

DEBRE MEHERET ST. MICHAEL'S CHURCH INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2021

Prepared by

JAMES O. ROBERSON, JR., CPA
10770 COLUMBIA PIKE; SUITE 300
SILVER SPRING, MD 20901
(301) 263-6962



The Office of
JAMES O. ROBERSON, JR.
CERTIFIED PUBLIC ACCOUNTANT
10770 COLUMBIA PIKE; SUITE 300
SILVER SPRING, MD 20901
(301) 263-6962
Em: jor@trgp LLC.com
www.rs-llp.com

To The Board of Directors
Debre Meheret St. Michael's Church Inc.
3010 Earl Place, NE
Washington, DC 20018

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Debre Meheret St. Michael's Church Inc. (the "Church"), as of December 31, 2021, and the related statements of activities and cash flows for the year then. These financial statements are the responsibility of the Church's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with 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 of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Debre Meheret St. Michael's Church Inc. as of December 31, 2021, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



James O. Roberson, Jr., CPA
Silver Spring, MD 20901
July 13, 2022

DEBRE MEHERET ST. MICHAEL'S CHURCH INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2021

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$670,915
Account receivable	2,572
Other Current Assets	\$930
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Total Current Assets	\$674,417

PROPERTY AND EQUIPMENT:

Land (Note 3)	240,000
Building and improvements	1,178,097
Furniture, fixtures and equipment	179,425
Parking Lots	162,497
Vehicles	72,192
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	1,841,211
Less: accumulated depreciation	<u>(994,051)</u>

Net property and equipment 847,160

Total Assets \$1,521,576

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES:

Account Payable	0
Other Current Liabilities	0
Total current liabilities	0
	<hr/>
Total liabilities	0

NET ASSETS:

Restricted	1,285,947
Unrestricted	<u>235,629</u>
Total Net Assets	<u>\$1,521,576</u>

Total Liabilities and net assets \$1,521,576

The accompanying notes are an integral part of these financial statements

DEBRE MEHERET ST. MICHAEL'S CHURCH INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

CHANGES IN UNRESTRICTED NET ASSETS:

Offering (Muday Methewat)	\$288,113
Membership Dues	60,445
Special Fund & Events	79,262
Donations & Other	281,089
Total Revenue	<u>\$708,909</u>
Operating expenses:	
Program and Service	(499,638)
Cost of Goods Sold	(4,508)
Other income and (expenses):	
PPP Grant Income	55,372
Depreciation	(36,245)
Increase (decrease) in unrestricted net assets	<u>223,890</u>
NET ASSETS , beginning of the year	<u>\$1,297,686</u>
NET ASSETS , end of the year	<u>\$1,521,576</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

Decrease in Cash and Cash Equivalents

Cash flow from operating activities:

Change in net assets \$223,890

Adjustments to reconcile change in net assets to net cash
(used in) provided by operating activities

- Changes in assets and liabilities
(Increase) decrease in:
 - Pledges 15
 - Undeposited refund (930)
 - Payroll Liabilities 13

Net Cash provided by operating activities \$222,958

Cash flows from (for) investing activities:

- Depreciation 36,245
- Furniture, fixtures & equipment (1,750)
- Vehicles 100
- Parking Lots (35,400)

Net cash from investing (\$805)

Net increase in cash and cash equivalents \$222,153

Cash and cash equivalents, beginning of the year \$448,762

Cash and cash equivalents, end of the year \$670,915

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

St. Michael's Church of Northeast D.C. (Church) is incorporated under the laws of the State District of Columbia. The Church is exempt from Federal and State income taxes under the Internal Revenue Code Section 501(c) (3).

The Church's primary activities are church services. The Church's primary source of revenue is free-will donations.

BASIS OF ACCOUNTING

The financial statements of the Church have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to not for-profit organizations.

CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, the Church considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

All property and equipment over \$500, with an estimated life exceeding one year is depreciated using the straight-line method over the estimated useful life of the related asset. Donated fixed assets are recorded at the fair market value and are capitalized. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Useful lives of the related assets are as follows:

Buildings and improvements	30 years
Furniture and equipment	5 years
Transportation equipment	5 years

CONTRIBUTIONS AND DEFERRED REVENUE

The Church reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets if the restrictions are not met in the period of receipt. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. If a stipulated time restriction ends or a purpose restriction is accomplished during the year the donation is received, the donation is recognized as unrestricted revenue.

The accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to the Church's various programs. These contributed services do not meet the criteria for recognition required by generally accepted accounting principles and are not reflected in the accompanying financial statements.

ESTIMATES

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

The accompanying notes are an integral part of these financial statements