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Independent Auditor's Report

**Board of Directors of
Episcopal Charities of the Diocese of New York**

We have audited the accompanying financial statements of Episcopal Charities of the Diocese of New York ("Episcopal Charities"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Episcopal Charities of the Diocese of New York as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Episcopal Charities of the Diocese of New York's financial statements for the year ended December 31, 2019, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated July 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Oliver J. Flanagan + Co.

January 27, 2022
New York, New York

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 987,947	\$ 1,062,019
Accrued income	102,630	52,500
Other receivables	-	484
Prepaid expenses	8,515	7,813
Investments	<u>2,072,402</u>	<u>1,981,726</u>
<u>Total Assets</u>	<u>3,171,494</u>	<u>3,104,242</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Grants payable	\$ 86,900	\$ 167,951
Accounts payable	11,045	71,654
Paycheck Protection Program loan payable	<u>51,600</u>	<u>-</u>
<u>Total Liabilities</u>	<u>149,545</u>	<u>239,605</u>
 <u>Net Assets</u>		
Net assets without donor restriction		
Available for use	737,766	912,472
Board designated	<u>1,783,537</u>	<u>1,662,932</u>
	2,521,303	2,575,404
Net assets with donor restriction		
Time or purpose restriction	190,570	-
Perpetual endowment	<u>310,076</u>	<u>289,233</u>
<u>Total Net Assets</u>	<u>3,021,949</u>	<u>2,864,637</u>
 <u>Total Liabilities and Net Assets</u>	 <u>3,171,494</u>	 <u>3,104,242</u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Net Assets without Donor Restriction	Net Assets with Donor Restriction		Total 2020	Total 2019
		Time or Purpose	Perpetual Endowment		
<u>Operating Revenue</u>					
Contributions					
General	\$ 229,738	\$ 135,145	\$ -	\$ 364,883	\$ 192,073
Congregational gifts	77,244	-	-	77,244	88,191
Trinity Church/Diocesan - COVID		425,000	-	425,000	-
Corporate and foundation	309,724	20,000	-	329,724	104,818
Endowment support	114,821	-	-	114,821	112,099
<u>Total Contributions</u>	<u>731,527</u>	<u>580,145</u>	<u>-</u>	<u>1,311,672</u>	<u>497,181</u>
Gala dinner					
Contributions and ticket sales	680,941	-	-	680,941	1,159,459
Less: Direct costs	68,062	-	-	68,062	237,894
	<u>612,879</u>	<u>-</u>	<u>-</u>	<u>612,879</u>	<u>921,565</u>
Diocesan support	125,000	-	-	125,000	100,000
Diocesan donated services and space	54,000	-	-	54,000	54,000
Investment income, spending policy	69,101	-	12,019	81,120	80,083
<u>Total Operating Revenue</u>	<u>1,592,507</u>	<u>580,145</u>	<u>12,019</u>	<u>2,184,671</u>	<u>1,652,829</u>
Net Assets Designated by Board	-	-	-	-	(8,000)
Net Assets Released From Restrictions	401,594	(389,575)	(12,019)	-	-
<u>Grants and Operating Expenses</u>					
Program					
Grant programs	1,542,002			1,542,002	964,834
Volunteer Program	36,820			36,820	84,048
	<u>1,578,822</u>			<u>1,578,822</u>	<u>1,048,882</u>
Management and general	260,829			260,829	215,023
Fundraising	329,156			329,156	354,279
<u>Total Grants and Operating Expenses</u>	<u>2,168,807</u>	<u>-</u>	<u>-</u>	<u>2,168,807</u>	<u>1,618,184</u>
Excess (Deficiency) of Operating Revenue over Grants and Operating Expenses	(174,706)	190,570	-	15,864	26,645

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Net Assets without Donor Restriction	Net Assets with Donor Restriction		Total 2020	Total 2019
		Time or Purpose	Perpetual Endowment		
<u>Non-Operating Activities</u>					
Designated by Board	-	-	-	-	8,000
Net investment income	189,706	-	32,862	222,568	282,889
Released under spending policy	(69,101)	-	(12,019)	(81,120)	(77,750)
<u>Total Non-Operating Activities</u>	<u>120,605</u>	<u>-</u>	<u>20,843</u>	<u>141,448</u>	<u>213,139</u>
Change in Net Assets for Year	(54,101)	190,570	20,843	157,312	239,784
Net Assets, beginning of year	<u>2,575,404</u>	<u>-</u>	<u>289,233</u>	<u>2,864,637</u>	<u>2,624,853</u>
Net Assets, End of Year	<u>2,521,303</u>	<u>190,570</u>	<u>310,076</u>	<u>3,021,949</u>	<u>2,864,637</u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets for Year	\$ 157,312	\$ 239,784
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized gain and change in unrealized appreciation on investments	(186,991)	(236,108)
(Increase) decrease in assets		
Accrued income	(50,430)	79,810
Contributions receivable	-	-
Other receivables	484	8,494
Prepaid expenses	(702)	4,333
Decrease in liabilities		
Grants payable	(81,051)	(221,579)
Accounts payable	(60,609)	(20,583)
<u>Cash Used in Operating Activities</u>	<u>(221,987)</u>	<u>(145,849)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	333,733	311,458
Purchase of investments	(237,418)	(288,644)
<u>Cash Provided by Investing Activities</u>	<u>96,315</u>	<u>22,814</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	51,600	-
<u>Cash Provided by Financing Activities</u>	<u>51,600</u>	<u>-</u>
<u>Net Decrease in Cash for Year</u>	<u>(74,072)</u>	<u>(123,035)</u>
Cash, beginning of year	<u>1,062,019</u>	<u>1,185,054</u>
Cash, End of Year	<u>987,947</u>	<u>1,062,019</u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Grant Programs	Volunteer Program	Total Program	Management and General	Fundraising	Total 2020	Total 2019
Grants	\$ 1,304,684		\$ 1,304,684			\$ 1,304,684	\$ 731,099
Salaries and benefits	221,374	\$ 33,177	254,551	\$ 69,555	\$ 280,510	604,616	631,280
Temporary personnel	-	-	-	-	-	-	4,334
Donated services - Diocese	-	-	-	42,000	-	42,000	42,000
Consulting and professional fees	-	-	-	62,640	-	62,640	20,300
Donated occupancy	4,394	658	5,052	1,380	5,567	12,000	12,000
Insurance	-	-	-	3,555	-	3,555	4,660
Office supplies and expenses	11,550	2,985	14,535	45,855	505	60,895	65,747
Printing, mailings and publications	-	-	-	20,641	36,397	57,038	57,751
Travel and workshops	-	-	-	-	71	71	23,348
Bank and merchant fees	-	-	-	15,203	6,106	21,309	19,344
Taxes and judgments	-	-	-	-	-	-	6,321
	<u>1,542,002</u>	<u>36,820</u>	<u>1,578,822</u>	<u>260,829</u>	<u>329,156</u>	<u>2,168,808</u>	<u>1,618,184</u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 Organization

Pursuant to action of the 1994 Convention of the Episcopal Diocese of New York (the "Diocese"), Episcopal Charities was organized in 1995 as a New York not-for-profit corporation controlled by the Board of Managers of the Diocese with the following purposes:

- (a) to coordinate the funding of social programs related to and connected with the Diocese and its congregations;
- (b) to establish funding priorities, evaluate proposals, and award grants in support of such programs;
- (c) to provide training and support services to congregations and institutions affiliated with the Diocese that wish to apply for grants to carry out such programs; and
- (d) to carry out such other functions as shall be determined from time to time by the Board of Managers of the Church Extension and Missionary Society of the Protestant Episcopal Church in the Diocese of New York.

NOTE 2 Accounting Policies

Tax-Exempt Status

Episcopal Charities is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is further classified as a publicly supported organization.

Accrual Basis

The accompanying financial statements are prepared on the accrual basis of accounting. Revenues and related assets are recognized when earned, and expenses are recognized when incurred.

All receivables are expected to be collected within one year from the statement of financial position date.

Grants are made by Episcopal Charities to fund specific programs in the Diocese and are normally paid in periodic installments within one to three years. Grants are recorded as an expense upon approval by the Board of Directors.

Cash

Cash is defined as cash held in checking and money market accounts.

Measure of Operations

In its statement of activities, Episcopal Charities includes in its definition of "operating activities" all revenues and expenses that are an integral part of its programs and supporting activities. Bequests and investment income, including net realized and unrealized gains and losses, earned in excess of, or less than, Episcopal Charities authorized spending rate, is recognized as a part of non-operating activities.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Episcopal Charities and changes therein are classified and reported as follows:

Net Assets without Donor Restriction - Net assets that are not subject to donor-imposed restrictions and Board Designated funds, which are funds reserved by the Board for a future use or a specific purpose. Although investment income and appreciation of the perpetual endowment was not restricted as to use prior to January 1, 2010, the Board of Episcopal Charities elected to maintain this money as a quasi-endowment. Certain funds previously transferred from the Diocese as well as all investment income, including appreciation and prior income on such funds, are recorded as Board Designated. The Board also decided that bequests received should be recorded as Board Designated.

Net Assets with Donor Restriction - Net assets subject to donor-imposed stipulations that will be met either by actions of Episcopal Charities or by the passage of time as well as net assets received that are to be maintained as a perpetual endowment in accordance with the original donor's intent. Earnings on the perpetual endowment are to be used for general purposes of Episcopal Charities and are shown as part of net assets with donor restriction until appropriated in accordance with its spending policy. Assets received whose restrictions will be satisfied within the current year are shown as net assets without donor restriction.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. 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 net assets released from restrictions.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Episcopal Charities' financial statements for the year ended December 31, 2019 from which the summarized information was derived. Certain prior year information has been restated to conform to current year presentation.

Use of Estimates

Management of Episcopal Charities has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses in the preparation of these financial statements. Actual results could differ from those estimates.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 Organization and Summary of Significant Accounting Policies (Continued)

Fair Value Measurement of Investments

Investments are carried at fair value based on quoted market prices. Episcopal Charities follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuation

The fair value of the investment held with the Diocesan Investment Trust was estimated using the Net Asset Value ("NAV") as reported by the management of such fund. FASB guidance provides for the use of the NAV as a "Practical Expedient" for estimating fair value of these types of investment funds. Episcopal Charities adopted a policy to exclude investments valued at NAV from the fair value hierarchy in accordance with FASB guidance.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Equipment

The cost of computer equipment purchases, which are not material in nature, are expensed when paid. Equipment purchases over \$5,000 are capitalized at cost and depreciated on a straight-line basis over its estimated useful life of 3 to 7 years.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to various programs, management and general and fundraising activities of Episcopal Charities. These expenses include salaries and benefits, printing and publications, professional fees and other office expenses. Episcopal Charities allocates these expenses based on time and effort of staff as well as estimates of the resources used in these activities. Some types of expenses are directly allocated based on the activity benefited.

Accounting for Uncertainty in Income Taxes

Episcopal Charities recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Episcopal Charities had no uncertain tax positions that would require financial statement recognition or disclosure. Episcopal Charities is no longer subject to examinations by the applicable taxing jurisdictions for years prior to 2017.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

In connection with the preparation of the financial statements, Episcopal Charities evaluated subsequent events after the statement of financial position date of December 31, 2020 through January 27, 2022 which was the date the financial statements were available to be issued.

Endowment Policy

Interpretation

Episcopal Charities' endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors.

The Board of Directors of Episcopal Charities has enacted a policy of preserving the fair value of the original gift as of the date the donor-restricted gift is received absent explicit donor stipulations to the contrary. Therefore, Episcopal Charities classifies as a perpetual endowment, and part of net assets with donor restriction, the original value of the donor restricted gifts. Earnings on donor-restricted funds are classified as net assets with donor restriction until those amounts are appropriated for expenditure in accordance with Episcopal Charities' spending policy, unless otherwise stipulated by the donor.

Return Objectives and Risk Parameters

Episcopal Charities has adopted an investment and spending policy in an attempt to provide a predictable stream of funding in order to support its programs. The primary investment objective is to provide for long-term growth of principal and income by maximizing total return consistent with prudent risk taking. It seeks returns during a full market cycle that will enhance the real, inflation adjusted purchasing power of Episcopal Charities' assets. The Finance/Investment Committee does not expect that in each and every year the investment objective referred to above will necessarily be achieved. Episcopal Charities has a spending rate policy for the management of its portfolio whereby up to 5% of the five-year trailing average of the total perpetual and Board Designated endowment portfolio is made available to accomplish its mission. That time frame ought to substantially smooth out the budgeted draw from year to year, which otherwise could vary significantly because of normal market volatility. The Board elected a 4.5% spending rate in 2020 and 2019.

NOTE 3 Transactions with Related Parties

At December 31, 2020 and 2019 accounts payable included liabilities of \$8,896 and \$63,916, respectively, due to the Diocese for expenses incurred by the Diocese on behalf of Episcopal Charities.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 Investments

The following tabulation summarizes the cost and fair value of investments at December 31, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fidelity Investments:				
Short term cash	\$ 74,518	\$ 74,518	\$ 5,884	\$ 5,884
Mutual funds	<u>1,617,488</u>	<u>1,997,884</u>	<u>1,741,205</u>	<u>1,975,842</u>
	<u>1,692,006</u>	<u>2,072,402</u>	<u>1,747,089</u>	<u>1,981,726</u>

All mutual funds held at Fidelity are valued using level 1 inputs at December 31, 2020 and 2019.

Investment income consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 35,577	\$ 49,114
Realized gain on sale of investments	41,232	196
Change in unrealized appreciation	<u>145,759</u>	<u>235,912</u>
	222,568	285,222
Less investment income recognized under spending policy	<u>81,120</u>	<u>80,083</u>
Investment income net of authorized spending rate	<u>141,448</u>	<u>205,139</u>

NOTE 5 Endowment Support

In December 1997 the Diocese was awarded a \$2 million endowment grant from The Dyson Foundation. Under the terms of the grant, income, as defined by the Diocesan investment policy, is to be used to support the programs of Episcopal Charities. The Diocese received money for this endowment in 1998. In 1999, Episcopal Charities received its first drawdown of income from this endowment. The value of this endowment fund at December 31, 2020, which is invested at the discretion of the Diocese, was \$2,767,400.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 Board Designated Net Assets

The following summarizes the activity within Board Designated net assets, which is included in the net assets without donor column on the statement of activities.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,662,932	\$ 1,480,311
New designation	-	8,000
Investment income	189,706	240,804
Appropriated for expenditure	<u>(69,101)</u>	<u>(66,183)</u>
Balance, end of year	<u>1,783,537</u>	<u>1,662,932</u>

NOTE 7 Endowment Assets

Changes within the Endowment funds during 2020 and 2019 consisted of the following:

	<u>Board Designated</u>	<u>Perpetual Endowment</u>	<u>Total</u>
Balance December 31, 2018	\$ 1,480,311	\$ 258,715	\$ 1,739,026
New designation	8,000	-	8,000
Net investment earnings	240,804	42,085	282,889
Appropriated for expenditure	<u>(66,183)</u>	<u>(11,567)</u>	<u>(77,750)</u>
Balance December 31, 2019	<u>1,662,932</u>	<u>289,233</u>	<u>1,952,165</u>
Net investment earnings	189,706	32,862	222,568
Appropriated for expenditure	<u>(69,101)</u>	<u>(12,019)</u>	<u>(81,120)</u>
Balance December 31, 2020	<u>1,783,537</u>	<u>310,076</u>	<u>2,093,613</u>

NOTE 8 Net Assets with Donor Restriction

Net assets with donor restriction consist of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Perpetual endowment	\$ 205,813	\$ 205,813
Endowment earnings	104,263	83,420
COVID Relief	<u>190,570</u>	<u>-</u>
	<u>500,646</u>	<u>289,233</u>

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 Net Assets with Donor Restriction (continued)

Net assets released from donor restriction during the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Endowment earnings	\$ 12,019	\$ 13,804
COVID relief	389,575	-
Volunteer coordinator	<u>-</u>	<u>29,501</u>
	<u>401,594</u>	<u>43,305</u>

NOTE 9 Liquidity and Availability of Financial Assets

The following reflects Episcopal Charities financial assets as of December 31, 2020 and 2019 reduced by amounts not available for general use within one year of that date due to contractual or donor-imposed restrictions. As described in Note 2, investment earnings from the perpetual endowment and Board Designated funds are released annually in accordance with the spending policy to cover a portion of operating expenses.

	<u>2020</u>	<u>2019</u>
Cash	\$ 987,947	\$ 1,062,019
Investments	2,072,402	1,981,726
Accrued income	102,630	52,200
Other receivables	<u>-</u>	<u>484</u>
	3,162,979	3,096,429
Perpetual endowment	(310,076)	(289,233)
Time or purpose restriction	(190,570)	-
Board designated net assets	<u>(1,783,537)</u>	<u>(1,662,932)</u>
Financial assets available for general expenditure within the next 12 months	<u>878,796</u>	<u>1,144,264</u>

NOTE 10 Concentration of Risk

During 2020, Episcopal Charities had cash in banks exceeding federally insured limits. This risk is managed through the use of large, established financial institutions.

NOTE 11 Grants Payable

Grants payable of \$86,900 at December 31, 2020, is expected to be paid in 2020. Long-term grants would be discounted to present value at the risk-free rate of 5%.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12 Donated Services

Episcopal Charities' accounting and human resource functions are donated by the controller's office of the Episcopal Diocese of New York. The value of these services for 2020 and 2019 is estimated to be \$42,000 and has been reflected in the financial statements as an in-kind donation and related expense.

NOTE 12 Donated Services (continued)

Episcopal Charities also occupies furnished office space donated by the Diocese at no charge. During 2020 and 2019 based on an agreement between the Diocese and the Cathedral of St. John the Divine, the value of this office space has been estimated to be \$12,000.

NOTE 13 Fixed Assets

Fixed Assets consist of equipment that is fully depreciated at December 31, 2020 and 2019, but remains in use.

	<u>2020</u>	<u>2019</u>
Equipment	\$22,462	\$22,462
Less: Accumulated depreciation	<u>22,462</u>	<u>22,462</u>
	<u> -</u>	<u> -</u>

NOTE 14 Retirement Plans

Episcopal Charities contracted with the Episcopal Diocese of New York for lay retirement benefits in 2020 and 2019. Through this contract, Episcopal Charities staff members are included in the Diocesan retirement plan, which is a 401(a) defined contribution plan. Contributions by Episcopal Charities to the plan are based on 13% of an employee's salary. Total expense under this plan for 2020 and 2019 was \$56,099 and \$56,521, respectively. Additional information regarding this plan can be found in the Diocese's audit report.

NOTE 15 Paycheck Protection Program

In April 2020, Episcopal Charities was granted a loan in the amount of \$51,600 under the Paycheck Protection Program (the "PPP") of the CARES Act. Under the terms of the loan, it could be forgiven if the proceeds were used to pay for certain qualifying expenses such as payroll and rent. The loan was forgiven in July 2021.

NOTE 16 COVID-19

The recent COVID-19 outbreak that has spread globally and is affecting economic conditions throughout the world has caused Episcopal Charities to experience a disruption in operations. Episcopal Charities may also experience a decline in the level of contributions received. An estimate of the total impact of the outbreak cannot be determined at this time.