

**EPISCOPAL CHARITIES**  
**OF THE DIOCESE OF NEW YORK**  
**DECEMBER 31, 2014**

**OWEN J. FLANAGAN & COMPANY, LLP**

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DONALD F. SCHERER

**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, 2014, 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, 2014 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 December 31, 2013 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Owen J. Flanagan & Co*

New York, New York  
May 7, 2015

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 630,232	\$ 708,971
Accrued income	140,470	71,185
Contributions receivables	100,761	-
Prepaid expenses	30,202	18,048
Investments	1,607,267	1,548,675
Fixed assets (net of accumulated depreciation of \$15,581 in 2014 and \$12,371 in 2013)	<u>6,881</u>	<u>10,091</u>
<u>Total Assets</u>	<u>2,515,813</u>	<u>2,356,970</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Grants payable	\$ 113,900	\$ 150,221
Deferred event revenue	5,000	-
Accounts payable	<u>12,789</u>	<u>25,669</u>
<u>Total Liabilities</u>	<u>131,689</u>	<u>175,890</u>
 <u>Net Assets</u>		
Unrestricted	2,100,944	1,922,164
Temporarily restricted	77,367	53,103
Permanently restricted	<u>205,813</u>	<u>205,813</u>
<u>Total Net Assets</u>	<u>2,384,124</u>	<u>2,181,080</u>
 <u>Total Liabilities and Net Assets</u>	<u>2,515,813</u>	<u>2,356,970</u>

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

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<u>Operating Revenue</u>					
Contributions					
General	\$ 210,258	\$ -	\$ -	\$ 210,258	\$ 206,386
Congregational gifts	53,545	-	-	53,545	73,987
Corporate and foundation	182,720	120,500	-	303,220	221,574
Endowment support	105,937	-	-	105,937	100,118
Donated services	31,122	-	-	31,122	-
<u>Total Contributions</u>	<u>583,582</u>	<u>120,500</u>	<u>-</u>	<u>704,082</u>	<u>602,065</u>
Benefits					
Gala dinner					
Contributions and ticket sales	970,544	18,080		988,624	921,469
Less: Direct costs	212,187	-		212,187	159,916
	<u>758,357</u>	<u>18,080</u>		<u>776,437</u>	<u>761,553</u>
Theatre benefit					
Ticket sales	-			-	38,170
Less: Direct costs	-			-	21,428
	<u>-</u>			<u>-</u>	<u>16,742</u>
<u>Total Benefits</u>	<u>758,357</u>	<u>18,080</u>		<u>776,437</u>	<u>778,295</u>
Diocesan support	110,000			110,000	110,000
Investment income, spending policy	51,130	10,149		61,279	59,207
<u>Total Operating Revenue</u>	<u>1,503,069</u>	<u>148,729</u>	<u>-</u>	<u>1,651,798</u>	<u>1,549,567</u>
Net Assets Released From Restrictions	127,444	(127,444)		-	-
<u>Grants and Operating Expenses</u>					
Program					
Basic Human Needs	561,615			561,615	497,430
Youth Opportunity	337,072			337,072	324,544
Program Sustainability Institute	34,036			34,036	36,320
All Our Children	44,480			44,480	76,641
Capacity Building	10,669			10,669	16,139
Sandy Relief	15,682			15,682	196,378
Other programs	45,000			45,000	35,700
	1,048,554			1,048,554	1,183,152
Fund-raising	327,376			327,376	320,085
Management and general (includes \$31,122 of donated services)	114,810			114,810	83,778
<u>Total Grants and Expenses</u>	<u>1,490,740</u>			<u>1,490,740</u>	<u>1,587,015</u>
Excess (Deficiency) of Operating Revenue over Grants and Operating Expenses	139,773	21,285	-	161,058	(37,448)

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<u>Non-Operating Activities</u>					
Investment income net of authorized spending policy	15,007	2,979		17,986	210,698
Bequests	<u>24,000</u>	<u>-</u>		<u>24,000</u>	<u>32,500</u>
<u>Total Non-Operating Activities</u>	<u>39,007</u>	<u>2,979</u>	<u>-</u>	<u>41,986</u>	<u>243,198</u>
Change in Net Assets for Year	178,780	24,264	-	203,044	205,750
Net Assets, beginning of year	<u>1,922,164</u>	<u>53,103</u>	<u>205,813</u>	<u>2,181,080</u>	<u>1,975,330</u>
Net Assets, End of Year	<u><u>2,100,944</u></u>	<u><u>77,367</u></u>	<u><u>205,813</u></u>	<u><u>2,384,124</u></u>	<u><u>2,181,080</u></u>

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

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets for Year	\$ 203,044	\$ 205,750
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized gain and change in unrealized appreciation on investments	(53,201)	(245,904)
Depreciation expense	3,210	3,208
(Increase) Decrease in accrued income	(69,285)	137,437
Increase in contributions receivable	(100,761)	-
Decrease in other receivables	-	111,130
Increase in prepaid expenses	(12,154)	(5,200)
Decrease in grants payable	(36,321)	(26,889)
Increase in deferred event revenue	5,000	-
Decrease in accounts payable	<u>(12,880)</u>	<u>(39,058)</u>
<u>Net Cash (Used in) Provided by Operating Activities</u>	<u>(73,348)</u>	<u>140,474</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	272,602	49,126
Purchase of investments	<u>(277,993)</u>	<u>(23,757)</u>
<u>Net Cash (Used in) Provided by Investing Activities</u>	<u>(5,391)</u>	<u>25,369</u>
Net (Decrease) Increase in Cash for Year	(78,739)	165,843
Cash, beginning of year	<u>708,971</u>	<u>543,128</u>
Cash, End of Year	<u><u>630,232</u></u>	<u><u>708,971</u></u>

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

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>Basic Human Needs</u>	<u>Youth Opportunity</u>	<u>Program Sustainability Institute</u>	<u>All Our Children</u>	<u>Capacity Building</u>	<u>Sandy Relief</u>
Grants	\$490,000	\$270,300	\$ -	\$ 25,000	\$ (206)	\$ 8,101
Salaries and benefits	50,129	46,229	23,141	17,369	8,595	6,901
Temporary personnel	9,355	9,355	5,295	1,040	200	200
Office supplies and expenses	3,487	3,216	1,610	1,071	598	480
Professional fees	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Direct fund-raising costs	-	-	-	-	-	-
Promotion	<u>8,644</u>	<u>7,972</u>	<u>3,990</u>	<u>-</u>	<u>1,482</u>	<u>-</u>
<u>Total</u>	<u>561,615</u>	<u>337,072</u>	<u>34,036</u>	<u>44,480</u>	<u>10,669</u>	<u>\$15,682</u>

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



<u>Other Programs</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total 2014</u>	<u>Total 2013</u>
\$45,000	\$ 838,195	-	-	\$ 838,195	\$ 953,953
-	152,364	\$ 43,691	\$214,162	410,217	409,857
-	25,445	4,605	27,927	57,977	67,053
-	10,462	21,488	57,979	89,929	75,415
-	-	43,422	-	43,422	12,300
-	-	1,604	1,604	3,208	3,208
-	-	-	25,704	25,704	30,464
-	22,088	-	-	22,088	34,765
<u>45,000</u>	<u>1,048,554</u>	<u>114,810</u>	<u>327,376</u>	<u>1,490,740</u>	<u>1,587,015</u>

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 1 Organization and Summary of Significant Accounting Policies**

**Organization**

Pursuant to action of the 1994 Convention of the Episcopal Diocese of New York, 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.

**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. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

**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.

**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:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions and Board Designated funds, which are funds restricted by the Board for a future use or a specific purpose. Although the investment income and appreciation of permanently restricted net assets was unrestricted prior to January 1, 2010, the Board of Episcopal Charities has 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 the bequests received in 2000, 2008, 2009, 2011, 2013 and 2014 should be recorded as Board Designated. In 2012, the Board designated \$50,000 of unrestricted net assets for use towards Hurricane Sandy Relief efforts which were spent in 2013. Following the Board investment and spending policy, 4.5% of the average fair value of the portfolio at December 31 of the three most recent years, less the release from temporarily restricted net assets calculated at 4.5% of permanently restricted net assets is transferred from Board Designated to general unrestricted net assets each year for appropriation.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**NOTE 1 Organization and Summary of Significant Accounting Policies (Continued)**

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of Episcopal Charities or by the passage of time. Assets received whose restrictions will be satisfied within the current year are shown as unrestricted. Investment earnings on permanently restricted net assets are shown as temporarily restricted net assets until appropriated.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Episcopal Charities. The donors of these assets permit Episcopal Charities to use all or part of the income earned (including appreciation) on investments for general purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary 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.

**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.

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 as costs are incurred. Grants are recorded as an expense when payments commence.

**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, 2013 from which the summarized information was derived.

**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, 2014

**NOTE 1 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 input and are used to the extent that observable inputs do not exist.

**Investment Valuation**

The fair value of the investment with the Diocesan Investment Trust has been 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. The NAV reported by the investment fund is used as a practical expedient to estimate the fair value of Episcopal Charities’ interest therein and its classification within Level 2 or 3 is based on Episcopal Charities’ ability to redeem its interest in the near term.

**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.

**Cash**

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

**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, 2014 through May 7, 2015, which was the date the financial statements were available to be issued.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**NOTE 1 Organization and Summary of Significant Accounting Policies (Continued)**

**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 permanently restricted endowment funds the original value of permanently restricted gifts and accumulations on restricted gifts with direction to do so at the time of the gift. The remaining portion of earnings on donor-restricted funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in accordance with the Organization's 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 its 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 4.5% of the average fair value of the portfolio at December 31 of the three most recent years 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.

**NOTE 2 Transactions with Related Parties**

At December 31, 2014 and 2013 accounts payable included \$1,403 and \$869, respectively due to the Diocese for expenses incurred by the Diocese on behalf of Episcopal Charities.

Some investments of Episcopal Charities are held and managed by The Trustees of the Estate and Property of the Diocesan Convention of New York (Diocesan Investment Trust (DIT) of the Diocese of New York). Ultimate control of DIT rests with the Diocesan Convention.

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**NOTE 3 Investments**

The following tabulation summarizes the cost and fair value of investments at December 31, 2014 and 2013:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Fidelity Investments:				
Short term cash	\$ 145,192	\$ 145,192	\$ 306,720	\$ 306,720
Equity securities	<u>953,882</u>	<u>1,279,930</u>	<u>742,382</u>	<u>1,050,914</u>
	<u>1,099,074</u>	<u>1,425,122</u>	<u>1,049,102</u>	<u>1,357,635</u>
Diocesan Investment Trust of the Diocese of New York:				
Diversified equity funds	<u>111,758</u>	<u>182,145</u>	<u>114,383</u>	<u>191,041</u>
<b>Total</b>	<u><u>1,210,832</u></u>	<u><u>1,607,267</u></u>	<u><u>1,163,485</u></u>	<u><u>1,548,675</u></u>

	2014			2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Fidelity Investments:						
Short term cash	\$ 145,192	\$ -	\$ 145,192	\$ 306,720	\$ -	\$ 306,720
Equity securities	1,279,930	-	1,279,930	1,050,914	-	1,050,914
Diocesan Investment Trust of the Diocese of New York:						
Diversified equity fund	<u>-</u>	<u>182,145</u>	<u>182,145</u>	<u>-</u>	<u>191,041</u>	<u>191,041</u>
<b>Total</b>	<u><u>1,425,122</u></u>	<u><u>182,145</u></u>	<u><u>1,607,267</u></u>	<u><u>1,357,634</u></u>	<u><u>191,041</u></u>	<u><u>1,548,675</u></u>

All investments held at Fidelity are valued using level 1 inputs at December 31, 2014 and 2013. The investments held with Diocesan Investment Trust are valued using the NAV as reported by the manager which management considers a level 2 input for both years.

Investment income consisted of the following:

	2014	2013
Interest and dividends	\$26,064	\$ 24,001
Realized gain on sale of investments	41,956	9,056
Change in unrealized appreciation	<u>11,245</u>	<u>236,848</u>
	79,265	269,905
Less: Investment income recognized under spending policy	<u>61,279</u>	<u>59,207</u>
Investment income net of authorized spending policy	<u><u>17,986</u></u>	<u><u>210,698</u></u>

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**NOTE 4 Donated Services**

Episcopal Charities accounting functions are provided free of charge by the controller's office of the Diocese. Episcopal Charities also occupies furnished office space made available by the Diocese at no charge. No value has been recorded in the financial statements for these donated services as of December 31, 2014 and 2013.

During 2014, Episcopal Charities received pro-bono legal services. The value was estimated to be \$31,122, which has been recorded in the financial statements.

**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, 2014, which is invested at the discretion of the Diocese, was \$2,605,518.

**NOTE 6 Board Designated Net Assets**

The following summarizes the activity within Board Designated net assets, which is included in the unrestricted net assets column on the statement of activities.

	2014	2013
Balance, beginning of year	\$1,278,262	\$1,120,717
Bequests, contributions	24,000	32,500
Transfer from unrestricted	-	-
Investment income	66,137	224,233
Appropriated for expenditure	(51,130)	(99,188)
Balance, end of year	1,317,269	1,278,262

**NOTE 7 Concentration of Risk**

During 2014, Episcopal Charities had cash in banks exceeding federally insured limits. The Organization manages the risk by only using large, established financial institutions.

**NOTE 8 Temporarily Restricted**

Temporarily restricted net assets consists of the following as of December 31, 2014 and 2013:

	2014	2013
Endowment earnings	\$50,905	\$47,926
All Our Children	5,542	5,177
Art education	2,840	-
Brown bag meals	8,080	-
Summer Camp	10,000	-
	77,367	53,103

EPISCOPAL CHARITIES OF THE DIOCESE OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 8 Temporarily Restricted (Continued)**

Temporarily restricted net assets released from restriction during the years ended December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Endowment earnings	\$ 10,149	\$ 10,019
All Our Children	70,135	107,266
Art education	47,160	-
Hurricane Sandy Relief	-	123,730
Horticulture Therapy Garden and Labyrinth	<u>-</u>	<u>32,700</u>
	<u>127,444</u>	<u>273,715</u>

**NOTE 9 Endowment Assets**

Changes within the Endowment funds during 2014 and 2013 consisted of the following:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, January 1, 2013	\$ 1,120,717	\$ 12,273	\$ 205,813	\$1,338,803
Net investment earnings	224,233	45,672	-	269,905
Bequest, contributions	32,500	-	-	32,500
Appropriated for expenditure	<u>(99,188)</u>	<u>(10,019)</u>	<u>-</u>	<u>(109,207)</u>
Balance, December 31, 2013	<u>1,278,262</u>	<u>47,926</u>	<u>205,813</u>	<u>1,532,001</u>
Net investment earnings	66,137	13,128	-	79,265
Bequest, contributions	24,000	-	-	24,000
Appropriated for expenditure	<u>(51,130)</u>	<u>(10,149)</u>	<u>-</u>	<u>(61,279)</u>
Balance, December 31, 2014	<u>1,317,269</u>	<u>50,905</u>	<u>205,813</u>	<u>1,573,987</u>

**NOTE 10 Grants Payable**

Episcopal Charities expects to pay the total balance of \$113,900 in grants payable in 2015.

**NOTE 11 Uncertain Tax Positions**

Episcopal Charities recognizes the effect of tax positions only if they are more likely than not to be sustained. Management has determined that Episcopal Charities has no uncertain tax positions that would require financial statement recognition and/or disclosure. Under the statute of limitation, the Organization is no longer subject to examinations by the applicable taxing jurisdiction for periods ending prior to 2011.



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**NOTE 12 Fixed Assets**

Fixed Assets consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Equipment	\$22,462	\$22,462
Less: Accumulated depreciation	<u>15,581</u>	<u>12,371</u>
	<u>6,881</u>	<u>10,091</u>

**NOTE 13 Retirement Plans**

Episcopal Charities contracted with the Episcopal Diocese of New York for lay retirement benefits in 2014 and 2013. Through this contract, non-clergy 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 2014 and 2013 was \$39,619 and \$35,475, respectively. Additional information regarding this plan can be found in the Diocese's audit report.

Episcopal Charities is also a participating employer in The Church Pension Fund Clergy Pension Plan, EIN 13-5562193, a separate trustee-managed multi-employer defined benefit pension plan, for its sole clergy employee, whose employment ceased effective June 30, 2013. The plan generally provides retirement benefits to clergy based on years of clergy service and wages earned. Contributions are calculated as 18% of the employee's salary, which totaled \$5,546 for 2013 which was less than .01% of the total benefit contributions to the plan. These contributions were recognized as pension expense by Episcopal Charities for the respective years.

The risks of participating in this multi-employer defined benefit pension plan are different from single-employer plans because assets contributed by one employer may be used to provide benefits to employees of other participating employers. However the current employer of the clergy staff member is only responsible for making contributions defined by the Church Pension Fund while the clergy member is employed by the organization. Episcopal Charities will not be responsible for future under-funding requirements. As of March 31, 2014, the total plan net assets available for pension benefits for the clergy pension were \$8,643,159,000 and the actuarial present value of accumulated benefit obligations was \$5,821,173,000. The total benefits paid by this plan to retired clergy members for the plan year were \$290,766,000.