricted net assets, or (3) permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use or the timing of their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents, Unrestricted

For purposes of the statement of cash flows, the Church considers all currency on hand and unrestricted demand deposits with banks or financial institutions to be cash and cash equivalents.

Cash and Cash Equivalents, Restricted

Restricted cash consists of cash in various accounts which is temporarily restricted as a result of a donor restriction placed on the use of the cash.

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 – Nature of Activities and Significant Accounting Policies (continued):

Pledges to Give

Each year, the Church asks the parishioners to submit pledge cards indicating the donations the parishioners intend to give during the coming year. These pledges are used solely for the Church's budgetary purposes. Since the pledges do not meet the criteria for recognition under FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*, they are not reflected in the statement of activities until the pledges are collected.

Long-Term Investments

Investments in mutual funds are carried at fair market value, based on quoted prices in active markets for identical assets, and consist primarily of the assets held by the St. Peter's Foundation (see Note 2). Long-term investments also include two cemetery plots donated to the Church and recorded at estimated value at time of donation. Realized and unrealized gains or losses on investments are included in the statement of activities.

Fixed Assets, Net

In 2000, the Church capitalized the land, buildings and existing improvements at then current fair market value based on a contemporaneous appraisal. Purchases of other property and equipment are recorded at cost. Donations of property and equipment are recorded at estimated fair market value at the date of donation. The Church capitalizes acquisitions in excess of \$250. Depreciation is computed using the straight-line method over the estimated useful lives of the assets: buildings and improvements over 39 years; landscaping improvements over 15 years; furniture, fixtures and equipment over 5 to 7 years; computer equipment over 5 years. All real property assets of the Church are held in trust by the Episcopal Diocese of Dallas for the benefit of the Church.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributed Services

A significant number of unpaid volunteers make significant contributions of their time to the Church's worship, music and ministry programs. These contributed services do not meet the criteria for recognition required by FASB ASC 958 and are not reflected in the accompanying financial statements.

Income Tax Status

As a religious organization, St. Peter's is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not required to file Form 990, *Return of Organization Exempt from Tax*. However, the Church is required to file Form 990T, *Exempt Organization Business Income Tax Return*, related to rental income being earned on property owned by the Church (see Note 3).

St. Peter's Foundation is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and has been classified as other than a private foundation by the Internal Revenue Service. The Foundation's gross receipts have not been in excess of \$25,000 in any years and therefore, the Foundation has not been required to file Form 990.

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 2 – Long-Term Investments

In 1999, St. Peter's organized the St. Peter's Foundation (the Foundation), established for the exclusive benefit of St. Peter's Episcopal Church. The Foundation is governed by a Board of Directors consisting of the Rector, Senior Warden, and Treasurer of the Church, plus seven other directors selected by the Vestry of St. Peter's Episcopal Church.

The Board of Directors also manage the Tom & Bette Emerson Scholarship Endowment (the Emerson Fund), established in 2001 to provide a scholarship endowment fund. Income earned from the Emerson Fund, not to exceed 5% of the corpus, will be awarded annually in college scholarships for parishioners of St. Peter's Episcopal Church or of Holy Family Church. Income in excess of 5% will be directed to the corpus of the Emerson Fund.

The Board of Directors considers that it is operating in a manner consistent with the requirements of the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) and has adopted the accounting standards of FASB ASC 958-205-45-15 through 31, *Net Assets of Endowment Funds*. Permanently restricted net assets consist of the original value of gifts donated to the funds, original value of subsequent gifts made to the funds, and the portion of investment return added to the funds since their inception. Accumulated earnings in excess of the amount determined by the Board to necessary to maintain the principal of the fund are available for appropriation for the benefit of the Church or for scholarships, and therefore, under the provisions of the UPMIFA, are classified as temporarily restricted net assets.

The funds of both the Foundation and the Emerson Fund are invested in a mixture of money market funds, equity mutual funds and bond mutual funds. The Board's objective in investing in these investment vehicles is to provide stable rate of return and capital growth over a period of time. These investment vehicles are being held for purposes other than trading.

Also included in long-term investments are certain funds invested with Putnam Investments and certain donated cemetery plots. The Putnam Investments funds are invested in a government bond fund. The earnings from this fund are paid to the church as earned and are restricted in use to the purchase of flowers for the church.

Investments by account are summarized as follows:

Putnam Investments	\$ 6,912
St. Peter's Foundation	55,049
Emerson Scholarship Funds	57,232
Cemetery Plots	4,000
	<u>\$ 123,193</u>

Investments by type of investment are summarized as follows:

Money market funds	\$ 33,369
Bond funds	46,431
Equity mutual funds	39,393
Other investments	4,000
	<u>\$ 123,193</u>

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 2 – Long-Term Investments (continued):

Investments by net asset class are summarized as follows:

Unrestricted	\$ 4,000
Temporarily restricted	28,631
Permanently restricted	90,562
	<u>\$ 123,193</u>

The components of investment income for the year ended December 31, 2012 are as follows:

Interest income	\$ 777
Dividends	3,772
Realized and unrealized gains/(losses)	6,092
	<u>\$ 10,641</u>

Note 3 – Fixed Assets

In 2011, St. Peter's purchased a house and lot near the Church located at 606 Lamar for the future expansion needs of the Church. Significant improvements were made to the house and effective June 1, 2012, the house was placed in service as a rental property. The property is being managed by a local property management and leasing company.

A summary of net fixed asset as of December 31, 2012 is as follows:

Land	\$ 303,000
Buildings and related improvements	1,748,449
Columbarium	29,922
Furniture and Fixtures	124,265
Computers and Equipment	36,407
Handbells	18,633
	<u>2,260,676</u>
Less accumulated depreciation	<u>(687,941)</u>
Fixed assets, net	<u>\$ 1,572,735</u>

Depreciation expense for the year ended December 31, 2012 was \$60,744 and is reported in Supporting Services in the Statement of Activities.

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 4 – Notes Payable

Long-term notes payable consist of the following at December 31, 2012:

Property loan from Independent Bank, dated May 13, 2009, for \$151,586.00. Current interest rate 5.85% in effect until May 13, 2013 (Rate Change Date), then equal to less of Maximum Rate (never exceeds 8% pre annum) or the Index Rate (Wall Street Journal Prime Rate less .50%). Monthly payments of principal and interest of \$1,678.17. Secured by church property; matures May 13, 2019. \$ 95,443

Mortgage loan to acquire and improve Lamar Street House, dated November 29, 2011 for \$145,000. Current interest rate 5.85%; subject to change every five years (next Change Rate Date November 19, 2016) to Wall Street Journal Prime plus 1% (floor of 5.85% and ceiling of 8%). Monthly payments of principal and interest of \$1,218.43. Secured by Lamar Street House; matures November 29, 2027. 144,077

Total long-term debt	239,520
Less current maturities of long-term debt	(21,313)
	\$ 218,207

Interest expense relating to notes payable was \$14,467 during the year ended December 31, 2012.

Maturities of the notes payable are as follows:

2013	\$ 21,313
2014	22,593
2015	23,951
2016	25,391
2017 and thereafter	146,272
	\$ 239,520

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2012:

Alpha Ministry	\$ 756
Air Conditioner Fund	400
Architectural Fees	5,000
Comfort Ministry	23
Camp Scholarships	1,750
Capital Campaign	25
Angel Garden	121
Columbarium Niche	11,360
Deacon Expenses	424
Defibrillator	2,034
Flowers	3,209
Labyrinth Ministry	952
Parish Nurses	63
Pew Fund	2,666
Daughters of the King	403
Vestment Fund	754
Janet Moltz Fund	78
Wednesday Evening Program	274
Order of St. Luke	955
Cursillo	142
Garden Saints Ministry	673
Outdoor Church Bell Repair	180
Rector's Initiatives	4,019
Rector's Continuing Education	2,000
Women's Spirituality	188
Deacons Funds - Breyfogle	4,759
Ministry Funds	2,604
Ministry Funds - Garrett	1,405
Music Funds	8,147
Outreach Funds	2,805
Vacation Bible School	400
Youth Funds	9,149
Memorials	13,127
Prepaid Pledges	21,783
Foundation funds available for appropriation	28,630
	<u>\$ 131,258</u>

These funds are maintained in an interest-bearing demand account.

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 6 – Permanently Restricted Net Assets

Reconciliation of the changes in the net asset components of the Foundation Fund, the Emerson Fund and the Putnam Fund are as follows:

	St. Peter's Foundation	Emerson Funds	Putnam Fund
<i>Permanently restricted net assets:</i>			
Balance at December 31, 2011	\$ 30,882	\$ 50,000	\$ 9,011
Contributions	-	670	-
Balance at December 31, 2012	<u>\$ 30,882</u>	<u>\$ 50,670</u>	<u>\$ 9,011</u>
<i>Temporarily restricted net assets:</i>			
Balance at December 31, 2011	\$ 20,608	\$ 3,451	\$ (2,031)
Contributions	-	2,967	-
Investment income	1,766	2,006	229
Realized and unrealized gains/(losses)	3,071	3,088	(68)
Distributions to operating or scholarships	(1,278)	(4,950)	(229)
Balance at December 31, 2012	<u>\$ 24,167</u>	<u>\$ 6,562</u>	<u>\$ (2,099)</u>

Note 7 – Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 7 – Fair Value Measurements (continued):

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2012 and 2011.

Mutual Funds: Valued at the net asset value of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Church's and the Foundation's assets at fair value as of December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 33,370	\$ -	\$ -	\$ 33,370
Available-for-sale securities				
Bond mutual funds	46,431	-	-	46,431
Equity mutual funds	39,393	-	-	39,393
Total assets at fair values	<u>\$ 119,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,194</u>

Note 8 – Employee Benefit Plans

Employees of the Church who meet certain eligibility requirements have the option to defer a maximum of 4% of their annual salary to a defined contribution retirement plan, managed by the Church Pension Fund. St. Peter's make a base contribution for each participating employee of 5% of annual salary, and also makes contributions matching employee contributions up to a maximum of 4% of the employee's annual salary. The Church also makes contributions on behalf of the clergy employees to the Clergy Pension Plan, a defined benefit pension plan managed by the Church Pension Fund. Pension contributions made annually amount to 18% of the clergy total stipend and housing remunerations. During the year ended December 31, 2012, the Church incurred and paid \$8,848 of defined contribution plan expense and \$18,365 of clergy pension plan funding expense.

ST. PETER'S EPISCOPAL CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 9 – Leases

In December, 2009, the Church entered into a lease of certain copier equipment. The lease terms provide for monthly payments of \$195.50 over a period of sixty months. Total equipment rental expense paid by the Church was \$2,537 during the year ended December 31, 2012. Minimum remaining lease payments due, for years ending December 31, are as follows:

2013	\$ 2,346
2014	<u>2,346</u>
	<u>\$ 4,692</u>

Note 10 – Other Matters

Ministry Funds

St. Peter's receives funds designated to be used by the Rector, Curate and Deacon at their discretion. Expenditures within these funds totaled \$9,091 during the year ended December 31, 2012.

Subsequent Events

Management has evaluated subsequent events through August 19, 2013, the date which the financial statements were available to be issued.