



**EPISCOPAL IMPACT FUND AND AFFILIATE**

**(A California Not-For-Profit Organization)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND DECEMBER 31, 2020**



## **EPISCOPAL IMPACT FUND AND AFFILIATE**

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## Independent Auditors' Report

Board of Directors  
Episcopal Impact Fund and Affiliate

### Opinion

We have audited the accompanying consolidated financial statements of Episcopal Impact Fund and Affiliate (both California not-for-profit organizations) which comprise the consolidated statements of financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Episcopal Impact Fund and Affiliate as of December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Consolidated Financial Statements

The 2020 consolidated financial statements were reviewed by us, and our report thereon, dated July 23, 2021, stated we were not aware of any material modifications that should be made to those consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the consolidated financial statements as a whole.

### Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Episcopal Impact Fund and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Episcopal Impact Fund and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Episcopal Impact Fund and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*RINA Accountancy LLP*

Certified Public Accountants

San Francisco, California  
May 4, 2022

## EPISCOPAL IMPACT FUND AND AFFILIATE

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u> <u>(Reviewed)</u>
CURRENT:		
Cash	\$ 2,045,412	\$ 1,328,955
Investments	-	338,595
Pledges receivable, net of discount	98,971	-
Prepaid expenses and other	11,524	12,049
TOTAL CURRENT ASSETS	2,155,907	1,679,599
PROPERTY AND EQUIPMENT, net	540	2,442
OTHER:		
Pledges receivable, long term	290,841	-
Investments held for long-term purposes	21,433,858	19,501,254
TOTAL ASSETS	\$ 23,881,146	\$ 21,183,295
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 98,861	\$ 53,989
Accrued expenses	15,980	18,797
Paycheck Protection Program loan payable	-	58,300
TOTAL LIABILITIES (All Current)	114,841	131,086
NET ASSETS:		
Without donor restrictions	4,017,972	3,144,854
With donor restrictions	19,748,333	17,907,355
TOTAL NET ASSETS	23,766,305	21,052,209
TOTAL LIABILITIES AND NET ASSETS	\$ 23,881,146	\$ 21,183,295

See accompanying independent auditors' report and notes to consolidated financial statements.

# EPISCOPAL IMPACT FUND AND AFFILIATE

## CONSOLIDATED STATEMENTS OF ACTIVITIES

### YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 705,228	\$ 489,812	\$ 1,195,040
Special events, net of \$43,944 expenses	467,044	-	467,044
Investment income, net	159,301	718,788	878,089
Paycheck Protection Program loan forgiveness	58,300	-	58,300
Net assets released from restrictions	728,585	(728,585)	-
	2,118,458	480,015	2,598,473
OPERATING EXPENSES:			
Program expenses:			
Strategic programs	1,036,015	-	1,036,015
Supporting services:			
Management and general	131,555	-	131,555
Fundraising	185,026	-	185,026
	316,581	-	316,581
	1,352,596	-	1,352,596
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	765,862	480,015	1,245,877
NON-OPERATING ACTIVITIES:			
Long-term investment activities:			
Investment gains and losses	107,256	1,360,963	1,468,219
CHANGE IN NET ASSETS	873,118	1,840,978	2,714,096
NET ASSETS, beginning of year	3,144,854	17,907,355	21,052,209
NET ASSETS, end of year	\$ 4,017,972	\$ 19,748,333	\$ 23,766,305

See accompanying independent auditors' report and notes to consolidated financial statements.

## EPISCOPAL IMPACT FUND AND AFFILIATE

### CONSOLIDATED STATEMENTS OF ACTIVITIES

#### YEAR ENDED DECEMBER 31, 2020 (REVIEWED)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 858,924	\$ -	\$ 858,924
Special events, net of \$49,745 expenses	347,656	-	347,656
Investment income, net	68,498	578,407	646,905
Net assets released from restrictions	787,150	(787,150)	-
	2,062,228	(208,743)	1,853,485
TOTAL OPERATING REVENUE, SUPPORT AND GAINS			
OPERATING EXPENSES:			
Program expenses:			
Strategic programs	1,178,843	-	1,178,843
Supporting services:			
Management and general	111,275	-	111,275
Fundraising	162,239	-	162,239
	273,514	-	273,514
TOTAL OPERATING EXPENSES	1,452,357	-	1,452,357
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	609,871	(208,743)	401,128
NON-OPERATING ACTIVITIES:			
Long-term investment activities:			
Investment gains and losses	183,151	1,767,212	1,950,363
CHANGE IN NET ASSETS	793,022	1,558,469	2,351,491
NET ASSETS, beginning of year	2,351,832	16,348,886	18,700,718
NET ASSETS, end of year	\$ 3,144,854	\$ 17,907,355	\$ 21,052,208

See accompanying independent auditors' report and notes to consolidated financial statements.

**EPISCOPAL IMPACT FUND AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2021**

	<u>Strategic Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donations and grants	\$ 812,900	\$ -	\$ -	\$ 812,900
Salaries and payroll taxes	180,116	92,009	131,862	403,987
Professional fees	6,750	16,800	25,133	48,683
Employee benefits	19,283	8,819	10,229	38,331
Printing and other publication expenses	2,600	919	11,370	14,889
Conferences and meetings	8,702	2,197	338	11,237
Insurance	685	5,476	685	6,846
Marketing	3,053	338	848	4,239
Bank and other fees	-	1,313	2,559	3,872
Other operating expenses	769	1,784	103	2,656
Equipment maintenance and rental	263	1,368	930	2,561
Depreciation	450	532	920	1,902
Travel	328	-	-	328
Training and development	116	-	49	165
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TOTAL EXPENSES	\$ 1,036,015	\$ 131,555	\$ 185,026	\$ 1,352,596
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See accompanying independent auditors' report and notes to consolidated financial statements.



## EPISCOPAL IMPACT FUND AND AFFILIATE

### CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

#### YEAR ENDED DECEMBER 31, 2020 (REVIEWED)

	Strategic Programs	Management and General	Fundraising	Total
Donations and grants	\$ 980,468	\$ -	\$ -	\$ 980,468
Salaries and payroll taxes	167,429	78,683	132,680	378,792
Professional fees	5,750	16,300	425	22,475
Printing and other publication expenses	117	2,356	15,427	17,900
Employee benefits	5,069	2,797	3,523	11,389
Conferences and meetings	8,727	1,118	41	9,886
Travel	3,316	2,302	1,681	7,299
Insurance	5,151	831	809	6,791
Bank and other fees	-	1,610	2,474	4,084
Marketing	1,788	2,120	25	3,933
Other operating expenses	58	2,073	741	2,872
Depreciation	970	554	785	2,309
Donor cultivation	-	-	2,147	2,147
Equipment maintenance and rental	-	531	1,407	1,938
Training and development	-	-	74	74
	<u>\$ 1,178,843</u>	<u>\$ 111,275</u>	<u>\$ 162,239</u>	<u>\$ 1,452,357</u>
TOTAL EXPENSES	<u>\$ 1,178,843</u>	<u>\$ 111,275</u>	<u>\$ 162,239</u>	<u>\$ 1,452,357</u>

See accompanying independent auditors' report and notes to consolidated financial statements.

## EPISCOPAL IMPACT FUND AND AFFILIATE

### CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2021	Year Ended December 31, 2020 (Reviewed)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,714,096	\$ 2,351,491
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,902	2,309
Paycheck protection program loan forgiveness	(58,300)	-
Net realized and unrealized gains on investments	(1,468,219)	(1,950,363)
Changes in operating assets and liabilities:		
Contributions receivable	(389,812)	-
Prepaid expenses and other	525	(10,014)
Accounts payable	44,872	85,643
Accrued expenses	(2,817)	7,809
Due to agencies	-	(6,180)
	842,247	480,695
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	-	(800)
Proceeds from sales of investments	2,077,103	5,682,283
Purchases of investments	(2,202,893)	(5,643,851)
	(125,790)	37,632
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>NET INCREASE IN CASH</b>	716,457	518,327
<b>CASH, beginning of year</b>	1,328,955	810,628
<b>CASH, end of year</b>	\$ 2,045,412	\$ 1,328,955

See accompanying independent auditors' report and notes to consolidated financial statements.

# EPISCOPAL IMPACT FUND AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – DECEMBER 31, 2021 AND DECEMBER 31, 2020

### Note 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Organization:

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

The Organization is a nonprofit faith-based organization that looks to maximize its impact for positive change by identifying agencies and initiatives that are at a critical juncture, where the Organization’s financial support, combined with the human and physical resources offered by the Organization’s Action Networks, will have a significant effect. The Organization operates Regional Action Networks in the focus areas of Healthcare, Education, and Environment, drawing members from local parishes, social service agencies and other communities who are interested in working together to address root causes of poverty. The Organization awards grants to the qualified agencies and initiatives that run those projects.

The Brotherton Fund came under Episcopal Impact Fund’s management as a result of a 2004 Reorganization Agreement between Episcopal Impact Fund (formerly Episcopal Charities) 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, which is an Affiliate of Sutter Health, and \$3,362,205 restricted for general charitable purposes for the public welfare of San Francisco.

#### Basis of accounting and consolidation:

The accompanying consolidated financial statements include the accounts of Episcopal Impact Fund and its 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.

The Organization accounts for dividends, interest and investment fees as operating activities and net realized and unrealized gains and losses as non-operating investment activities.

#### 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. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices observable for the asset or liability, either directly or indirectly. 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.

## EPISCOPAL IMPACT FUND AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – DECEMBER 31, 2021 AND DECEMBER 31, 2020

**Note 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Cash equivalents:

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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 allocation of 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 California 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.

Subsequent events:

Management has evaluated events and transactions for potential recognition or disclosure through May 4, 2022, the date the financial statements were available to be issued.

**Note 2. NATURE OF ESTIMATES:**

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

## EPISCOPAL IMPACT FUND AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – DECEMBER 31, 2021 AND DECEMBER 31, 2020

**Note 3. CONCENTRATIONS:**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. The Organization places its cash and cash equivalents and marketable securities with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Organization has not experienced any losses in such accounts.

**Note 4. LIQUIDITY AND AVAILABILITY:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020	
Cash	\$ 1,045,320	\$ 562,181	
Investments	-	338,595	
Endowment spending	158,800	123,300	
Available for general expenditures	\$ 1,204,120	\$ 1,024,076	

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 8. Although the Organization does not intend to spend additional amounts from this board-designated endowment, these amounts could be made available if necessary.

**Note 5. INVESTMENTS:**

The Organization's investments consist of 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:

	2021	2020	
Bond funds	\$ 5,066,282	\$ 2,095,844	
International bond funds	2,056,053	1,776,655	
Equity funds	9,088,566	10,599,937	
International equity funds	5,222,957	5,367,413	
Totals	\$ 21,433,858	\$ 19,839,849	

## EPISCOPAL IMPACT FUND AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – DECEMBER 31, 2021 AND DECEMBER 31, 2020

**Note 5. INVESTMENTS (Continued):**

Net investment income consisted of the following for the years ended December 31:

	2021	2020
Dividends and interest	\$ 918,210	\$ 677,477
Realized gains (losses)	566,103	252,570
Unrealized gains (losses)	902,116	1,697,793
Investment fees	(40,121)	(30,571)
Totals	\$ 2,346,308	\$ 2,597,269

**Note 6. PLEDGES RECEIVABLE:**

Pledges receivable consist of the following at December 31, 2021:

December 31, 2021	Current	Due in 2 to 4 Years	Total
With donor restrictions	\$ 100,000	\$ 300,000	\$ 400,000
Discount to present value	(1,029)	(9,159)	(10,188)
	\$ 98,971	\$ 290,841	\$ 389,812

Pledges receivable due after December 31, 2021 are stated at their net present values. Management has discounted these promises to give based on a 1.04% discount rate, the mid-term U.S Treasury rate. 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.

**Note 7. PROPERTY AND EQUIPMENT:**

Property and equipment consisted of the following at December 31:

	2021	2020
Furniture	\$ 1,258	\$ 1,258
Website	11,288	11,288
Computer	47,637	47,637
	60,183	60,183
Less: accumulated depreciation	(59,643)	(57,741)
Totals	\$ 540	\$ 2,442

Depreciation expense for the years ended December 31, 2021 and 2020 was \$1,903 and \$2,309, respectively.

## EPISCOPAL IMPACT FUND AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – DECEMBER 31, 2021 AND DECEMBER 31, 2020

**Note 8. ENDOWMENTS:**

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, 2021	Without Donor Restrictions	With Donor Restrictions	Totals
Board designated	\$ 3,175,416	\$ -	\$ 3,175,416
Donor restricted endowment funds	-	19,748,333	19,748,333
Totals	\$ 3,175,416	\$ 19,748,333	\$ 22,923,749
December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Totals
Board designated	\$ 2,466,103	\$ -	\$ 2,466,103
Donor restricted endowment funds	-	17,907,355	17,907,355
Totals	\$ 2,466,103	\$ 17,907,355	\$ 20,373,458

## EPISCOPAL IMPACT FUND AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – DECEMBER 31, 2021 AND DECEMBER 31, 2020

**Note 8. ENDOWMENTS (Continued):**

Net changes in endowment funds were as follows:

	Without Donor Restrictions	With Donor Restrictions	Totals
Balance, December 31, 2019	\$ 2,089,634	\$ 16,348,886	\$ 18,438,520
Investment return:			
Interest and dividends	71,433	605,970	677,403
Net realized/unrealized gains	183,781	1,767,212	1,950,993
Investment fees	(3,008)	(27,563)	(30,571)
Total investment return	252,206	2,345,619	2,597,825
Designated for endowment	201,000	-	201,000
Appropriations	(76,737)	(787,150)	(863,887)
Net change	376,469	1,558,469	1,934,938
Balance, December 31, 2020	2,466,103	17,907,355	20,373,458
Investment return:			
Interest and dividends	108,955	754,238	863,193
Net realized/unrealized gains	162,203	1,360,963	1,523,166
Investment fees	(4,670)	(35,450)	(40,120)
Total investment return	266,488	2,079,751	2,346,239
Contributions	-	489,812	489,812
Designated for endowment	550,000	-	550,000
Appropriations	(107,175)	(728,585)	(835,760)
Net change	709,313	1,840,978	2,550,291
Balance, December 31, 2021	\$ 3,175,416	\$ 19,748,333	\$ 22,923,749

**Interpretation of relevant law:**

The Organization has interpreted the State Uniform Prudent Management of Investment Funds Act, 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, 2021 AND DECEMBER 31, 2020

**Note 8. ENDOWMENTS (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 budgets approximately 5% of the rolling 12 quarter average endowment fund balance for grants and administrative expenses.

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.

**Note 9. 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 expense totaled \$33,447 and \$29,673 for the years ended December 31, 2021 and 2020, respectively.

**Note 10. RELATED PARTY TRANSACTIONS:**

The Organization’s payroll services are administered by the Episcopal Diocese of California. Total expenditures with the Diocese were \$372,334 and \$317,622 for the years ended December 31, 2021 and 2020, respectively. Amounts due to the Diocese at December 31, 2021 and 2020 were \$89,944 and \$36,838, respectively.

**Note 11. NET ASSETS WITHOUT DONOR RESTRICTIONS:**

Net assets without restrictions consisted of the following:

	December 31,	
	2021	2020
Available for operations	\$ 842,556	\$ 678,751
Board designated for endowment purposes	3,175,416	2,466,103
Net assets without donor restrictions	<u>\$ 4,017,972</u>	<u>\$ 3,144,854</u>

During the years ended December 31, 2021 and 2020, the Board designated an additional \$550,000 and \$201,000 for long-term endowment purposes, respectively. 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, 2021 AND DECEMBER 31, 2020

**Note 12. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions consisted of the following for the year ended December 31, 2021:

	Balance December 31, 2020	Contributions	Investment Income	Released from Restrictions	Balance December 31, 2021
Endowment funds:					
Outreach programs	\$ 640,599	\$ -	\$ 60,301	\$ (7,240)	\$ 693,660
Health research	267,650	-	25,193	(15,025)	277,818
Ministries	779,727	-	73,398	(20,713)	832,412
Dependency programs	136,529	-	12,853	(7,643)	141,739
Episcopal Impact Fund	17,105	-	-	-	17,105
Freeman Housing Fund	-	489,812	-	-	489,812
The Brotherton Fund:					
St. Luke's Hospital	12,445,963	-	1,471,639	(534,758)	13,382,844
Social Welfare	3,619,782	-	436,367	(143,206)	3,912,943
Totals	<u>\$ 17,907,355</u>	<u>\$ 489,812</u>	<u>\$ 2,079,751</u>	<u>\$ (728,585)</u>	<u>\$ 19,748,333</u>

Net assets with donor restrictions consisted of the following for the year ended December 31, 2020:

	Balance December 31, 2019	Investment Income	Released from Restrictions	Balance December 31, 2020
Endowment funds:				
Outreach programs	\$ 565,670	\$ 85,849	\$ (10,920)	\$ 640,599
Health research	244,036	37,330	(13,716)	267,650
Ministries	695,657	106,414	(22,344)	779,727
Dependency programs	124,492	19,043	(7,006)	136,529
Episcopal Impact Fund	17,105	-	-	17,105
The Brotherton Fund:				
St. Luke's Hospital	11,353,585	1,603,415	(511,037)	12,445,963
Social Welfare	3,348,341	493,568	(222,127)	3,619,782
Totals	<u>\$ 16,348,886</u>	<u>\$ 2,345,619</u>	<u>\$ (787,150)</u>	<u>\$ 17,907,355</u>

## **EPISCOPAL IMPACT FUND AND AFFILIATE**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – DECEMBER 31, 2021 AND DECEMBER 31, 2020**

**Note 13. 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, 2021 and 2020, the Organization received \$417,315 and \$326,009 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.

**Note 14. COVID-19 IMPACT:**

The COVID-19 outbreak has caused a temporary shift in operations with some of our staff required to work remotely. At this time, the Organization anticipates a minimal, negative impact from effects of COVID-19 on charitable giving, fundraising efforts and operating results. However, the financial impact and duration cannot be reasonably determined.