

**EPISCOPAL IMPACT FUND AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

# EPISCOPAL IMPACT FUND AND AFFILIATE

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent accountants' review report	1
Consolidated financial statements:	
Consolidated statements of financial position	2
Consolidated statements of activities	3 - 4
Consolidated statements of functional expenses	5 - 6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8 - 17



## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Episcopal Impact Fund and Affiliate

We have reviewed the accompanying consolidated financial statements of Episcopal Impact Fund and Affiliate (both California nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagements 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 consolidated 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 Episcopal Impact Fund and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountants' Conclusion**

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

San Francisco, California  
August 8, 2024

**EPISCOPAL IMPACT FUND AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,**

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 1,187,845	\$ 789,234
Investments	118,096	473,398
Pledges receivable, net of discount	-	159,276
Prepaid expenses and other	<u>10,872</u>	<u>1,720</u>
Total current assets	1,316,813	1,423,628
<u>Property and equipment, net</u>	994	1,822
<u>Other assets</u>		
Pledges receivable, long-term	527,492	472,898
Investments held for long-term purposes	<u>19,488,187</u>	<u>17,820,557</u>
TOTAL ASSETS	<u>\$ 21,333,486</u>	<u>\$ 19,718,905</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
<u>Current liabilities</u>		
Accounts payable	\$ 63,951	\$ 63,592
Accrued expenses	<u>26,219</u>	<u>9,699</u>
Total liabilities	<u>90,170</u>	<u>73,291</u>
 <u>Net Assets:</u>		
Without donor restrictions	3,782,073	3,642,065
With donor restrictions	<u>17,461,243</u>	<u>16,003,549</u>
Total net assets	<u>21,243,316</u>	<u>19,645,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,333,486</u>	<u>\$ 19,718,905</u>

See independent accountants' review report and notes to the financial statements

**EPISCOPAL IMPACT FUND AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<u>Operating revenue, support and gains</u>			
Contributions	\$ 225,104	\$ 1,758	\$ 226,862
Special events, net of \$124,942 expenses	135,747	-	135,747
Investment income, net	111,108	600,738	711,846
Net assets released from restrictions	<u>833,284</u>	<u>(833,284)</u>	<u>-</u>
Total operating revenue, support, and gains	<u>1,305,243</u>	<u>(230,788)</u>	<u>1,074,455</u>
<u>Operating expenses</u>			
Program expenses:			
Strategic Programs	<u>1,094,892</u>	<u>-</u>	<u>1,094,892</u>
Supporting services:			
Management and General	123,350	-	123,350
Fundraising	<u>221,204</u>	<u>-</u>	<u>221,204</u>
Total supporting services	<u>344,554</u>	<u>-</u>	<u>344,554</u>
Total operating expenses	<u>1,439,446</u>	<u>-</u>	<u>1,439,446</u>
Change in net assets from operating activities	(134,203)	(230,788)	(364,991)
<u>Non-operating activities</u>			
Long-term investment gains and losses	<u>274,211</u>	<u>1,688,482</u>	<u>1,962,693</u>
Change in net assets	140,008	1,457,694	1,597,702
Net assets at beginning of year	<u>3,642,065</u>	<u>16,003,549</u>	<u>19,645,614</u>
Net assets at end of year	<u>\$ 3,782,073</u>	<u>\$ 17,461,243</u>	<u>\$21,243,316</u>

See independent accountants' review report and notes to the financial statements

**EPISCOPAL IMPACT FUND AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Operating revenue, support and gains</u>			
Contributions	\$ 594,275	\$ -	\$ 594,275
Special events, net of \$196,689 expenses	195,496	-	195,496
Investment income, net	106,481	645,173	751,654
Net assets released from restrictions	<u>778,993</u>	<u>(778,993)</u>	<u>-</u>
Total operating revenue, support, and gains	<u>1,675,245</u>	<u>(133,820)</u>	<u>1,541,425</u>
<u>Operating expenses</u>			
Program expenses:			
Strategic Programs	<u>1,146,978</u>	<u>-</u>	<u>1,146,978</u>
Supporting services:			
Management and General	160,604	-	160,604
Fundraising	<u>177,950</u>	<u>-</u>	<u>177,950</u>
Total supporting services	<u>338,554</u>	<u>-</u>	<u>338,554</u>
Total operating expenses	<u>1,485,532</u>	<u>-</u>	<u>1,485,532</u>
Change in net assets from operating activities	189,713	(133,820)	55,893
<u>Non-operating activities</u>			
Long-term investment gains and losses	<u>(565,620)</u>	<u>(3,610,964)</u>	<u>(4,176,584)</u>
Change in net assets	(375,907)	(3,744,784)	(4,120,691)
Net assets at beginning of year	<u>4,017,972</u>	<u>19,748,333</u>	<u>23,766,304</u>
Net assets at end of year	<u>\$ 3,642,065</u>	<u>\$16,003,549</u>	<u>\$19,645,614</u>

See independent accountants' review report and notes to the financial statements

**EPISCOPAL IMPACT FUND AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Strategic Programs	Management and General	Fundraising	Total
Donations and grants	\$ 870,906	\$ -	\$ -	\$ 870,906
Salaries and payroll taxes	171,873	79,368	143,515	394,756
Employee benefits	28,402	9,442	10,227	48,071
Professional fees	-	20,800	24,126	44,926
Marketing	12,041	-	30,203	42,244
Equipment maintenance and rental	1,374	748	11,305	13,427
Conferences and meetings	4,610	4,750	467	9,827
Insurance	736	5,658	736	7,130
Printing and other publication expenses	3,028	260	198	3,486
Bank and other fees	-	1,823	-	1,823
Travel	1,112	-	198	1,310
Depreciation	239	376	213	828
Other operating expenses	553	125	16	694
Training and development	18	-	-	18
Total	<u>\$ 1,094,892</u>	<u>\$ 123,350</u>	<u>\$ 221,204</u>	<u>\$ 1,439,446</u>

See independent accountants' review report and notes to the financial statements

**EPISCOPAL IMPACT FUND AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Strategic Programs	Management and General	Fundraising	Total
Donations and grants	\$ 882,602	\$ -	\$ -	\$ 882,602
Salaries and payroll taxes	216,275	100,224	117,372	433,871
Professional fees	8,750	25,680	27,310	61,740
Employee benefits	29,592	12,009	13,553	55,154
Conferences and meetings	1,793	7,179	7,416	16,388
Printing and other publication expenses	3,716	1,192	6,485	11,393
Insurance	943	5,621	943	7,507
Equipment maintenance and rental	1,309	5,578	-	6,887
Bank and other fees	80	833	1,767	2,680
Other operating expenses	301	1,672	-	1,973
Marketing	122	379	1,401	1,902
Travel	1,080	-	767	1,847
Depreciation	415	237	336	988
Training and development	-	-	600	600
Total	<u>\$ 1,146,978</u>	<u>\$ 160,604</u>	<u>\$ 177,950</u>	<u>\$ 1,485,532</u>

See independent accountants' review report and notes to the financial statements



**EPISCOPAL IMPACT FUND AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ <u>1,597,702</u>	\$ <u>(4,120,691)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	828	989
Net realized and unrealized (gains) losses on investments	(1,962,693)	4,176,584
Changes in operating assets and liabilities:		
Pledges receivable	104,682	(242,362)
Prepaid expenses and other	(9,152)	9,804
Accounts payable	359	(35,269)
Accrued expenses	<u>16,520</u>	<u>(6,281)</u>
Total adjustments	<u>(1,849,456)</u>	<u>3,903,465</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(251,754)</u>	<u>(217,226)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(737,519)	(1,773,519)
Proceeds from sale of investments	1,387,884	736,839
Purchases of property and equipment	<u>-</u>	<u>(2,272)</u>
<b>NET CASH PROVIDED BY/USED IN INVESTING ACTIVITIES</b>	<u>650,365</u>	<u>(1,038,952)</u>
<b>INCREASE (DECREASE) IN CASH</b>	398,611	(1,256,178)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>789,234</u>	<u>2,045,412</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 1,187,845</u>	<u>\$ 789,234</u>

See independent accountants' review report and notes to the financial statements

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note A**

**Nature of Organization**

The consolidated financial statements include the accounts of Episcopal Impact Fund and its Affiliate, The Brotherton Fund (collectively the "Organization"). Episcopal Impact Fund and The Brotherton Fund operate under common management.

The Organization is a non-profit grantmaking organization that helps elevate the lives of its Bay Area neighbors experiencing poverty. The Organization makes grants to community-based organizations doing heart-centered work to end the cycle of poverty for Bay Area families. It uses its experience and a strategic process to find, fund, and support hands-on service providers ready to make an impact today. The Organization has been funding community-based poverty relief efforts for decades. Based on experience, focus is on housing security for families as a cornerstone in breaking the cycle of intergenerational poverty in the Bay Area. The Organization combines the generosity and engagement of supporters with hands-on nonprofit organizations to make an impact for its most vulnerable neighbors.

To expand its impact, the Organization added to its grantmaking portfolio by including the launch of the "Say Yes!" Fund, which honors the legacy of retired Executive Director, Kathleen Piraino, and her willingness to partner with grantees when unexpected needs occurred. Understanding that the Organization will not affect the root causes of poverty without engaging in systems change, new advocacy grants were also added to its philanthropy.

The Brotherton Fund came under Episcopal Impact Fund's management as a result of a 2004 Reorganization Agreement between Episcopal Impact Fund and the Brotherton Fund. Funds transferred at that time were \$9,801,803, permanently restricted for the benefit of St. Luke's Campus of the California Pacific Medical Center, now the Mission/Bernal campus of California Pacific Medical Center, and \$3,362,205 restricted for general charitable purposes to improve the general health and welfare of the San Francisco community served by the hospital.

Grants made totaled \$870,906 and \$882,602 in 2023 and 2022, respectively. These grants have positively affected over 100,000 Bay Area residents experiencing poverty and homelessness.

**Note B**

**Summary of Significant Accounting Policies**

**Basis of Accounting and Consolidation:**

The accompanying consolidated financial statements include the accounts of Episcopal Impact Fund and Affiliate, after elimination of intercompany accounts and transactions. The consolidated financial statements have been prepared on the accrual basis of accounting.

**Financial Statement Presentation:**

In accordance with Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities*, the Organization reports information regarding its financial position and its activities according to the following net asset classifications:

- Without donor restrictions including board designated amounts.
- With donor restrictions. Net assets with donor restrictions are reclassified to without donor restrictions upon satisfaction of the time or purpose restrictions.

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents:

For the purpose of the consolidated statements of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. The Organization maintains cash balances at one commercial bank, and these balances can exceed the Federal Deposit Insurance Corporation (FDIC) deposit limit of \$250,000 per institution. At December 31, 2023 and 2022, the Organization's cash balances held at the commercial bank exceeded the FDIC limit by \$203,577 and \$186,361, respectively. The Organization has not experienced any losses through the date when the consolidated financial statements were available to be issued.

Investments:

Investments consist of equity securities - primarily mutual funds - and are reported at their fair values in the statements of financial position. All equity securities held by the Organization are considered to be available-for-sale securities. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

Investment income and gains and losses on investments are recorded as increases or decreases in net assets without donor restriction, unless their use is restricted by explicit donor stipulations, or by law. Investment income and gains and losses on investments whose use is restricted by explicit donor stipulation, or by law, but whose restrictions expire in the same reporting period as earned, are reported as investment income without donor restriction.

Fair Value Measurements:

Professional accounting standards establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, and observable inputs other than quoted prices for the assets.
- Level 3 inputs are unobservable inputs developed based on the best information available and reflect assumptions market participants would use in valuing the asset or liability.

The fair value of mutual funds is based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded.

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note B**

**Summary of Significant Accounting Policies (Continued)**

Contributions and Contributions Receivable:

Contributions received are reported as with donor restrictions, if applicable, or without donor restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions that are promised in one year but are not expected to be collected until after the end of that year are recorded as contributions receivable. Uncollectible receivables are expensed using the direct write-off method.

Property and Equipment:

The Organization capitalizes property and equipment with an estimated useful life in excess of one year. Property and equipment is carried at cost or, if donated, at the estimated fair value on the date of the contribution. Maintenance and repair costs are expensed. Depreciation is provided over the useful lives of the respective assets on a straight-line basis. Useful lives are 7 years for furniture and 3 years for the website, computer equipment, and software.

Functional Expenses:

The costs of providing program and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs may have been allocated among the services benefited. This allocation is determined by management's internal estimate.

Income Taxes:

The Organization is exempt from federal income taxes and franchise taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and 23701(d) of California Revenue and Taxation Code, respectively. The Organization is required to submit annual federal and state information returns. The Internal Revenue Service has determined that the Organization is not a private foundation.

New Accounting Pronouncements:

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning net assets as of the beginning of the fiscal year of adoption.

The Organization adopted the CECL standard effective January 1, 2023 using the required modified retrospective approach. The impact of the adoption was not considered material to the financial statements.

Nature of Estimates:

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

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note C**

**Liquidity and Availability of Resources**

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 480,905	\$ 477,694
Investments	118,096	473,398
Endowment spending	<u>156,924</u>	<u>144,600</u>
Available for general expenditures	<u>\$ 755,925</u>	<u>\$ 1,095,692</u>

Cash available for general use excludes money markets funds held in the investment portfolio. Endowment funds consist of donor-restricted amounts and funds designated by the Board as endowments. Income from donor-restricted endowments may be restricted for specific purposes and not available for general expenditures. The board designated endowment spending is based on the spending policy as described in Note G. Although the Organization does not intend to spend additional amounts from this board-designated endowment, these amounts could be made available if necessary.

**Note D**

**Investments**

In accordance with the ASC 820, the Organization's investments are considered to be Level 1 within the fair value hierarchy. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

The Organization's investments consist of domestic and international bond and equity mutual funds which are valued based on the published closing net asset value per share, a Level 1 fair value methodology. Investments consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Domestic Bond Mutual Funds	\$ 4,754,520	\$ 4,538,535
International Bond Mutual Funds	1,986,928	1,826,644
Domestic Equity Mutual Funds	8,128,956	7,721,131
International Equity Mutual Funds	<u>4,735,879</u>	<u>4,207,645</u>
Total investments	<u>\$ 19,606,283</u>	<u>\$ 18,293,955</u>

The Organization's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note D  
Investments (Continued)**

Net investment income (loss) consisted of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 759,070	\$ 800,206
Realized gains	238,539	51,188
Unrealized gains (losses)	1,724,154	(4,227,772)
Less: investment expenses	<u>(47,224)</u>	<u>(48,552)</u>
Totals	<u>\$ 2,674,539</u>	<u>\$ (3,424,930)</u>

Reported on Statement of Activities as:

Investment income, net	\$ 711,846	\$ 751,654
Long-term investment gains and losses	<u>1,962,693</u>	<u>(4,176,584)</u>
Totals	<u>\$ 2,674,539</u>	<u>\$ (3,424,930)</u>

**Note E  
Pledges Receivable**

Pledges receivable consisted of the following:

December 31, 2023	<u>Current</u>	<u>Due in 2 to 4 Years</u>	<u>Total</u>
With donor restrictions	\$ -	\$ 300,000	\$ 300,000
Without donor restrictions	-	254,000	254,000
Discount to present value	<u>-</u>	<u>(26,508)</u>	<u>(26,508)</u>
	<u>\$ -</u>	<u>\$ 527,492</u>	<u>\$ 527,492</u>

December 31, 2022	<u>Current</u>	<u>Due in 2 to 4 Years</u>	<u>Total</u>
With donor restrictions	\$ 100,000	\$ 300,000	\$ 400,000
Without donor restrictions	62,000	199,000	261,000
Discount to present value	<u>(2,724)</u>	<u>(26,102)</u>	<u>(28,826)</u>
	<u>\$ 159,276</u>	<u>\$ 472,898</u>	<u>\$ 632,174</u>

Pledges receivable are stated at their net present values. Management has discounted these promises to give based on 2.81% and 1.04% discount rates, the mid-term U.S Treasury rates at December 31, 2023 and 2022, respectively. The present value discount will be recognized in income as a contribution over the period from the date the promise was made to the date of collection.

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note F**

**Property and Equipment**

The following is a summary of property and equipment at cost at December 31:

	<u>2023</u>	<u>2022</u>
Furniture	\$ 1,258	\$ 1,258
Website	11,288	11,288
Computer	<u>49,909</u>	<u>49,909</u>
	62,455	62,455
Less: accumulated depreciation	<u>(61,461)</u>	<u>(60,633)</u>
Property and equipment, net	<u>\$ 994</u>	<u>\$ 1,822</u>

Depreciation expense for the years ended December 31, 2023 and 2022, totaled \$828 and \$989, respectively.

**Note G**

**Endowment**

As required by professional accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions and board designations. Endowment funds comprised the following:

December 31, 2023	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Board Designated	\$ 3,138,221	\$ -	\$ 3,138,221
Donor Restricted Endowment Funds	<u>-</u>	<u>17,461,243</u>	<u>17,461,243</u>
Totals	<u>\$ 3,138,221</u>	<u>\$ 17,461,243</u>	<u>\$ 20,599,464</u>
December 31, 2022	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Board Designated	\$ 2,891,748	\$ -	\$ 2,891,748
Donor Restricted Endowment Funds	<u>-</u>	<u>16,003,549</u>	<u>16,003,549</u>
Totals	<u>\$ 2,891,748</u>	<u>\$ 16,003,549</u>	<u>\$ 18,895,297</u>

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note G  
Endowment (Continued)**

Net changes in endowment funds were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2021	\$ <u>3,175,416</u>	\$ <u>19,748,333</u>	\$ <u>22,923,749</u>
Investment return:			
Interest and dividends	112,866	687,291	800,157
Net realized/unrealized gains	(565,563)	(3,610,964)	(4,176,527)
Investment fees	<u>(6,433)</u>	<u>(42,118)</u>	<u>(48,551)</u>
Total investment return	<u>(459,130)</u>	<u>(2,965,791)</u>	<u>(3,424,921)</u>
Designated for endowment	300,000	-	300,000
Appropriations	<u>(124,538)</u>	<u>(778,993)</u>	<u>(903,531)</u>
Net change	<u>(283,668)</u>	<u>(3,744,784)</u>	<u>(4,028,452)</u>
Balance, December 31, 2022	<u>2,891,748</u>	<u>16,003,549</u>	<u>18,895,297</u>
Investment return:			
Interest and dividends	117,538	641,434	758,972
Net realized/unrealized gains	274,191	1,688,482	1,962,673
Investment fees	<u>(6,527)</u>	<u>(40,696)</u>	<u>(47,223)</u>
Total investment return	385,202	2,289,220	2,674,422
Contributions	-	1,758	1,758
Appropriations	<u>(138,729)</u>	<u>(833,284)</u>	<u>(972,013)</u>
Net change	<u>246,473</u>	<u>1,457,694</u>	<u>1,704,167</u>
Balance, December 31, 2023	\$ <u>3,138,221</u>	\$ <u>17,461,243</u>	\$ <u>20,599,464</u>

Interpretation of Relevant Law:

The Organization has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective January 1, 2009, in California, as requiring the preservation of the original gift value, as of the gift date, of the donor-restricted endowment assets.

Investment Policy:

The Organization has adopted an investment objective of long-term growth and income. This balanced approach seeks to earn long-term returns sufficient to grow the purchasing power of the funds while providing a substantial source of cash flow in support of the Organization's grants and operations. The portfolio aims for market rate returns based on a neutral target of 50% stocks, 20% bonds, 15% alternative investments, 10% real property assets and 5% cash equivalents. The Organization expects to earn an average annual real rate of return, after inflation and fees, of 4% over a market cycle. Actual returns in a given year may vary from this target.



**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note G**  
**Endowment (Continued)**

Spending Policy:

The State Uniform Prudent Management of Institutional Funds Act moves away from the concept of corpus with its “historical dollar value” in an endowment. Charities are encouraged to develop spending policies that are responsive to short term fluctuations in the value of the fund, preserve the value of the fund for future use, and honor the charitable purpose of the fund. Episcopal Impact Fund will continue to balance the endurance of its funds and the needs of the community in its granting policy and practices.

The Organization annually budgeted 4.75% and 5.00% of the rolling 12 quarter average endowment fund balance for grants and administrative expenses for the years ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2024 and thereafter, the percentage is set at 4.50%.

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 requires Episcopal Impact Fund to retain as a fund of perpetual duration. No fund deficiencies existed as of the years ended December 31, 2023 and 2022.

**Note H**  
**Retirement Plan**

The Organization participates in a defined contribution pension plan of the Episcopal Diocese of California (the “Plan”). The Plan covers all lay employees who have completed their service commitment as defined by the Plan and have attained the age of 18. The Organization contributes 5% of each participant’s eligible compensation to the Plan and matches participant's contributions, dollar for dollar, up to another 4% of participant's compensation. Retirement plan expenses for the years ended December 31, 2023 and 2022, totaled \$28,003 and \$36,223, respectively.

**Note I**  
**Related Party Transactions**

The Organization’s payroll services are administered by the Episcopal Diocese of California. Total expenditures with the Diocese were \$349,349 and \$403,900 for the years ended December 31, 2023 and 2022, respectively. Amounts due to the Diocese at December 31, 2023 and 2022 were \$33,785 and \$40,308, respectively.

**Note J**  
**Net Assets Without Donor Restrictions**

Net assets without restrictions consisted of the following at December 31:

	2023	2022
Available for operations	\$ 643,852	\$ 750,317
Board designated for endowment purposes	3,138,221	2,891,748
Net assets without donor restrictions	\$ 3,782,073	\$ 3,642,065

There were no additional Board designations during the year ended December 31, 2023. During the year ended December 31, 2022, the Board designated \$300,000 for long-term purposes. Appropriations from the board designated endowment funds are made as part of the annual budgeting process.

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note K**

**Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of the following at December 31, 2023:

	Balance December 31, 2022	Contributions	Investment Income	Released from Restrictions	Balance December 31, 2023
Endowment funds:					
Outreach programs	\$ 594,404	\$ -	\$ 73,574	\$ (14,385)	\$ 653,593
Health research	226,065	-	27,984	(17,471)	236,578
Ministries	701,402	-	86,820	(28,874)	759,348
Dependency programs	115,358	-	14,279	(8,892)	120,745
Episcopal Impact Fund	17,105	-	-	-	17,105
Freeman Housing Fund	476,512	1,758	15,177	(3,187)	490,260
The Brotherton Fund:					
St. Luke's Hospital	10,682,026	-	1,597,655	(668,657)	11,611,024
Social Welfare	<u>3,190,677</u>	<u>-</u>	<u>473,731</u>	<u>(91,818)</u>	<u>3,572,590</u>
<b>TOTAL</b>	<b><u>\$ 16,003,549</u></b>	<b><u>\$ 1,758</u></b>	<b><u>\$ 2,289,220</u></b>	<b><u>\$ (833,284)</u></b>	<b><u>\$ 17,461,243</u></b>

Net assets with donor restrictions consisted of the following at December 31, 2022:

	Balance December 31, 2021	Investment Income	Released from Restrictions	Balance December 31, 2022
Endowment funds:				
Outreach programs	\$ 693,660	\$ (89,022)	\$ (10,234)	\$ 594,404
Health research	277,818	(35,654)	(16,099)	226,065
Ministries	832,412	(106,829)	(24,181)	701,402
Dependency programs	141,739	(18,190)	(8,191)	115,358
Episcopal Impact Fund	17,105	-	-	17,105
Freeman Housing Fund	489,812	(11,929)	(1,371)	476,512
The Brotherton Fund:				
St. Luke's Hospital	13,382,844	(2,085,712)	(615,106)	10,682,026
Social Welfare	<u>3,912,943</u>	<u>(618,455)</u>	<u>(103,811)</u>	<u>3,190,677</u>
<b>TOTAL</b>	<b><u>\$ 19,748,333</u></b>	<b><u>\$ (2,965,791)</u></b>	<b><u>\$ (778,993)</u></b>	<b><u>\$ 16,003,549</u></b>

**Note L**

**Episcopal Diocese Capital Campaign**

The Organization is an identified beneficiary of the capital campaign conducted by the Episcopal Diocese of California. During the years ended December 31, 2023 and 2022, the Organization received \$63,000 and \$84,654 of contributions from the campaign, respectively. The Organization expects to continue to receive contributions as pledged campaign funds are collected and made available by the Diocese. The amount and timing of these potential contributions cannot be estimated at this time.

**EPISCOPAL IMPACT FUND AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**Note M**

**Subsequent Events**

Management considered all events through August 8, 2024, the date the consolidated financial statements were available for release, in preparing the consolidated financial statements and the related disclosures. The Organization is not aware of any other significant events that occurred subsequent to December 31, 2023, but prior to the issuance of this report, that would have a material impact on the consolidated financial statements.