

# MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

## Promotional and Community Event Grant Application

Fiscal Year 2023

### IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- The Grant Guidelines and Application are available at [www.mckinneycdc.org](http://www.mckinneycdc.org); by calling 972.547.7653 or by emailing [cschneible@mckinneycdc.org](mailto:cschneible@mckinneycdc.org)
- **Please call to discuss your plans for submitting an application in advance of completing the form.** A completed application and all supporting documents are required to be submitted via email or on a thumb drive for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation  
7300 SH 121, SB, Suite 200  
McKinney, TX 75070

- *If you are interested in preliminary Board of Directors review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at [www.mckinneycdc.org](http://www.mckinneycdc.org), by calling 972.547.7653 or emailing [cschneible@mckinneycdc.org](mailto:cschneible@mckinneycdc.org).*

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

### Promotional and Community Event Grant Calendar:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: November 30, 2022	December 15, 2022	January 26, 2023
Cycle II: May 31, 2023	June 22, 2023	July 27, 2023

### APPLICATION

#### INFORMATION ABOUT YOUR ORGANIZATION

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: NA

Email: [becky@emptybowlsckinney.com](mailto:becky@emptybowlsckinney.com)

Website: [www.stpetersmckinney.com](http://www.stpetersmckinney.com)



**FUNDING**

Total amount requested: \$9,500.00

Matching Funds Available (Y/N and amount): N

**Other Funding Sources:** At this time, Empty Bowls has secured committed sponsorships totaling \$36,000, and an additional \$22,500 from previous sponsors is either to be solicited or pending. New sponsorships are being identified and will be solicited shortly. Committed sponsorships include: Title Sponsor Blount Fine Foods: \$15,000; Presenting Sponsor Globe Life: \$12,000, DevSol Holdings II, LLC: \$3,500; Legacy Planning Group: \$1,000; Individual donor: \$1,500; Love Life Foundation: \$3,000. We also have in-kind sponsorships from four entities that have supported the event in the past. Though not included in our budget, these have an estimated value of \$7,200.

Have you received or will funding be requested from any other City of McKinney entity (e.g. McKinney Convention and Visitors Bureau, Arts Commission, City of McKinney) for this event?

Yes

No

Please provide details and funding requested: \$9,500.00

**PROMOTIONAL/COMMUNITY EVENT**

Start Date: 1/7/2023

Completion Date: 5/4/2023

**BOARD OF DIRECTORS** (may be included as an attachment) **See Attachment 3: St Peter's Leadership**

**LEADERSHIP STAFF** (may be included as an attachment) **See attachment 3: St. Peter's Leadership**

**Using the outline below, provide a written narrative no longer than 7 pages in length:  
See Attachment 2: Empty Bowls Proposal Narrative**

**I. Applying Organization See Attachment 2: Proposal Narrative**

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/Promotional/Community Event for which funds are requested.

**II. Promotional/Community Event See Attachment 2: Proposal Narrative**

- Outline details of the Promotional/Community Event for which funds are requested. Include information regarding scope, goals, objectives, target audience.
- Describe how this event will **showcase McKinney and promote the City for the purpose of business development and/or tourism.**
- Describe how the proposed Promotional/Community Event fulfills strategic goals and objectives for your organization.
- Promotional/Community Events must be **open to the public.** If a registration fee is charged, it must be \$35 or less.
- **If the event benefits a nonprofit organization, specific detail must be provided regarding the benefit** (e.g. X\$ per entry; X% of overall revenue; X% of net revenue).
- Provide information regarding planned activities in support of the event, timeframe/schedule, estimated attendance and admission/registration fees, if planned.
- Include the venue/location for the proposed event.
- Provide a timeline for the production of the event.
- Detail goals for growth/expansion in future years.
- Provide plans to attract resident and visitor participation and contribute to business development, tourism and growth of McKinney sales tax revenue.
- Demonstrate informed budgeting/financial planning – addressing revenue generation, costs and use of net revenue.

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

Yes

No

**Date(s): 11/29,2021**

**Date(s): 11/27/2020**

**Date(s): 11/26/2019**

## Financial

- Provide an overview of the organization's financial status including the projected impact of this event on your organization's ability to fulfill mission and goals. **See Attachment 2: Proposal Narrative**
- Please attach your organization's budget and Profit and Loss statement for the current and previous fiscal year and audited financial statements for the preceding two years. If audited financials are not available, please indicate why. **See Attachments 4, 5, and 6**
- In addition to your organization's budget, please provide a detailed budget for the proposed Promotion/Community Event. **See Attachment 2: Proposal Narrative**

### Overview of Promotional/Community Event financial goal?

Gross Revenue	\$126,500
Projected Expenses	\$41,400
Net Revenue	\$85,100

**What dollar amount and percentage of Promotional/Community Event funding will be provided by other sources such as sponsorship, registration fees, individual or corporate donations, etc.?**

**\$117,000 of budgeted gross revenue, or 92%, will be covered by other sources. MCDC Promotional & Community Event Grant of \$9,500 will provide 8% of gross revenue.**

Sponsorship Revenue	\$57,000	45%
Registration Fees	\$30,000	24%
Donations	\$6,000	5%
Other (raffle, auction, etc.)	\$33,500	18%
Net Revenue	\$126,500, less expenses of \$41,400, or \$85,100	

#### **IV. Marketing and Outreach See Attachment 2: Proposal Narrative**

- Provide specific detail regarding the advertising, marketing plans and outreach strategies developed for this event.
- Provide a detailed outline and budget for planned marketing, advertising and outreach activities and promotional channels (e.g. print, radio, social media platforms, etc.). **The total expenditures planned must match the amount requested in this grant application.** If you need an example, please contact Linda Jones at [ljones2@mckinneycdc.org](mailto:ljones2@mckinneycdc.org).

#### **V. Metrics to Evaluate Success See Attachment 2: Proposal Narrative**

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

## **VI. Presentation to MCDC Board of Directors**

Completed applications that are eligible for consideration by MCDC will be presented to the board according to the schedule included on the first page of this application. **Please be prepared to provide the information outlined below in your presentation:**

- Details regarding the specific marketing activities (promotional channels) that you plan to use and the budget allocated to each (print, radio, social media, etc.).
- If this is an annual/biennial event, please include results you saw from use of the various marketing activities in the past (what worked, what didn't).
- Do you plan to utilize the grant requested to fund your total marketing budget? If not, what percentage would the grant cover?
- If possible, please include examples of past marketing initiatives (screen shots of ads, social media, etc.). Also – please include photos of previous year's event in your presentation.
- Please share the attendance numbers from the previous year's event (if this is a repeat event).
- If possible, please identify the number of people who attended from McKinney – and those who were visitors to the city.
- If you are applying as a for-profit organization, with a nonprofit beneficiary identified for your event, please include the name(s) of the nonprofit groups who will be supported by the event and the percentage of revenue (indicate gross or net) or dollar amount that will be provided.
- Presentations to the Board will be limited to no more than five (5) minutes.

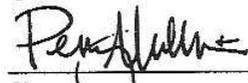
## Acknowledgements

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

- The Promotional/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 advertising, marketing and promotion of the Promotional/Community event described in this application.
- MCDC will be recognized in all marketing, advertising, outreach and public relations as a funder of the Promotional/Community Event. A logo will be provided by MCDC for inclusion on all advertising, marketing and promotional materials. Specifics for audio messaging will be agreed upon by applicant and MCDC and included in an executed performance agreement.
- The Organization 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 Promotional/Community Event for which funds were received.
- A final report detailing the success of the Promotional/Community Event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Promotional/Community Event.
- Grant funding is provided on a reimbursement basis subsequent to submission of a reimbursement request, with copies of invoices and paid receipts for qualified expenses. Up to 20% of the grant awarded may be withheld until the final report on the Promotional/Community Event is provided to MCDC.
- Funds granted must be used within one year of the date the grant is approved by the MCDC board.

**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

The Rev. Perry Mullins  
Printed Name

11/29/22  
Date

**Representative Completing Application**



Signature

Christine H. Williams  
Printed Name

11/29/22  
Date

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

**CHECKLIST:**

**Completed Application:**

- Use the form/format provided
- Organization Description
- Outline of Promotional/Community Event; description, budget, goals and objectives
- Indicate how this event will showcase the City of McKinney for business development/tourism
- Promotional/Community Event timeline and venue included
- Overall organization **and** event budget that includes plans and budget for advertising, marketing and outreach included
- Evaluation metrics are outlined
- List of board of directors and staff
- Financials: organization's budget and P&L statement for current and previous fiscal year; Promotional/Community Event budget; audited financial statements are provided
- IRS Determination Letter (if applicable)

***A FINAL REPORT MUST BE PROVIDED TO MCDC WITHIN 30 DAYS OF THE EVENT/COMPLETION OF THE PROJECT/PROMOTIONAL/COMMUNITY EVENT.***

***FINAL PAYMENT OF FUNDING AWARDED WILL BE MADE UPON RECEIPT OF FINAL REPORT.***

***PLEASE USE THE FORM/FORMAT OUTLINED ON THE NEXT PAGE FOR THE FINAL REPORT.***



## McKINNEY COMMUNITY DEVELOPMENT CORPORATION

### Final Report

**Organization:**

**Funding Amount:**

**Project/Promotional/Community Event:**

**Start Date:**

**Completion Date:**

**Location of Project/Promotional/Community Event:**

**Please include the following in your report:**

- Narrative report on the Project/Promotional/Community Event
- Identify goals and objectives achieved
- Financial report – budget as proposed and actual expenditures, with explanations for any variance. If the event includes a charitable component, include the donation made.
- Samples of printed marketing and outreach materials (MCDC logo to be included)
- Screen shots of online Promotions (MCDC logo to be included)
- Photographs, slides, videotapes, etc.
- Performance against metrics outlined in application

**Please submit Final Report no later than 30 days following the completion of the Promotional/Community Event to:**

McKinney Community Development Corporation  
7300 SH 21, SB, Suite 200  
McKinney, TX 75070

Attn: Cindy Schneible  
[cschneible@mckinneycdc.org](mailto:cschneible@mckinneycdc.org)

## **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 and are passionate about helping those in need in our community. We have eleven staff members and dozens of volunteers.

In 2012 we launched our first Empty Bowls McKinney event to raise money to combat hunger in the community. The event supports hunger initiatives at Community Lifeline Center and Community Garden Kitchen.

This year the Empty Bowls event will be run by two Co-Directors, a Board, and a team of seasoned volunteers. No impact on the event is anticipated.

## **II. Promotional/Community Event**

### **1. Goals/Objectives**

- a) Fight hunger in Collin County
- b) Increase awareness for Community Lifeline Center and their strategies to fight hunger
- c) Increase awareness for Community Garden Kitchen and their mission to serve nutritious meals to those in need in a safe, welcoming place
- d) Showcase McKinney's amazing and unique restaurants
- e) Showcase McKinney's incredibly talented local art community
- f) Bring people to Historic Downtown McKinney for the Hungry Bowls event and shopping at local businesses

### **2. Event Overview:**

In 2012, St. Peter's Episcopal Church joined Empty Bowls, a global grassroots movement by artists and crafts people to raise money for food related charities events that care for and feed the hungry in their communities. Each local group that organizes an Empty Bowls event designs the event to address the needs of the hungry and food insecure residents of their community. Potters, craftspeople and others work with the community to create handcrafted bowls. In exchange for a cash donation, guests enjoy a simple meal of soup and bread and keep a bowl as a reminder of the hungry worldwide.

On Thursday, May 4, 2023, we will hold our 12th annual Empty Bowls McKinney event from 5:30pm to 8:00pm in historic downtown McKinney. We will fill the McKinney Performing Arts Center and one block of Kentucky Street with handmade bowls and a delicious selection of gourmet soups and sweets. Blount Fine Foods has agreed to continue as our title sponsor in 2023. We expect to host up to 1,000 people. McKinney's Community Lifeline Center (CLC) is the primary beneficiary of our event, receiving 80% of the event's net proceeds. Community Garden Kitchen (CGK) is the secondary beneficiary, receiving 20% of the net proceeds.

Tickets will be open for sale to the public in March 2023. Our target audience is new and returning attendees from the greater DFW area who want to explore and support our community as well as to enjoy art and a great foodie experience. The cost for tickets will be \$35. We also offer a limited number of VIP Collector's Club tickets for \$125. VIP Collector's Club ticket holders will have early access to the event and choose their event bowl from an exclusive collection.

Our event promotes local artists from McKinney and surrounding communities. Over 50 "3D" artists are participating in making bowls. More than 50 "2D" artists paint the Collectors Club

bowls in their painting style. We also showcase celebrity bowls made by McKinney community leaders. Auction bowls, raffle bowls and Collectors Club bowls will be displayed at our “Preview Party” at The Cove art gallery in McKinney on Saturday, March 25, 2023. The pieces are promoted through social media and on our website, [www.emptybowls McKinney.com](http://www.emptybowls McKinney.com). We also work with the ceramics programs at local schools and colleges to allow students an opportunity to support the event.

We also promote the business of local restaurants. In 2022 we increased the number of McKinney restaurants participating in Empty Bowls McKinney from 13 to 14, each with a booth providing samples of soup or sweets. Tupps Beer and Landon Winery wines were also sold. Last year we also had a drink truck provided by Coffee & Crumbs. We provide prominent signage on each booth, displaying the restaurant name and their soup. Restaurants also have the option to advertise by providing flyers, coupons, and giveaways. Further, many event-goers arrive early and shop at nearby retail establishments.

### Timeline of Planned Activities In Support of the Event

Date	Activity
2/9/23	Bowl glazing workshop at Make Expression Art Studio in Frisco
2/19/23	Two bowl making workshops (including wheel) at Jump Into Art Studios in McKinney
2/23/23	Bowl glazing workshop at Make Expression Art Studio in Frisco
3/1/23	Volunteer sign up begins
3/7/23	Tickets go on sale
3/17/23	Auction, Raffle & Collector’s Club bowls due to The Cove
3/19/23	Two bowl making workshops (including wheel) at Jump Into Art Studios in McKinney
3/25/23	Preview Party at The Cove
4/11/23	Art Auction goes live
4/11/23	Raffle ticket sales start
4/19/23	Limited Edition & event bowls due to St. Peter's
5/2/23	Volunteer training at the MPAC, 6:00pm
5/4/23	<b>Empty Bowls McKinney</b> at McKinney Performing Arts Center, 6pm - 8pm, (VIP Collector’s Club starts at 5:30pm) and restaurant booths on Kentucky Street from 5:30pm - 8pm

### **3. Supporting MCDC Goals:**

- a. Empty Bowls McKinney will promote the City of McKinney for the purpose of business development and/or tourism by providing an annual, entertaining experience to the residents of North Texas who appreciate art and gourmet food and wish to contribute to fight hunger in our local area. It is an event that attracts McKinney residents and visitor participation.
- b. Empty Bowls McKinney will continue to increase McKinney tourism. In 2023, we expect to maintain the goal that 25% or more of our attendees will live outside of McKinney.
- c. The money we raise impacts the quality of life in McKinney through the hunger initiatives of Community Lifeline Center and Community Garden Kitchen.
  - a. In 2020 CLC provided 740,000 pounds of food to people in need. In 2021 975,000 pounds were distributed.
  - b. Community Garden Kitchen is helping to end food insecurity by providing nutritious meals to anyone in need, no questions asked! The new “restaurant” opened in August 2022, and as of November 15 has already served more than 9,157 meals.
- d. We promote McKinney artists and help the art community to grow. We have grown from two participating artists to over one hundred.
- e. We promote the participating restaurants and increase their business. In addition to showcasing their special soups, participants can bring promotional material and/or incentives to the event.
- f. Our expectation is that the event will draw up to 1,000 people to downtown McKinney and that many will make purchases in surrounding retail establishments and grow McKinney sales tax revenue.
- g. Empty Bowls McKinney is a self-sustaining annual event that has demonstrated increased interest and revenue each year. Annual gross revenue has grown from \$4,500 at the first event to more than \$118,000 in its eleventh year. Financial success of the event depends not only on attendance, but also on the sponsorships and contributions of businesses, churches and service organizations from McKinney and other Collin County communities. Blount Fine Foods, a McKinney food manufacturer, is our title sponsor. Globe Life is our presenting sponsor.

### **4. Fulfilling Our Mission**

One aspect of the mission of St. Peter’s Episcopal Church is to serve God and our neighbors, particularly those in need, through a variety of outreach activities. Empty Bowls is our largest community outreach effort, and it is integral to our mission.

The event provides a direct benefit to some of the poorest people in our City. In addition, we bring people from many businesses, churches and service organizations together in a united effort to make the event a success. In the process, we help build a stronger and more cohesive community. We also help strengthen our arts and business communities. Dozens of volunteers from St. Peter’s Episcopal Church participate in Empty Bowls and continue to support Community Lifeline Center and Community Garden Kitchen throughout the year. Event attendees also return throughout the year

to frequent restaurants that participated in the event and to attend artist shows and purchase art from them. This is an indirect benefit stemming from our mission.

**5. Goals for Future Growth and Expansion**

In our 2022 Empty Bowls Final Report we identified promising areas of revenue expansion and areas of potential savings. First, we expanded the number of bowl-making events, and almost doubled our budgeted profit. We have had interest from many new groups and it is an area we can grow. Many bowl makers end up purchasing tickets to the event, a double benefit. Sponsorship revenue is another promising revenue stream based on higher than expected revenue in 2022. We have increased our sponsorship goals By using new suppliers for yard signs we will save a significant amount of money, which can be applied to videos and other ad media.

**III. Financial**

**Event Budget**

<b>Event Income</b>	<b>2023 Budget</b>
<b>Item</b>	
MCDC Community Event Grant	\$9,500.00
Sponsorships	\$57,000.00
Donations	\$6,000.00
Bowl Making	\$4,500.00
Admissions	\$30,000.00
Art Auction Proceeds	\$8,500.00
Raffle Proceeds	\$3,500.00
Merchandise Sales	\$1,000.00
Extra Bowl Sales	\$5,000.00
People’s Choice	\$500.00
After Event Sales	\$1,000.00
<b>TOTAL</b>	<b>\$126,500.00</b>
<b>Event Expenses</b>	<b>2023 Budget</b>
<b>Item</b>	
Supplies	\$2,500.00
Kentucky Street rentals	\$9,500.00
MPAC rental	\$500.00
Sponsor Appreciation	\$1,000.00
T-Shirts (for volunteers & artists)	\$3,500.00
Murad: online bidding, art auction, ticket sales	\$4,500.00
Bowl Making	\$3,500.00
Security at event	\$600.00
Advertising	\$12,500.00
Signs	\$3,300.00
<b>TOTAL</b>	<b>\$41,400.00</b>
<b>NET INCOME</b>	<b>\$85,100.00</b>

Net income will be disbursed 80% to Community Lifeline Center and 20% to Community Garden Kitchen. We project our net income to be over 67% of our total income, after holding back \$5,000 in startup funds for the 2024 event.

Empty Bowls operates under the St. Peter’s organizational “umbrella.” The Empty Bowls event has always operated at a profit, and its financial success each year fulfills our goal to fight hunger and to support our community. Please note that a St. Peter’s Audit Report is conducted every 3 years, and a Financial Audit Report, which is a less detailed financial review, is attached for 2021.

**IV. Marketing and Outreach**

1. Our advertising for past events has included:
  - a. Posters mounted in shops by McKinney retailers
  - b. Active Facebook page – over 2,600 followers, and growing
  - c. Facebook postings by MCDC, MPAC & participating vendors
  - d. MPAC-advertised event on their website, emails & marquee
  - e. Advertising in St. Peter’s church bulletins and emails
  - f. Ads in the Community Impact Newspaper – McKinney, Frisco & Plano editions
  - g. Article in the Community Impact Newspaper – McKinney edition
  - h. Yard signs around McKinney and surrounding communities
  - i. Articles in the McKinney Courier-Gazette
  - j. Billboard advertisement along Central Expwy in McKinney (Hobson Signs)
  - k. Short videos about the auction, raffle, beneficiaries, the event, and a concluding thank you for participating
- b. With a grant from MCDC, we hope to utilize the following advertising vehicles to help us reach our attendance goals (within and outside of McKinney):
  - a. Extensive ads on Facebook, Instagram, and LinkedIn
  - b. Post boosts on Facebook, Instagram, and LinkedIn
  - c. Advertisements in Community Impact Newspaper, multiple editions
  - d. Yard sign placements around McKinney and surrounding communities
  - e. Print collateral, including cards, posters & banners to advertise the event
  - f. Advertisement on billboard along Central Expwy in McKinney (Hobson Signs)
  - g. Short videos to increase engagement, online advertising the event, sponsors, vendors, artists, celebrities and/or beneficiaries
  - h. KLAK 97.5 FM radio spots
- c. Total Advertising/marketing expenses are budgeted at \$12,500 due to rising costs and unique circumstances in 2022. The MCDC grant will cover 76% of the projected expenses in 2023. The Empty Bowls Board is committed to covering the balance of these expenses in order to assure the success of the 2023 event.

<b>Media</b>	<b>2023 Budget for MCDC</b>
On-line Ads & Boosts	\$ 3,000.00
Print Ads	\$ 4,500.00
Yard Signs	\$ 1,000.00
Banners, Posters & Cards	\$ 1,000.00
Billboard	\$ 500.00
Videos	\$ 2,000.00
KLAK radio spots	500.00
<b>TOTAL</b>	<b>\$ 12,500.00</b>

V. **Metrics to Evaluate Success**

1. **Attendance:** We expect to bring 1,000 people to the McKinney Square on a Thursday night in May 2023 and positively impact the businesses who participate in our event and/or are located nearby.
2. **Non-McKinney Attendance:** We expect to maintain our non-McKinney residence participation at 25% or more of the attendance.
3. **Monetary Impact:** We expect to raise at least \$126,500 in gross proceeds and contribute approximately \$80,000 to Community Lifeline Center (80%) and Community Garden Kitchen (20%) after holding back \$5,000 in startup funds for 2024.

## Attachment 3

### St. Peter's Episcopal Church

#### 2023 MCDC Empty Bowls Application

#### Board of Directors (Vestry), Leadership Staff, and Empty Bowls Board

##### Vestry Members

Guy Giersch, *Sr. Warden*

Karen Friedland, *Jr. Warden*

Katrinka Clark

Meg Cotter-Lynch

Michelle Hutton

John Lavalette

Chris Matthew

Molly Mitchell

Paul Newton

Scott Patterson

Julia Shahid

Tucker Thompson

Tara Alt, *Clerk*

Jackie White, *Treasurer*

Mark McElhinny, *Outside Facilities*

Craig Fowler, *Treasurer/City Planning*

Molly Jones, *Sponsors*

Christine Williams, *Proposal Writing*

##### Leadership Staff

The Rev. Perry Mullins, *Rector*

The Rev. Kathy Heitman, *Associate Rector/Youth Ministries*

The Rev. Betty Breyfogle, *Deacon for Pastoral Care*

The Rev. Janice Honea, *Deacon for Outreach/ Ministry Coordinator*

The Rev. Barbara Kelton, *Retired Pastoral Associate*

Joe Lindsay, *Interim Director of Music*

Georgia Thompson, *Director of Children's Ministries*

Mariana Pearson, *Parish Administrator*

Tara Alt, *Interim Communications Coordinator*

Mike McLoughlin, *Sexton*

Davis Jones, *Assistant Sexton*

##### Empty Bowls McKinney Board Members

Becky Aly, *Co-director, Vendors*

Vicki Cobbs, *Co-director, Volunteers*

Karen Friedland, *Artist*

Chris Teague, *Auction*

Beth Matlock, *Marketing*

**St. Peter's Episcopal Church**

**Audit Report  
Financial Statements**

*December 31, 2019*

**Wendy Dugall, CPA**  
*Certified Public Accountant*

# ST. PETER'S EPISCOPAL CHURCH

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*Wendy Dugall, CPA*  
5010 Timber Circle Drive  
McKinney, Texas 75072  
(972)762-5015

## INDEPENDENT AUDITORS REPORT

To the Management and Vestry of  
St. Peter's Episcopal Church

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the St. Peter's Episcopal Church, which comprise of the statement of financial position as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended.

### **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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 controls 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, I express no such opinion. An audit also includes evaluating the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Peter's Episcopal Church as of December 31, 2019, and their changes in net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Wendy Dugall, CPA*

Wendy Dugall, CPA  
August 12, 2020  
McKinney, Texas

ST. PETER'S EPISCOPAL CHURCH  
STATEMENT OF FINANCIAL POSITION  
as of December 31, 2019

**ASSETS**

Current Assets:

Cash and cash equivalents, no donor restriction	\$ 78,685
Cash and cash equivalents, donor restriction	228,396
Prepaid expenses and receivables	3,310
<b>Total Current Assets</b>	<b>\$ 310,391</b>

Noncurrent Assets:

Long-term investments	\$ 249,843
Donated Assets-Crypt and Cemetary Plots	2,000
Fixed Assets, Net	1,314,773
Land	303,000
<b>Total Noncurrent Assets</b>	<b>\$ 1,869,616</b>

**TOTAL ASSETS**

**\$ 2,180,007**

**LIABILITIES**

Liabilities:

Accounts payable and accrued expenses	\$ 7,402
Prepaid funding and deposits held	1,735
Line of Credit	20,000
Notes Payable, long term	89,602
<b>TOTAL LIABILITIES</b>	<b>\$ 118,739</b>

**NET ASSETS**

No Donor Restrictions	\$ 1,583,030
Donor Restrictions	478,239
<b>TOTAL NET ASSETS</b>	<b>2,061,269</b>

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 2,180,007**

**ST. PETER'S EPISCOPAL CHURCH**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2019

	No Donor Restrictions	Donor Restrictions	Total
<b><u>PUBLIC SUPPORT AND REVENUE</u></b>			
Regular Offerings	\$ 694,422	\$ 195,395	\$ 889,817
EDOD and Curacy Grant	26,914	-	26,914
Vicarage Benefit	10,500	-	10,500
Rental Income	10,210	-	10,210
Miscellaneous income	1,860	-	1,860
Building Related	953	-	953
Columbarium fees	887	-	887
Interest and Investment income	729	18	747
Program Ministries	24	-	24
Net Assets Released from Restrictions	382,781	(382,781)	-
Total Public Support and Revenue	\$ 1,129,280	\$ (187,368)	\$ 941,912
 <b><u>EXPENSES</u></b>			
<b>OPERATING ACTIVITY</b>			
<b>Program Services:</b>			
Congregational Life	\$ 308,980	\$ -	\$ 308,980
Facility Related	109,361	-	109,361
Mission and Outreach	20,864	-	20,864
Total Program Services	\$ 439,205	\$ -	\$ 439,205
<b>Supporting Services:</b>			
Management and general	261,644	-	261,644
Fundraising	27,602	-	27,602
Total Supporting Services	\$ 289,246	-	\$ 289,246
TOTAL EXPENSES	\$ 728,451	\$ -	\$ 728,451
 <b>NON-OPERATING ACTIVITY</b>			
<b>Program Services:</b>			
Capital Improvements, net of Released Assets	26,278	-	26,278
Depreciation	83,491	-	83,491
Lamar Street House expenses	16,039	-	16,039
<b>Supporting Services: Management &amp; general</b>			
Depreciation	10,755	-	10,755
TOTAL NON-OPERATING ACTIVITY	\$ 136,563	\$ -	\$ 136,563
Total Increase (Decrease) in Net Assets	\$ 264,266	\$ (187,368)	\$ 76,898
 NET ASSETS, beginning of year			
NET ASSETS, beginning of year	\$ 1,323,347	\$ 602,088	\$ 1,925,435
Other net asset Activity	(4,583)	63,519	58,936
NET ASSETS, end of year	\$ 1,583,030	\$ 478,239	\$ 2,061,269

**ST. PETER'S EPISCOPAL CHURCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2019

	Programs	Support Services		Total
	Programs	Management & General	Fundraising	
<u>Operating Expenses:</u>				
Salaries and labor	\$ 247,402	\$ 160,431	\$ 20,833	\$ 428,666
Payroll taxes	6,168	4,078	1,234	11,480
Total Payroll Related Expenses	\$ 253,570	\$ 164,509	\$ 22,067	\$ 440,146
Facility Related	\$ 78,540	\$ -	\$ -	\$ 78,540
Diocesan Assessment	-	64,195	-	64,195
Utilities	15,850	10,133	-	25,983
Ministry and Outreach	20,864	-	-	20,864
Christian Formation	19,411	-	-	19,411
Office related	-	18,641	-	18,641
Insurance	14,510	1,251	-	15,761
Music Ministry	13,455	-	-	13,455
Other Congregational Life	9,114	-	-	9,114
Worship Supplies	7,544	-	-	7,544
Stewardship	-	-	5,535	5,535
Ministry Coordinator	3,002	-	-	3,002
Merchant and related fees	-	2,914	-	2,914
Events	2,883	-	-	2,883
Interest expense	462	-	-	462
Total Operating Expenses	439,205	261,644	27,602	728,451
<u>Non-Operating Expenses:</u>				
SOF Campaign Improvements	29,232	-	-	29,232
Vestry Capital Improvements	6,000	-	-	6,000
Net Assets Released	(8,954)	-	-	(8,954)
Lamar Street House expenses	16,039	-	-	16,039
Depreciation	83,491	10,755	-	94,246
Total Non-Operating Expenses	125,808	10,755	-	136,563
TOTAL EXPENSES	\$ 565,013	\$ 272,399	\$ 27,602	\$ 865,014

ST. PETER'S EPISCOPAL CHURCH  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2019

	No Donor Restriction	Donor Restriction	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Excess of income (loss)	\$ 264,266	\$ (187,368)	\$ 76,898
Prior period adjustments	(4,583)	-	(4,583)
Change In Net Assets	\$ 259,683	(\$ 187,368)	\$ 72,315
Adjustments to reconcile change in net assets to net cash used by operating activities:			
(Increase) decrease in:			
Change in prepaid expenses and deposits	3,791	-	3,791
Depreciation	94,247	-	94,247
Increase (decrease) in:			
Accounts payable and accrued expenses	5,771	-	5,771
Change in deposits held	351	-	351
Change in restricted accounts		(2,663)	(2,663)
Change in net investment restricted for long-term purposes	-	33,091	33,091
Net Cash Provided (Used) By Operating Activities	104,159	30,428	134,587
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of Fixed Assets	(373,108)	-	(373,108)
Net Cash Provided (Used) By Investing Activities	(373,108)	-	(373,108)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Line of Credit	20,000		20,000
Payments on Long Term Debt	(9,152)	-	(9,152)
Net Cash Provided (Used) By Financing Activities	10,848	-	10,848
Net Increase (Decrease) in Cash	1,582	(156,940)	(155,358)
Cash at Beginning of the Year	77,103	385,336	462,439
Cash at End of the Year	\$ 78,685	\$ 228,396	\$ 307,081

**ST. PETER'S EPISCOPAL CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2019**

**NOTE 1—NATURE OF 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 donations without restrictions received from parishioners and funds raised through church sponsored events to support various non-profit organizations and mission; among those are the Holy Family School, the Community Food Pantry, Community Lifeline Center, and parishioners in need.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of St. Peter's Episcopal Church are 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. Under this method of accounting, income and related expenses are recognized when earned and expenses and related liabilities are recognized when incurred. Revenue at St. Peter's is generated from the generosity of its donors. Additional funding is received through St. Peter's Episcopal Church's designated funds and program ministries; expenses consist mainly of staff related, facility rental and the support of the church's program and fund ministries.

Fund Accounting

St. Peter's governing documents provide certain guidelines for its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose. Separate accounts are maintained for each fund.

For reporting purposes, however, St. Peter's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported into two classes, as follows:

Net Assets Without Donor Restrictions – The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions. These net assets are available for the overall operations of St. Peter's Episcopal Church and certain amounts have been designated for use by management (i.e., self-imposed).

**ST. PETER'S EPISCOPAL CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2019**

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that require that the assets be maintained by St. Peter's Episcopal Church. Generally, the donors of these assets permit the non-profit to use all or part of the income earned on related investments for general or specific purposes.

Estimates

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

Contributions

St. Peter's Episcopal Church accounts for contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as donations with or without restrictions, depending on the existence or nature of any donor restrictions. When the 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 presented in the accompanying statement of activities as net assets released from restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Allowances for uncollectible promises to give are based on management's estimates based on prior collection history.

Long-Term Investments

St. Peter's Episcopal Church accounts for investments in accordance with SFAS No. 124, *Accounting for Certain Investments Held for Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values, based on quoted prices in active markets for identical assets, and are pooled funds consisting of the assets held by the St. Peter's Foundation, the Emerson Scholarship Fund, and the Columbarium Funds (see Note 4 ). Realized and unrealized gains and losses on investments are included in the statement of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, St. Peter's considers all currency on hand and demand deposits with banks or financial institutions to be cash and cash equivalents. These amounts can be either restricted by the donor or no donor restrictions.

Donated Services and Goods

Occasionally items will be donated to the Church and if material, are recorded at estimated value at time of donation. No amounts have been reflected in the financial statements for donated services. St. Peter's pays for most services requiring expertise. However, St. Peter's relies on many individuals who volunteer their time and perform a variety of tasks that help St. Peter's promote and coordinate the activities of the St. Peter's Episcopal Church in McKinney, TX.

**ST. PETER'S EPISCOPAL CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2019

Grants and Awards

St. Peter's Episcopal Church receives grants for its specified purpose. The grants and awards are recognized when funds are received.

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. Fixed assets are carried at original cost or estimated fair value at date of donation, if donated. The Church capitalizes acquisitions in excess of \$1,000, subsequently changed to \$2,500. Depreciation is computed on a straight-line basis over estimated useful lives of 5 years for computer related equipment, 5 to 7 years for furniture, fixture and equipment, landscaping improvements over 15 years, buildings and improvements over 39 years. All real property assets of the Church are held in trust by the Episcopal Diocese of Dallas for the benefit of the Church.

Income Tax Status

As a religious organization, St. Peter's Episcopal Church is a not-for-profit Texas Corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code 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. Mid-year 2019, St. Peter's converted the rental property into a Vicarage and will therefore not be required to file a Form 990T on income produced from this property.

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.

**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 was managed by a local property management and leasing company until it was converted into a Vicarage in July 2019.

A summary of net fixed assets as of December 31, 2019 is as follows:

Land	\$303,000
Buildings and related improvements	1,896,383
Furniture and Fixtures	113,789
Columbarium	29,922
Computer and Other Equipment	57,532
Handbells	18,633
Shaping our Future Improvements	<u>361,135</u>
Total Land and Fixed Assets	2,780,394
Less Accumulated Depreciation	<u>(1,162,621)</u>
Fixed Assets, Net	\$1,617,773

Depreciation expense for the year ended December 31, 2019 was \$94,246.

**ST. PETER'S EPISCOPAL CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2019

**NOTE 4—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 six to ten 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 scholarship endowment fund. Income earned from the Emerson Fund, not to exceed 5% of 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. Contributions to the Emerson Fund are directed 100% to corpus.

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. Donor 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 donor restricted assets.

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

Investments by net asset class are summarized as follows:

No Donor Restriction	\$0
Donor Restriction	<u>\$249,843</u>
Total	<u>\$249,843</u>

**NOTE 5—NOTES PAYABLE**

Loan Agreements

Long-term notes payable consists of the following at December 31, 2019:

Mortgage loan with Independent Bank to acquire and improve Lamar Street House, dated November 29, 2011 for \$145,000. Terms modified January 13, 2015. Interest rate in effect is at 4.65% annually, monthly payments of principal and interest of \$1,132.06. Secured by Lamar Street House, matures November 29, 2027.

Loan Balance: \$89,602

Real Estate lien loan with Independent Bank, dated July 18, 2018 in the amount of \$350,000 or so much as has been advanced in order to provide funding for expenses of the Shaping Our Future campaign. Interest rate in effect is at 4.75% annually through July 17, 2023. Thereafter, the Note shall bear interest at the rate established on July 18, 2023, July 18, 2028, and July 18, 2033. In 2019, two draws on the line of credit were taken on 6/12/19 for \$10,000 and 7/10/2019 for \$10,000.

Shaping our Future Line of Credit balance: \$20,000

Total long-term debt \$109,602

**ST. PETER'S EPISCOPAL CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2019

**NOTE 6—DONOR RESTRICTED ASSETS**

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

Donor Restricted Assets	St. Peter's Foundation	Emerson Fund	Columbarium Fund	Total
Balance at December 31, 2018	\$92,162	\$79,365	\$37,476	\$209,003
Contributions	150	300	4,985	5,435
Investment Income	17,323	14,532	7,450	39,305
Distributions for Scholarships	-	(3,900)	-	(3,900)
Balance at December 31, 2019	<u>\$109,635</u>	<u>\$90,297</u>	<u>\$49,911</u>	<u>\$249,843</u>

The Flower Fund was closed in March 2019 and the fund balance of \$8,298 was distributed to the Shaping our Future Altar Beautification initiative.

**NOTE 7—FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), 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.

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.

**ST. PETER'S EPISCOPAL CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2019

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, 2019 and 2018.

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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$37,635	\$0	\$0	\$37,635
Available-for-sale securities				
Bond mutual funds	47,803	-	-	47,803
Equity mutual funds	164,405	-	-	164,405
Total assets at fair values	<u>\$249,843</u>	<u>\$0</u>	<u>\$0</u>	<u>\$249,843</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, 2019, the Church incurred and paid \$12,397.19 of defined contribution plan expense and \$33,022.32 of clergy pension plan funding expense.

**NOTE 9—LEASE COMMITMENTS**

St. Peter's Episcopal Church leases the Konica Minolta copier from Novacopy in a five-year agreement that began on November 15, 2017 for a minimum monthly lease payment of \$386.00.

**NOTE 10—SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the issuance of the financial statements.

**St. Peter's Episcopal Church**  
**Statement of Revenue and Expenses - Summary View**

	<u>2020</u>	<u>2021</u>		<u>2022</u>
	Actual	Budget	Actual	Budget
Revenue	\$ 731,996	\$ 732,025	\$ 754,146	\$ 730,950
Operating Expense	739,089	799,141	801,586	763,365
Operating Income before Depreciation	(7,093)	(67,116)	(47,440)	(32,416)
Non Operating Income (Loss)	14,471	78,376	94,329	42,849
Non Income Statement Expenditures	7,128	11,261	9,909	10,433
Net Surplus (Deficit)	249	-	36,980	0

Episcopal Diocese of Dallas  
Financial Audit Report

**NO FINDINGS**

July 13, 2022

To: The Rector, Wardens, and Vestry of St. Peter's Episcopal Church

I have completed the evaluation of the 2021 financial records of St. Peter's Episcopal Church following the Episcopal Diocese of Dallas Business Policies, "Annual Audits of Parish Financial Statements and Management Policies."

My evaluation included:

- analysis of financial statements and supporting documentation for the year ended December 31, 2021 utilizing Exhibit D of the Episcopal Diocese Audit Procedures manual.

No significant irregularities came to my attention during our evaluation.

However, the evaluation and report are not construed as an audit and opinion rendered by a Certified Public Accountant.

  
\_\_\_\_\_  
Wendy Dugall, CPA

Check Box	Exhibit D Episcopal Diocese of Dallas	Financial Statement Audit Procedures	Comments
	<b>I. Audit Report</b>		
x	Review the most recent audit report (if available) to determine if prior recommendations have been implemented.		No audit issues
x	<b>II. Bank Statements (All Accounts – Quarter Ending 3/31, 6/30, 9/30, &amp; 12/31)</b>		
x	Review vestry minutes to ensure authorization of account signers for audit period.		Revised in 10/25/21
x	Verify that the "checkbook" is maintained in a safe place at all times.		Checks in office, locked
x	Ensure that Bank Reconciliation's are performed on a timely basis (within 10 days after receipt).		Reviewed bank statements
x	Review cancelled check copies for incorrect payees & proper signatures for expense never (Example: 7-20007)		reviewed copies of checks
x	Review the signatures to ensure check signers are on approved signers list in vestry minutes. The auditor should account for all missing/voided checks.		none greater than 3 months
x	Outstanding items greater than three months should be investigated.		none greater than 180 days
x	Items greater than 180 days should be written off after attempts to rectify the outstanding items.		no bank fees, online processing fees for giving minimal
x	Determine whether the bank fees, if any, seem reasonable.		
	<b>III. Budgets</b>		
x	Ensure minutes state that Vestry has approved initial budget, & any changes.		documented in Vestry minutes
x	Review budgets to actual.		reviewed
x	Review variances > 10%.		Immaterial in total
	<b>IV. Cash Accounts</b>		
x	Verify that reconciled cash balances tie to the balance sheet. All investment & savings accounts are to be recorded in the financial statements.		110156 PEM's Ministry-Ind. Bank, checks outstanding
x	Trace amounts per the year end financials to the financial institutions statements. Reconcile any differences.		all tie except PEM Ministry fund, checks outstanding cleared in 2022.
x	Obtain a listing of all authorized signers on all accounts. Ensure that this list is current.		current on signors
x	Ensure that all accounts have two or more signers.		reviewed copies with bank statements, compliant
x	Ensure a process is in place to ensure cash receipts maintained in a "safe" place prior to their deposit, including deposits received via mail.		locked file cabinet
x	Review minutes to ensure approval of prior year's audit, with appropriate attachments, including a signed letter & auditors' recommendations.		documented in Vestry minutes
	<b>V. Cash Disbursements</b>		
x	Test a minimum of 10% of items & 50% of dollar value from each fund (including Ministry funds). Testing should include payments throughout the audit period & not limited to one month. All disbursements should have appropriate documentation on file. Verify that check amount matches documentation.		tested from check register, highlighted
x	Verify that payments have been properly approved &/or reviewed. If online bill payment is utilized, verify written procedures for scope online bill payment (recommended for only for utilities).		utilities, other on CC (Mariana's)
x	Verify that payments have been posted to the proper funds/accounts.		tested from check register, highlighted
x	Verify that payments were not paid for personal items for use outside of the parish or parish work.		Tested with deposits, traced to accounts
x	Review January payments for items other than standard utilities that should have been paid in the prior year.		credit cards paid end of December
	<b>VI. Collections, including weekly deposits plus deposits to Memorials, Trusts &amp; Endowments</b>		
x	Review 20% of Count Sheets & other deposit support to ensure totals tie to bank statements.		1 cash sheet without signatures, isolated incident
x	Trace total monthly cash receipts to the financial statements & reconcile any differences.		Traced weekly deposits to accounts
x	Ensure two names of witnesses are documented, & that the persons responsible for counting are rotated on periodic basis. Counters should not be related (i.e. husband & wife).		List of money counters, at least 2 per weekend (N/A for half of 2021 due to COVID)
x	From the list of pledges obtained in the information request (Exhibit A), select a sample containing at least 10% of the pledging units & the amount contributed. Trace these donations from the count sheets to the bank deposits to the pledge statements to ensure accuracy.		Sampled 15% of giving, matches with pledge vs giving reporting
x	Ensure collections are deposited in a timely basis.		Following Monday by volunteer, entered by Mariana into Realm
x	Ensure Rector/Treasurer do NOT perform the counts.		Volunteer prepares deposit, Treasurer posts
	<b>VII. Contracts</b>		
x	Review all contracts & ensure compliance.		minimal contracts, compliant with payments
	<b>VIII. Diocesan Contributions</b>		
x	Inquire of the Diocesan accounting personnel as to whether the Diocese has contributed &/or loaned any monies to the parish. If yes, ensure that they are recorded as a separate line item on the financials.		Independent Bank only, SOF loan
	<b>IX. Fixed Assets</b>		
x	Obtain copy of fixed asset listing for the beginning & ending of the audit period. If the Internal Control Questionnaire indicated a fixed asset disposal, ensure that these items have been removed from the asset listing, & any income has been properly recorded.		Assets removed fully depreciation, not sold
x	Obtain copy of the parish's capitalization policy.		\$2,500 and above-updated Accounting Policies in drop box
x	Review disbursements including repairs & maintenance to ensure that any new assets have been capitalized in accordance with the parish's capitalization policy.		Major repairs category-Mold remediation, organ

Check Box	Exhibit D Episcopal Diocese of Dallas Financial Statement Audit Procedures	Comments
x	Review the fixed asset inventory & identification procedures for the parish. "Is the procedure viable & working?"	Check on Organ Pipes Depreciation-confirmed no depreciation
	<b>X. Financial Statements</b>	
x	Obtain copies of all monthly financial statements (Balance Sheet & Income Statement) for the periods covered.	Downloaded from Realm
x	Ensure that all restricted & designated funds (altar guild, outreach, youth group, etc.) are included in Consolidated Financial Statements.	Downloaded from Realm correct
x	Ensure that all bank accounts are included on monthly financial statements.	
x	Review disbursements including repairs & maintenance to ensure that any new assets have been capitalized in accordance with the parish's capitalization policy.	Mold remediation, organ
x	Review statements for format, comparison to budget, & overall ease of communication.	Monthly meeting documentation excellent on financials
x	Ensure vestry approval of monthly Treasurer's report, with a copy of the report attached to the minutes.	Included in Vestry minutes
x	Obtain variances for items >10% from budget, if not footnoted on financial statements.	documented in Vestry minutes
	<b>XI. Insurance (Determine if the parish has copies of the following insurance policies, &amp; whether someone has reviewed these documents on the parish's behalf.)</b>	
x	Insurance on plant & equipment	Church Ins. Co. of Vermont, covered
x	General liability	Church Ins. Co. of Vermont, covered \$1,000,000 liability
x	Worker's Compensation (WC) – review the WC estimated audit that is required by Liberty or the WC carrier	Liberty Mutual Insurance-4-8-21
x	Treasurer's bond	D&O
	<b>Financial Statement Audit Procedures page 3</b>	
	<b>XI. Insurance</b>	
x	Burglary	Crime Insuring Clauses
x	Fine arts	Covered \$1,000,000
x	Automobile coverage	No vehicles
x	Liability on autos used by those on Church business but yet not owned by the parish	"Any admitted insurer"
	<b>XII. Loan Schedules</b>	
x	Obtain a schedule of all loans including bank name, account number, loan date, original amount, ending balance for the years covered in the audit.	SOF loan draw in 7/21, Lamar St. Loan
x	Obtain balance confirmation from lending agency (see Exhibit C for example letter).	Printouts for Lamar street loan payments
x	Ensure that all loan amounts are properly reflected in the balance sheet.	SOF loan different, PPP loan forgiven, all documented.
x	Ensure parish is current on its loan obligations.	current on loans
x	Ensure that all loans have been properly approved by the Vestry.	Summer of 2021, SOF draw
	<b>XIII. Ministry or Discretionary Accounts</b>	
x	Ensure proper labelling on parish documents & financial statements. These funds are to be called "Ministry Funds" in compliance with the Canons of the Diocese.	reviewed on bank statements and financial statements
x	Ensure funds are not used for personal expenditures of the Clergy.	reviewed bank statements and checks for Ministry accounts
x	Ensure all ministry funds comply with EODD Business Policy – Clergy Ministry Funds.	some checks issued directly to individuals
	<b>XIV. Non-Cash Receipts</b>	
x	Ensure that the Vestry minutes reflect acceptance of non-cash (stocks, bonds, land) donations & obtain a copy of the policy for non-cash gifts. Diocesan recommendation is to sell stocks & bonds upon receipt, & not to accept gifts of land until a third party buyer has been found.	Vanguard account, transactions tied to stock sold
x	Ensure the balance sheet reflects the fair market value of these securities.	corrected
	<b>XV. Parish Accounting Policies</b>	
x	Compare topics included in the parish's existing accounting policy document to attached example (Exhibit G) to ensure completeness.	received updated copies
	<b>XVI. Parochial Report</b>	
x	A copy of the report & instructions were mailed to Parish from New York. A copy may be found on diocesan website.	Feb. 22, 2022
x	Completed form sent to Diocesan Office by March 1.	649 start, 637 end
x	Membership must start with prior year ending value.	reviewed Parochial report and reconciliation reports
x	All data required on Page two to be taken from the Church Registry.	170 avg
x	Average Sunday Attendance is only for Saturday & Sunday Services.	Parochial report reconciliation
x	Operating Income & Operating Expenses should be equal.	Parochial report reconciliation
x	Financial data should have agreement with Audit data.	
	<b>XVII. Payroll</b>	
x	Obtain copies & review quarterly 941 payroll tax returns & supporting calculations.	W2's tie to quarterly 941's
x	Ensure that the 941 Returns were filed in a timely manner.	Filed by Paychex, received and reviewed copies, all tie to W2's
x	Obtain a listing of all employees & verify that an I-9 & a W-4 form are on hand.	Missing 1 employee W4 and I9

Check Box	Exhibit D Episcopal Diocese of Dallas Financial Statement Audit Procedures Financial Statement Audit Procedures page 4	Comments
X	<b>XVII. Payroll</b> Trace the deductions per the W-4 form to actual.	Withholdings correct
X	Review minutes to ensure designation of all clergy's housing allowance amounts (should be in minutes prior to beginning of audit period).	Reviewed, noted on actual vs budget
X	Ensure that the salary paid has been authorized by appropriate personnel. Select a sample (10% is a good benchmark) of employees paid & test for salary approval, hours worked, & proper approvals.	Clergy ties to budget and minutes
X	Ensure that the employee received either a W-2 or if a contract employee a Form 1099.	Reviewed W2's and 1099's
X	<b>XVIII. Petty Cash</b> Ideally, the petty cash should be an "imprest" account & reconciled & reimbursed monthly.	Imprest account verified
X	Verify that any payments made out of petty cash are properly supported by receipts.	verbal
X	Are proper approvals made by personnel other than those receiving reimbursement if no receipt is available?	Yes
X	Is a "surprise" count made of petty cash at least once a year by someone who is not in charge of it?	ties to balance
X	Perform a count of the petty cash & reconcile any differences.	
X	<b>XIX. Pledge Statements</b> Ensure that pledge statements are sent out at least bi-annually.	Quarterly statements
X	<b>XX. Restricted Funds</b> Ensure that monies have been spent in accordance with their designations.	Reviewed general ledger and bank statements
X	Was the donor notified & approval in writing granted that the monies could be used elsewhere if monies have not been spent accordingly?	not applicable to 2021
X	<b>XXI. Reimbursable Expenses</b> Does the parish have a "Check Request" form for reimbursements to laity & staff members for items purchased on behalf of the parish? If not, recommend one.	Yes, tested with cash disbursements
X	All reimbursements should be supported by receipts & approved by appropriate personnel.	Yes, tested with cash disbursements
X	Ensure that no one should approve their own reimbursements.	Yes, tested with cash disbursements
X	<b>XXII. Sales Tax</b> Test reimbursements to ensure that sales tax was not paid by persons buying items for the parish. This can result in a significant cost savings for the parish.	No sales tax is reimbursed
X	<b>XXIII. Trust or Endowment Funds &amp; Foundations</b> Is there an active planned giving program in use at your church? If not, this should be a priority for your parish & vestry.	Yes
X	Obtain a list of trust & endowment funds, including their terms & locations of the investments. (A summary paragraph of each funds' history is beneficial to the church corporate memory & ensures future compliance in terms of usage of the assets).	Columbarium, Emerson Scholarship and St. Peter's Foundation funds
X	Determine if there has been an examination of the deed of trust or agency agreement for each trust & endowment fund.	Scholarship fund reviewed disbursements for colleges, paid directly to college
X	Has the "agency" accounting records been checked to determine whether or not the terms of the trust or endowment funds are being properly followed?	Funds transferred to the Dallas Episcopal Foundation, management by Foundation



## THE EPISCOPAL DIOCESE OF DALLAS

The Right Reverend George R. Sumner, Bishop

April 7, 2020

The Rev. Perry Mullins  
511 Foote Street  
McKinney, TX 75069

Dear Father Mullins,

The Diocese of Dallas, whose federal tax identification number is 75-0800638, is a Diocese of The Protestant Episcopal Church in the United States of America, also known as The Episcopal Church. The Episcopal Church 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. See I.R.S. Bulletin 4573. As confirmed in the attached letter from the Treasurer of The Episcopal Church, the Diocese of Dallas is covered by this exemption, as are its participating parishes.

According to our records, the following participating parish is covered by this exemption:

St. Peter's Episcopal Church  
511 Foote Street  
McKinney, TX 75069  
**Fed ID# 75-1447168**

Faithfully,

Greg Fox  
Treasurer, Diocese of Dallas

cc: The Rt. Rev. George R. Sumner  
Senior Warden  
Treasurer

CINCINNATI OH 45999-0038

In reply refer to: 0248222119  
July 20, 2015 LTR 4167C 0  
31-1629166 000000 00  
00022658  
BODC: TE

PROTESTANT EPISCOPAL CHURCH IN THE  
UNITED STATES OF AMERICA  
815 SECOND AVE  
NEW YORK NY 10017



015442

Employer Identification Number: 31-1629166  
Group Exemption Number: 3741  
Person to Contact: Kaye Keyes  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your July 09, 2015, request for information about your tax-exempt status.

Our records indicate that you were issued a determination letter in January, 1940, and that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Based on the information supplied, we recognized the subordinates named on the list you submitted as exempt from Federal income tax under section 501(c)(3) of the Code.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your 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.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

*Doris P. Kenwright*

Doris Kenwright, Operation Mgr.  
Accounts Management Operations 1