

# **Friends Meeting of Washington Inc.**

## **Financial Statements**

**For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)**

# Friends Meeting of Washington Inc.

## Table of Contents

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

Independent Accountant's Review Report	1-2
Financial Statements	
Statements of Financial Position	3-4
Statements of Activities and Changes in Net Assets	5-6
Statements of Cash Flows	7-8
Notes to Financial Statements	9-18
Supplementary Information	
Schedules of Shoebox Fund Activity	19



## **Independent Accountant's Review Report**

To the Board of Trustees  
Friends Meeting of Washington Inc.  
2111 Florida Avenue NW  
Washington, DC 20008-1912

We have reviewed the accompanying financial statements of Friends Meeting of Washington Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Friends Meeting of Washington Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

The 2023 supplementary information, included in the accompanying schedules, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The 2023 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the 2023 supplementary information and do not express an opinion on such information.

### **Report on 2022 Financial Statements and Supplementary Information**

The 2022 financial statements of Friends Meeting of Washington were audited by us and we expressed an unmodified opinion on them in our report dated July 5, 2023. In addition, the 2022 supplementary information, was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United State of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. We have not performed any auditing procedures on either the financial statements or the supplementary information since July 5, 2023.

*SC+H attest services, P.C.*

Sparks, Maryland  
November 15, 2023

# Friends Meeting of Washington Inc.

## Statements of Financial Position

As of June 30, 2023 (Reviewed) and 2022 (Audited)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 296,076	\$ 364,667
Accounts receivable	20,974	-
Prepaid expenses	19,033	22,319
Total current assets	<u>336,083</u>	<u>386,986</u>
<b>Property and equipment</b>		
Land	231,888	231,888
Buildings and improvements	6,687,480	6,548,487
Furniture and equipment	46,450	46,450
Construction in progress	-	43,405
	<u>6,965,818</u>	<u>6,870,230</u>
Less: accumulated depreciation	<u>1,663,665</u>	<u>1,472,308</u>
Property and equipment, net	<u>5,302,153</u>	<u>5,397,922</u>
<b>Other assets</b>		
Antique collection	12,000	12,000
Investments	1,551,436	1,381,330
Assets held in annuity trusts	68,635	64,920
Total other assets	<u>1,632,071</u>	<u>1,458,250</u>
Total assets	<u>\$ 7,270,307</u>	<u>\$ 7,243,158</u>

*See independent accountant's review report and notes to financial statements.*

# Friends Meeting of Washington Inc.

Statements of Financial Position (Continued)  
As of June 30, 2023 (Reviewed) and 2022 (Audited)

	<u>2023</u>	<u>2022</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 45,568	\$ 31,818
Accrued interest payable	11,049	11,365
Security deposits	15,208	15,735
Deferred revenue	62,235	83,977
Mortgage payable, current maturities	88,447	84,891
Total current liabilities	<u>222,507</u>	<u>227,786</u>
<b>Long-term liabilities</b>		
Mortgage payable, net of current maturities and unamortized financing fees of \$35,029 - 2023 and \$38,958 - 2022	2,924,615	3,011,373
Annuities payable	50,702	52,168
Total long-term liabilities	<u>2,975,317</u>	<u>3,063,541</u>
Total liabilities	<u>3,197,824</u>	<u>3,291,327</u>
<b>Net assets</b>		
Without donor restrictions		
Meeting designated	37,775	87,088
Net investment in property and equipment	5,302,153	5,397,922
Undesignated	<u>(3,072,070)</u>	<u>(3,153,767)</u>
Total without donor restrictions	2,267,858	2,331,243
With donor restrictions	<u>1,804,625</u>	<u>1,620,588</u>
Total net assets	<u>4,072,483</u>	<u>3,951,831</u>
Total liabilities and net assets	<u>\$ 7,270,307</u>	<u>\$ 7,243,158</u>

*See independent accountant's review report and notes to financial statements.*

# Friends Meeting of Washington Inc.

Statements of Activities and Changes in Net Assets  
For the Year Ended June 30, 2023 (Reviewed)

	Without donor restrictions	With donor restrictions	Total
<b>Revenues and other support</b>			
Contributions	\$ 292,592	\$ 236,547	\$ 529,139
Use of facilities - rental income	518,630	-	518,630
Net investment gain	5,598	164,508	170,106
Bequests and memorials	52,560	-	52,560
Interest and dividend income	30,176	-	30,176
Other income	7,588	-	7,588
Change in value of split-interest agreements	-	5,181	5,181
Literature and project sales	1,745	1,121	2,866
Net assets released from restrictions	223,320	(223,320)	-
Total revenues and support	1,132,209	184,037	1,316,246
<b>Expenses</b>			
Personnel and consultants	286,598	-	286,598
Site costs	245,607	-	245,607
Depreciation	191,357	-	191,357
Program costs	166,841	-	166,841
Mortgage interest expense	140,133	-	140,133
Apportionment	67,000	-	67,000
Property use by others	53,977	-	53,977
Office expenses	25,479	-	25,479
Other	18,602	-	18,602
Total expenses	1,195,594	-	1,195,594
Change in net assets	(63,385)	184,037	120,652
Net assets, beginning of year	2,331,243	1,620,588	3,951,831
Net assets, end of year	\$ 2,267,858	\$ 1,804,625	\$ 4,072,483

See independent accountant's review report and notes to financial statements.

# Friends Meeting of Washington Inc.

Statements of Activities and Changes in Net Assets  
For the Year Ended June 30, 2022 (Audited)

	Without donor restrictions	With donor restrictions	Total
<b>Revenues and other support</b>			
Contributions	\$ 263,958	\$ 240,363	\$ 504,321
Use of facilities - rental income	425,247	-	425,247
Bequests and memorials	168,246	-	168,246
Other income	94,843	-	94,843
Interest and dividend income	37,679	-	37,679
Literature and project sales	2,208	-	2,208
Change in value of split-interest agreements	(6,308)	-	(6,308)
Net investment loss	(18,851)	(242,941)	(261,792)
Net assets released from restrictions	181,847	(181,847)	-
Total revenues and support	1,148,869	(184,425)	964,444
<b>Expenses</b>			
Personnel and consultants	266,673	-	266,673
Site costs	208,974	-	208,974
Depreciation	186,033	-	186,033
Mortgage interest expense	143,871	-	143,871
Program costs	129,625	-	129,625
Apportionment	67,000	-	67,000
Property use by others	36,587	-	36,587
Office expenses	21,932	-	21,932
Other	6,191	-	6,191
Total expenses	1,066,886	-	1,066,886
Change in net assets	81,983	(184,425)	(102,442)
Net assets, beginning of year	2,249,260	1,805,013	4,054,273
Net assets, end of year	\$ 2,331,243	\$ 1,620,588	\$ 3,951,831

See independent accountant's review report and notes to financial statements.



# Friends Meeting of Washington Inc.

## Statements of Cash Flows

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 120,652	\$ (102,442)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	191,357	186,033
Amortization of financing fees	3,929	3,928
Net investment (income) loss	(170,106)	261,792
Contributions of stock	-	(6,730)
Change in value of split-interest agreements	(5,181)	6,308
Forgiveness of PPP loan payable	-	(85,046)
(Increase) decrease in operating assets:		
Accounts receivable	(20,974)	-
Prepaid expenses	3,286	(1,640)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	13,750	(13,395)
Accrued interest payable	(316)	11,365
Security deposits	(527)	(2,708)
Deferred revenue	(21,742)	57,243
Net cash provided by operating activities	<u>114,128</u>	<u>314,708</u>
<b>Cash flows from investing activities</b>		
Construction costs paid	-	(43,405)
Purchase of property and equipment	(95,588)	(22,837)
Net cash used in investing activities	<u>(95,588)</u>	<u>(66,242)</u>
<b>Cash flows from financing activities</b>		
Mortgage principal payments	(87,131)	(74,438)
Net cash used in financing activities	<u>(87,131)</u>	<u>(74,438)</u>
<b>Net increase (decrease) in cash</b>	(68,591)	174,028
Cash, beginning of year	364,667	190,639
Cash, end of year	<u>\$ 296,076</u>	<u>\$ 364,667</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for:		
Interest	<u>\$ 136,520</u>	<u>\$ 128,578</u>

See independent accountant's review report and notes to financial statements.

# Friends Meeting of Washington Inc.

Statements of Cash Flows (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

	<u>2023</u>	<u>2022</u>
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Construction in progress	\$ 43,405	\$ -
Building and improvements	<u>(43,405)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

*See independent accountant's review report and notes to financial statements.*

# Friends Meeting of Washington Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 1) Nature of the Meeting and Summary of Significant Accounting Policies

### *Nature of the Meeting*

Friends Meeting of Washington Inc. (the Meeting) was organized in Washington, D.C. as a non-stock, nonprofit corporation on June 20, 1930 to foster simple spiritual worship and such activities in various fields of service as the Meeting members and attenders may feel themselves called to undertake. As a help to these ends the Meeting maintains a place of worship where members and others who are like-minded may meet in religious fellowship and seek through a silent worship the renewal of their spiritual lives and the quickening of their powers of service to the Divine and to their fellow human beings.

### *Method of Accounting*

The Meeting's financial statements are prepared on the accrual method of accounting, which recognizes income when it is earned and expenses when they are incurred.

### *Basis of Presentation*

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Meeting are classified in the following two classes:

**Net assets with donor restrictions** consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Meeting to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

**Net assets without donor restrictions** represents funds that are available for support of the operations of the Meeting, and that are not subject to donor stipulation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

### *Cash and Cash Equivalents*

For the purpose of these statements, the Meeting considers time deposits and all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2023 and 2022.

### *Accounts Receivable*

Accounts receivable are stated at the amount the Meeting expects to collect for balances outstanding at year-end. Annually, the Meeting determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of June 30, 2023 and 2022, the Meeting has determined that all significant receivables are collectible. Therefore, an allowance for doubtful accounts has not been established.

*See independent accountant's review report.*

# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 1) Nature of the Meeting and Summary of Significant Accounting Policies (Continued)

### *Property and Equipment*

Property and equipment are stated at cost. The cost of repairs and maintenance is charged to operations as incurred. Major renewals, betterments, and additions are capitalized. When assets are sold or otherwise disposed, the cost of the asset and related accumulated depreciation are removed from the accounts and the resulting gain or loss is credited or charged to income. Depreciation is computed using the straight-line method over 10 to 40 years for buildings and improvements and 3 years for furniture and equipment.

### *Impairment of Long-Lived Assets*

The Meeting reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no asset impairments during the years ended June 30, 2023 and 2022.

### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied (either by passage of time or by use) in the reporting period in which the income and gains are recognized. See Note 4 for more information.

### *Antique Collection*

An antique collection in the amount of \$12,000 was recorded June 30, 1981 at the approximate fair value. The collection is not subject to depreciation.

### *Interest*

The Meeting has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 835, *Interest*, which states that debt issuance costs related to a note shall be reported on the statement of financial position as a direct deduction from the face amount of that note, and any amortization of debt issuance costs shall be reported as interest expense. Accordingly, the Meeting is reporting loan fees related to its mortgage payable as a direct deduction from the principal balance of the loan. The Meeting capitalized amortization of the loan fees during the construction period and began expensing amortization of the loan fees as interest expense on the mortgage payable upon the conclusion of the construction period. See Note 5 for more information.

### *Income Taxes*

The Meeting is exempt from income taxes as a religious organization described under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income as defined in the Code. There were no material income taxes resulting from unrelated business income during the years ended June 30, 2023 and 2022.

### *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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*See independent accountant's review report.*

# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 1) Nature of the Meeting and Summary of Significant Accounting Policies (Continued)

### *Contributions*

Contributions received, if any, are recorded as additions to net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions are reported as additions to net assets with donor restrictions. A reclassification to net assets without donor restrictions is made at the time the restriction is satisfied. All contributions received are unconditional in nature and are recognized as revenue when pledged.

### *Rental Income*

Rental income is recognized as rents become due. Rent payments received in advance are deferred until earned. All leases between the Meeting and tenants are operating leases and are on a month-to-month basis.

## 2) Concentration of Credit Risk

The Meeting maintains its cash balances in several accounts at various financial institutions. At times, these balances may exceed the federally insured limits; however, the Meeting has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2023.

## 3) Liquidity Analysis

The following table presents a reconciliation of the Meeting's financial assets available to meet general expenditures within one year as of June 30:

	2023	2022
Financial assets at year-end:		
Cash	\$ 296,076	\$ 364,667
Accounts receivable	20,974	-
Investments	1,551,436	1,381,330
Assets held in annuity trusts	68,635	64,920
Total financial assets	1,937,121	1,810,917
Less amounts not available to be used within one year:		
Annuities payable	50,702	52,168
Meeting-designated	37,775	87,088
Donor-restricted	1,804,625	1,620,588
Financial assets not available to be used within one year	1,893,102	1,759,844
Financial assets available to meet general expenditures within one year	\$ 44,019	\$ 51,073

The Meeting manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Meeting are expected to be met from revenues earned. In general, the Meeting aims to maintain sufficient financial assets on hand to meet at least 30 days' worth of normal operating expenses.

*See independent accountant's review report.*

# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 4) Investments

FASB 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 measurement) and the lowest priorities to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are describes as follows:

- (i) Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Meeting has the ability to access.
- (ii) Level 2 - Inputs to valuation methodology include a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

- (iii) 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 the methodologies used during June 30, 2023 or 2022.

*Investments:* The Meeting invests its funds in a co-mingled trust fund with allocations to equities, fixed income, and real estate investment trusts. The co-mingled trust fund has a standard income distribution policy based on the fund's total return. Fair value of the funds are based on the fair values of the underlying assets and are provided by the Meeting's investment fund managers.

*Assets held in annuity trusts:* Assets held in annuity trusts are valued at the closing price reported in the active market in which the individual securities are traded. The annuities payable are valued at the present value of future cash flows discounted at an interest rate that reflects the risks inherent in those cash flows. For remainder trusts, cash flows are based on the contractual payout rates of the agreements over a time period determined based on the current age of the annuitants and mortality tables.

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

*See independent accountant's review report.*

# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

## 4) Investments (Continued)

The Meeting invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect, in the future, amounts reported in the statements of financial position.

The following table presents the Meeting's fair value hierarchy for the underlying assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Domestic bonds	\$ 62,466	\$ -	\$ -	\$ 62,466
Global bonds	26,486	-	-	26,486
Short term investment funds	23,487	-	-	23,487
Large cap equity funds	1,194,129	-	-	1,194,129
Mid cap equity funds	46,475	-	-	46,475
Small cap equity funds	44,976	-	-	44,976
International equity funds	101,445	-	-	101,445
Global equity funds	26,486	-	-	26,486
Real estate investment	23,487	-	-	23,487
Cash held for investment	1,999	-	-	1,999
Assets held in annuity trusts	-	68,635	-	68,635
Annuities payable	-	(50,702)	-	(50,702)
Total	<u>\$ 1,551,436</u>	<u>\$ 17,933</u>	<u>\$ -</u>	<u>\$ 1,569,369</u>

The following table presents the Meeting's fair value hierarchy for the underlying assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Domestic bonds	\$ 125,256	\$ -	\$ -	\$ 125,256
Global bonds	52,739	-	-	52,739
Short term investment funds	54,623	-	-	54,623
Large cap equity funds	703,253	-	-	703,253
Mid cap equity funds	87,585	-	-	87,585
Small cap equity funds	80,051	-	-	80,051
International equity funds	174,228	-	-	174,228
Global equity funds	48,030	-	-	48,030
Real estate investment	46,147	-	-	46,147
Cash held for investment	9,418	-	-	9,418
Assets held in annuity trusts	-	64,920	-	64,920
Annuities payable	-	(52,168)	-	(52,168)
Total	<u>\$ 1,381,330</u>	<u>\$ 12,752</u>	<u>\$ -</u>	<u>\$ 1,394,082</u>

See independent accountant's review report.

# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 5) Long-Term Debt

### *Mortgage Payable*

On June 27, 2017, the Meeting entered into a loan agreement with Sandy Spring Bank for construction financing. Financing fees related to the loan were \$54,017. Amortization was capitalized to construction in progress during the construction period and thereafter charged to interest expense on a straight-line basis, the results of which are not materially different than that of the effective interest method, over the term of the loan. The loan, which had a maximum allowable balance of \$3,600,000 during the construction period, carries interest at a fixed nominal rate of 4.35% per annum and an effective interest rate of 4.50%. Payments of interest-only were due through September 1, 2019. On September 1, 2019, the construction loan converted to a permanent mortgage at a balance of \$3,350,000. Principal and interest payments are due monthly in the amount of \$18,456 based on a 25-year amortization schedule beginning October 1, 2019 and the mortgage matures on June 1, 2032. The mortgage is secured by a First Deed of Trust and Assignment of Rents and Leases as well as an assignment of the brokerage account of at least \$300,000. As of June 30, 2023 and 2022, the outstanding principal and accrued interest balances are \$3,048,091 and \$11,049, respectively, for 2023, and \$3,135,222 and \$11,365, respectively, for 2022. Unamortized financing fees as of June 30, 2023 and 2022 were \$35,029 and \$38,958, respectively. Interest incurred on the mortgage payable during the years ended June 30, 2023 and 2022 was \$140,133 and \$143,871, respectively, including amortization of financing fees of \$3,929 and \$3,928, respectively.

Maturities of the mortgage payable are as follows:

2024	\$	88,447
2025		92,792
2026		96,969
2027		101,333
2028		105,577
2029 and after		<u>2,562,973</u>
Total	\$	<u>3,048,091</u>

Estimated financing fees being amortized to interest expense for each of the next five years are \$3,929.

### *Paycheck Protection Program (PPP) Loan Payable*

On March 27, 2020, Congress passed a \$2 trillion stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides significant tax and non-tax stimulus to individuals and businesses.

In May 2020 and February 2021, the Meeting entered into loans in the amount of \$42,523 each, with Sandy Spring Bank under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), which was established by the CARES Act. The loans were eligible for forgiveness pursuant to terms and conditions of the CARES Act, which minimally required that (1) the loan proceeds be used to cover eligible expenses, which include payroll costs, mortgage interest, rent and utilities, and (2) the number of employees and compensation levels are generally maintained.

*See independent accountant's review report.*



# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 5) Long-Term Debt (Continued)

### *Paycheck Protection Program (PPP) Loan Payable (Continued)*

The Meeting has elected to record the loan as debt in accordance with ASC 470, *Debt* and recognize income from loan forgiveness in accordance with ASC 405-20, *Extinguishment of Liabilities* and ASC 450-30, *Gain Contingencies*. On July 21, 2021 and October 21, 2021, the Meeting received forgiveness of the full amount of PPP loans outstanding, which is included in other income on the accompanying statement of activities and changes in net assets for the year ended June 30, 2022.

## 6) Meeting Designated Net Assets Without Donor Restrictions

The Meeting designated a portion of net assets without restrictions for various purposes, which are summarized as follows:

	2023	2022
Capital reserve fund	\$ -	\$ 49,313
Murray bequest fund	37,775	37,775
Total designated net assets	<u>\$ 37,775</u>	<u>\$ 87,088</u>

## 7) Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30, 2023 and 2022:

	2023	2022
Endowment	\$ 1,374,366	\$ 1,209,858
Simpson fund	224,671	218,946
Shoe box	62,260	58,463
Building campaign fund	60,933	70,081
Peace and social justice	24,808	24,307
Charitable gift annuity	17,933	-
Personal aid	14,207	17,187
AVP-DC project	12,539	13,225
Time-restricted funds	7,569	-
Fund for sufferings	3,545	3,545
Other	1,627	3,377
Fair trade coffee	167	167
Senior center	-	1,432
Net assets with donor restrictions	<u>\$ 1,804,625</u>	<u>\$ 1,620,588</u>

*See independent accountant's review report.*

# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 8) Endowment

As regulated by FASB ASC 958-205, net assets associated with donor restricted endowment funds held by organizations that are subject to the enacted District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) are classified and reported based on the existence or absence of donor-imposed restrictions.

### *Interpretation of Relevant Law*

The Board of Trustees of the Meeting has interpreted UPMIFA as requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Meeting classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for prudence by UPMIFA. In accordance with UPMIFA, the Meeting considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- 1) The duration and preservation of the fund
- 2) The purpose of the Meeting's and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The executed total return from income and the appreciation of the investments
- 6) Other resources of the Meeting
- 7) The investment policies of the Meeting

### *Return Objectives and Risk Parameters*

The Meeting has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment funds include those assets of the donor-restricted funds that the Meeting holds in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that yield revenue while assuming a moderate level of investment risk. Actual returns in any given year may vary.

### *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Meeting to retain as a fund of perpetual duration. Deficiencies of this nature have not occurred since the inception of the endowment.

### *Spending Policy*

In accordance with the donor's stipulations, earnings on the original principal are restricted to up-keep and maintenance expenses of the Meeting's property. Any difference between actual investment income and the amounts distributed is retained to support the restricted purpose in future years.

*See independent accountant's review report.*

# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 8) Endowment (Continued)

Changes in endowment net assets for the year ended June 30, 2023:

	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment, beginning of year	\$ -	\$ 1,209,858	\$ 1,209,858
Interest and dividends	-	26,108	26,108
Change in fair value	-	164,508	164,508
Appropriations	-	(26,108)	(26,108)
Donor restricted endowment, end of year	<u>\$ -</u>	<u>\$ 1,374,366</u>	<u>\$ 1,374,366</u>

Changes in endowment net assets for the year ended June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment, beginning of year	\$ -	\$ 1,452,798	\$ 1,452,798
Interest and dividends	-	34,051	34,051
Change in fair value	-	(242,940)	(242,940)
Appropriations	-	(34,051)	(34,051)
Donor restricted endowment, end of year	<u>\$ -</u>	<u>\$ 1,209,858</u>	<u>\$ 1,209,858</u>

## 9) Retirement Plan

The Meeting maintains a 401(k) plan (the "Plan") under the Internal Revenue Code to provide retirement benefits for its employees. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Plan provides for discretionary contributions as determined by the Board of Trustees. The Meeting made contributions of \$8,456 and \$5,129, respectively, to the Plan for the years ended June 30, 2023 and 2022.

## 10) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Estimates may be used in developing allocation of expenses by function. Expenses directly attributable to a specific functional activity are reported as expenses of those functional activities. Other expenses are allocated based on the percentage of the Meeting property's square footage utilized by that functional activity.

*See independent accountant's review report.*

# Friends Meeting of Washington Inc.

Notes to Financial Statements (Continued)

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

## 10) Functional Allocation of Expenses (Continued)

Expenses incurred on a functional basis for the year ended June 30, 2023 were as follows:

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Program costs	\$ 165,770	\$ 2,123	\$ (1,052)	\$ 166,841
Personnel and consultants	85,092	201,307	199	286,598
Site costs	183,965	61,771	(129)	245,607
Office expenses	14,452	6,262	4,765	25,479
Apportionment	67,000	-	-	67,000
Depreciation	138,547	52,810	-	191,357
Property use by others	44,750	9,227	-	53,977
Other	6,291	8,139	4,172	18,602
Mortgage interest expense	101,460	38,673	-	140,133
Total expenses	<u>\$ 807,327</u>	<u>\$ 380,312</u>	<u>\$ 7,955</u>	<u>\$ 1,195,594</u>

Expenses incurred on a functional basis for the year ended June 30, 2022 were as follows:

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel and consultants	\$ 83,071	\$ 183,602	\$ -	\$ 266,673
Site costs	158,518	50,456	-	208,974
Depreciation	133,825	52,208	-	186,033
Mortgage interest expense	103,496	40,375	-	143,871
Program costs	129,625	-	-	129,625
Apportionment	67,000	-	-	67,000
Property use by others	33,983	2,604	-	36,587
Office expenses	10,120	8,459	3,353	21,932
Other	2,570	1,173	2,448	6,191
Total expenses	<u>\$ 722,208</u>	<u>\$ 338,877</u>	<u>\$ 5,801</u>	<u>\$ 1,066,886</u>

## 11) Subsequent Events

Management has evaluated events and transactions subsequent to the statement of financial position date for potential recognition or disclosure through the independent accountant's report date, the date the financial statements were available to be issued. There were no material events that required recognition or disclosure in the financial statements.

*See independent accountant's review report.*

# Friends Meeting of Washington Inc.

Schedules of Shoebox Fund Activity

For the Years Ended June 30, 2023 (Reviewed) and 2022 (Audited)

---

	<u>2023</u>	<u>2022</u>
<b>Revenues and other support</b>		
Restricted contributions	\$ 41,964	\$ 24,529
<b>Releases</b>		
Releases for program expenditures	<u>(38,167)</u>	<u>(31,656)</u>
Change in net assets	3,797	(7,127)
Net assets, beginning of year	<u>58,463</u>	<u>65,590</u>
Net assets, end of year	<u>\$ 62,260</u>	<u>\$ 58,463</u>

*See independent accountant's review report.*