Financial Statements and Report of Independent Certified Public Accountants

Episcopal Relief & Development

December 31, 2023 and 2022

Contents

GRANT THORNTON LLP
757 Third Ave., 9th Floor
New York, NY 10017

D +1 212 599 0100

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Episcopal Relief & Development

Opinion
We have audited the financial statements of Episcopal Relief & Development (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the 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 US GAAS 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 financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Grant Thornton LLP

New York, New York
July 25, 2024

Episcopal Relief & Development

STATEMENTS OF FINANCIAL POSITION

December 31,

	2023	2022
ASSETS		
Cash and cash equivalents	$ 14,791,220	$ 12,845,504
Receivables, net (Note 3)	4,228,554	10,722,720
Beneficial interest in trusts held by DFMS (Note 4)	17,767,388	16,152,378
Due from DFMS	-	152,162
Prepaid expenses	327,682	555,403
Beneficial interest in outside trusts held by others (Note 2)	433,808	399,218
Lease - right of use	17,114	26,186
Property and equipment, net (Note 5)	40,449	27,004
Total assets	$ 37,606,215	$ 40,880,575
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,880,983	$ 1,993,199
Due to DFMS	63,970	-
Lease - right of use	17,114	26,186
Accrued postretirement benefits other than pensions (Note 8)	1,857,768	1,732,108
Total liabilities	3,819,835	3,751,493
Net assets (Note 2)		
Net assets without donor restrictions	14,659,074	12,710,809
Net assets with donor restrictions (Note 9)	19,127,306	24,418,273
Total net assets	33,786,380	37,129,082
Total liabilities and net assets	$ 37,606,215	$ 40,880,575

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

Episcopal Relief & Development

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2023			2022		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenues and other support						
Contributions, bequests, grants, and other	$ 13,658,999	$ 8,024,373	$ 21,683,372	$ 13,131,355	$ 24,095,130	$ 37,226,485
Investment return (Note 4)	2,377,132	150,494	2,527,626	(3,882,911)	(69,696)	(3,952,607)
Change in beneficial interest in outside trusts held by others	-	20,520	20,520	-	18,560	18,560
Contributions of nonfinancial assets (Note 6)	1,632,896	-	1,632,896	1,565,383	-	1,565,383
Other income	311,846	-	311,846	-	-	-
Net assets released from restrictions	13,486,354	(13,486,354)	-	12,505,985	(12,505,985)	-
Total revenues and other support	31,467,227	(5,290,967)	26,176,260	23,319,812	11,538,009	34,857,821
Expenses (Note 13)						
Sustainable development	17,156,468	-	17,156,468	16,855,847	-	16,855,847
Disaster relief & recovery	7,561,724	-	7,561,724	6,118,260	-	6,118,260
Total program expenses	24,718,192	-	24,718,192	22,974,107	-	22,974,107
Fundraising	2,855,395	-	2,855,395	2,975,598	-	2,975,598
Administration	1,913,987	-	1,913,987	1,945,002	-	1,945,002
Total expenses	29,487,574	-	29,487,574	27,894,707	-	27,894,707
Changes in net assets before postretirement related other than service cost	1,979,653	(5,290,967)	(3,311,314)	(4,574,895)	11,538,009	6,963,114
Postretirement related activities other than service cost	(31,388)	-	(31,388)	976,484	-	976,484
CHANGE IN NET ASSETS	1,948,265	(5,290,967)	(3,342,702)	(3,598,411)	11,538,009	7,939,598
Net assets, beginning of year	12,710,809	24,418,273	37,129,082	16,309,220	12,880,264	29,189,484
Net assets, end of year	$ 14,659,074	$ 19,127,306	$ 33,786,380	$ 12,710,809	$ 24,418,273	$ 37,129,082

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

Episcopal Relief & Development

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2023	2022
Cash flows from operating activities:		
Changes in net assets	$ (3,342,702)	$ 7,939,598
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Change in value of beneficial interest in outside trusts	(34,590)	75,591
Depreciation	8,582	8,591
Change in discount on contribution receivables	8,148	6,321
Net realized and unrealized gain on investments	(2,527,626)	3,952,607
Changes in assets and liabilities:		
Receivables	6,486,018	(6,667,014)
Prepaid expenses	227,721	(327,646)
Lease - right of use	9,072	-
Accounts payable and accrued expenses	(112,216)	238,181
Due to/from DFMS	216,132	(366,364)
Accrued postretirement benefits other than pensions	125,660	(828,663)
Change in Lease Liability	(9,072)	-
Net cash provided by operating activities	1,055,127	4,031,202
Cash flows from investing activities:		
Purchases of equipment	(22,027)	(4,885)
Distribution from trust funds	912,616	728,094
Net cash provided by investing activities	890,589	723,209
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,945,716	4,754,411
Cash, beginning of year	12,845,504	8,091,093
Cash, end of year	$ 14,791,220	$ 12,845,504

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Episcopal Relief & Development (the "Organization") is an affiliate of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church of the United States of America (the "Society" or "DFMS"). Episcopal Relief & Development was established by a resolution of the General Convention of the Episcopal Church in 1940 in order to meet the needs of European refugees fleeing World War II. Today, the Organization collaborates with leaders, communities and locally-led organizations to advance lasting change in communities around the world affected by injustice, poverty, disaster and climate change.

The Organization was incorporated in April 2002 and has been classified by the Internal Revenue Service as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code in accordance with an agreement between the Executive Council of the Episcopal Church and the Organization. The accompanying financial statements include the activity of the Organization, as a stand-alone entity, as of and for the years ended December 31, 2023 and 2022. The Organization's financial position, changes in net assets and cash flows are also included in the Society's financial statements as of and for the years ended December 31, 2023 and 2022.

Working closely with Episcopal and Anglican partners, in addition to other faith-based and secular partners, the Organization serves the needs of more than three million people annually.

Sustainable Development

The Organization partners with locally-led organizations around the world to advance lasting change in communities impacted by injustice, poverty, disaster and climate change through an inclusive, comprehensive, forward-looking approach that builds on a community's existing strengths, assets and resources. Using the Sustainable Development Goals ("SDGs") as a framework, the Organization creates long-term development strategies, demonstrating a measurable impact in the following interconnected priority areas:

> **Women and Girls**: Everyone deserves to live free from violence in a society where they are treated with dignity and respect. Together with local partners, the Organization equips faith leaders and other trusted change agents to confront harmful social norms and behaviors, preventing and responding to violence against women and girls and advancing women's empowerment.
>
> **Early Childhood Development:** The quality of care that children receive during the first 1,000 days of life affects them in ways that last a lifetime. In partnership with local faith leaders and change agents, the Organization promotes nurturing care that fosters responsive caregiving, good health and nutrition, and early learning and play, while working to reduce unhealthy environmental factors like poverty, malnutrition and exposure to violence.
>
> **Climate Resilience**: Extreme weather events like heat waves, droughts and floods are leaving millions of people without food and water. Often, those most at risk are isolated, rural, subsistence farming households, far from basic support services. An extensive faith network allows the Organization and local partners to provide the skills training, information and access to financial resources households need to recover from and adapt to rising climate risks and uncertainty.

Disaster Relief & Recovery

Working through a global network of faith and secular partners, the Organization supports people in the United States and around the world who have been impacted by natural disasters and human-made crises like conflicts. Founded on a respect for the dignity of all people, the Organization's approach is inclusive, comprehensive and forward-looking, building on a community's existing strengths, assets and resources.

> **U.S. and Global:** The Organization's U.S. Disaster Program works with Episcopal dioceses and other faith-based organizations in the United States to offer resources and training to strengthen community preparedness in advance of future crises, provide emergency relief in the wake of a disaster, and support long-term recovery and resilience by investing in communities long after the crisis.

Together with Anglican and Episcopal partners around the world, in addition to interfaith and secular partners, the Organization focuses on the most underserved and marginalized communities, providing technical and financial support so local faith and community partners can deliver critical supplies after emergencies, remain after a crisis is over to help people heal, train community leaders to care for vulnerable populations and accompany communities through the long-term recovery process.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Organization's net assets consist of the following:

> With donor restrictions - net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled by actions of the Organization. Donor-imposed stipulations may require that the principal be maintained in perpetuity.
>
> Net assets with donor restrictions also include contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled by actions of the Organization pursuant to those stipulations.
>
> Without donor restrictions - net assets that do not contain donor-imposed stipulations. Net assets without donor restrictions also include those net assets that are designated for a certain purpose(s) by the Organization's Board of Directors.

The significant amount of net assets of the Organization has resulted from the Board's insistence on expending its funds prudently to ensure that the grant recipients derive the maximum long-term benefits from these funds as intended by the original donors.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of less than three months from the date of purchase to be cash and cash equivalents, except for those cash equivalents which are included in the Organization's investment accounts and intended for long-term investment purposes.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. The Organization maintains its cash and cash equivalents with creditworthy, high-quality financial institutions. At certain times the Organization's cash account balances may exceed federally insured limits. However, the Organization has not experienced, nor does it anticipate, any losses with respect to these bank accounts.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As required by U.S. GAAP, for fair value measurements, the Organization uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market;

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed; and

Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by an entity. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument.

Fixed Assets

Property and equipment are stated at cost, or in the case of donation, at fair value as determined on the date of gift. Assets, including improvements costing $1,500 or greater with an expected useful life longer than five years are capitalized and depreciated using the straight-line method over the estimated useful lives of the respective assets (five years for furniture, vehicles, and equipment).

Leasehold improvements are amortized over the estimated useful lives of the improvements or the term of the leases to which they pertain, whichever is shorter.

Beneficial Interest in Outside Trusts

From time to time, certain donors have established trusts with third-party administrators, typically banks or other Episcopal entities, the terms of which require the income earned from such gifts to be paid to the Organization and/or other specified beneficiaries and the principal to be invested in perpetuity. The income received from these outside trusts has been recorded as either support with donor restrictions or without donor restrictions based upon the respective donor's imposed stipulations. The fair value of the Organization's outside trust assets has been recognized as a component of net assets with donor restrictions. The beneficial interest in outside trusts is measured each year and the change in fair value of the trust's underlying investments is recognized on the statement of activities. The Organization's beneficial interest in outside trusts is classified as Level 3 within the Financial Accounting Standards Board ("FASB") fair value hierarchy as of December 31, 2023 and 2022.

The following table summarizes the changes in fair value associated with the Organization's beneficial interest in outside trusts for the years ended December 31, 2023 and 2022:

	2023	2022
Balance as of beginning of the year	$ 399,218	$ 474,809
Realized and unrealized (loss) gain	34,590	(75,591)
Balance as of end of the year	$ 433,808	$ 399,218

Contributions, Grants and Contracts

The Organization recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under FASB Accounting Standards Codification ("ASC") Topic 606*, Revenue from Contracts with Customers* ("ASC 606"). If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Organization has determined that its revenues from grants and contracts were not exchange contracts and, therefore, treated the transfer of assets as contributions.

Contributions and grants, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributions to be received after one year are discounted using an appropriate credit adjusted discount rate which articulates with the collection period of the respective pledge.

Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

Revenue from government grants and contracts deemed to be conditional in nature is recognized as related costs are incurred under the grant or contract agreement. Amounts received in advance under these government grants and contracts are reflected as deferred revenue.

Payroll, Pension and Retirement Plans

The Society provides and administers certain employee benefit plans on behalf of the Organization and is fully reimbursed for all related costs. See Notes 8 and 9 for details of the plans.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are valued at their estimated fair value in the United States of America and are recognized as revenues and expenses on the statements of activities. Contributions of nonfinancial assets for the years ended December 31, 2023 and 2022, totaled $1,632,896 and $1,565,383, respectively. Such contributed services include office space, payroll, financial management and accounting, human resources benefits management, and building maintenance provided by the Society and outside legal services.

Additionally, a number of volunteers, including members of the Organization's Board of Directors, have made significant contributions of time to the Organization's policy-making, program and support activities. The value of such services does not meet the criteria for recognition as contributed services under U.S. GAAP and, accordingly, is not reflected on the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis on the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses such as occupancy and related expenses are allocated based on square footage, and salary and benefits are allocated equitably based on time and effort.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the discounting of receivables; realizability of receivables; actuarial valuations; useful lives assigned to fixed assets; and, the reported fair value of certain of the Organization's assets. Actual results may differ from these estimates.

Income Taxes

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more likely than not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure and had no impact on the accompanying financial statements. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. As of December 31, 2023 and 2022, the Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent Events

The Organization evaluated its December 31, 2023 financial statements for subsequent events through July 25, 2024, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

New Pronouncements

On January 1, 2023, the Organization adopted ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("CECL"), or ASU No. 2016-13, using the modified retrospective approach. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including customer accounts receivable. Following the adoption of the new standard, the Organization's process of estimating expected credit losses remains materially consistent with its historical practice. Therefore, the adoption did not have a material effect on reported assets, liabilities, or net assets. Information prior to January 1, 2023, which was previously referred to as the allowance and provision for bad debt, has not been restated and continues to be reported under the accounting standards in effect for that period.

NOTE 3 - RECEIVABLES, NET

Receivables, net, consist of the following at December 31, 2023 and 2022:

	2023	2022
Pledges receivable, net	$ 278,869	$ 300,728
Grants and other contributions receivable	841,027	7,158,722
Stock gifts receivable	-	5,014
Matching gifts receivable	37,681	37,956
Other receivables	3,070,977	3,220,300
Total receivables, net	$ 4,228,554	$ 10,722,720

Grants and other contributions receivable, at December 31, 2023 and 2022, consist of the following:

	2023	2022
Amounts expected to be collected:		
Within one year	$ 841,027	$ 6,317,695
In one to four years	-	841,027
Total grants and other contributions receivable	$ 841,027	$ 7,158,722

Pledges receivable, net, which are recorded at the present value of their expected future cash flows at December 31, 2023 and 2022, consist of the following:

	2023	2022
Amounts expected to be collected:		
Within one year	$ 101,012	$ 168,699
In one to four years	196,970	142,994
Total contributions receivable	297,982	311,693
Pledge present value discount (rates ranging from 3.84% to 4.79%)	(19,113)	(10,965)
Pledge receivables, net	$ 278,869	$ 300,728

NOTE 4 - BENEFICIAL INTEREST IN TRUSTS HELD BY THE SOCIETY

The Organization maintains two beneficial interests in trusts, that are held and managed by the Society, and which consist of both marketable and non-exchange traded securities. The Organization's beneficial interest is reported at fair value or the value provided by the respective fund manager or general partner as of the measurement date. Earnings from these trust funds are used to support the administrative and program activities of the Organization. The change in fair value of the trust funds is reflected on the accompanying statements of activities as part of investment return. The trusts' investment portfolio consists of common stock, bonds, mutual funds, certificates of deposit, alternative investments, money market funds and cash equivalents. Each trust fund in the portfolio holds a designated number of shares in the pool or the portfolio of the Society as a whole. The fair value assigned to a share fluctuates with the changing fair value of the underlying investments. The number of shares assigned to each trust fund changes only when additions are made, usually by gifts or contributions, or by reinvestment of income distributions or by withdrawals of principal from those funds whose terms permit such withdrawals.

The Organization's trusts hold shares in the overall portfolio of the Society rather than the individual financial instruments and therefore have the same composition of investments as that of the Society's total trust fund portfolio. The Organization's trust funds represent 2.44% and 4.63% of the Society's total trust fund investment portfolio as of December 31, 2023 and 2022, respectively. While principally all of the underlying trusts' investments are readily marketable, based on quoted fair values, since the Organization's beneficial interest in the trusts cannot be priced on an active exchange, the interests in the trusts are classified as Level 3.

The Society follows the "total return" approach to investments and utilizes a prudent portion of realized and unrealized endowment fund returns, including interest and dividends, to provide for current designated and undesignated expenditures annually. Total return consists of two elements: yield and appreciation.

Based on the Organization's long-term investment strategy, the Board of Directors of the Organization determines, on an annual basis, the amount of funds to be withdrawn from the trust funds in support of the annual operating budget.

The following table summarizes the changes in fair value associated with the Organization's beneficial interest in trusts held by the Society for the years ended December 31, 2023 and 2022:

	2023	2022
Balance, beginning of year	$ 16,152,378	$ 20,833,079
Investment return	2,527,626	(3,952,607)
Distribution from trusts	(912,616)	(728,094)
Balance, end of year	$ 17,767,388	$ 16,152,378

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at December 31, 2023 and 2022:

	2023	2022
Leasehold improvements	$ 8,450	$ 8,450
Equipment and furniture	503,817	481,790
	512,267	490,240
Accumulated depreciation	(471,818)	(463,236)
Property and equipment, net	$ 40,449	$ 27,004

Depreciation expense amounted to $8,582 and $8,591 for the years ended December 31, 2023 and 2022, respectively.

NOTE 6 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ending December 31, 2023 and 2022, the Organization received gifts of nonfinancial assets totaling $1,632,896 and $1,565,383, respectively, including a donated one-year lease, building services, and other administrative and financial services. The donated goods and services were provided by DFMS as part of an affiliation agreement (See Note 12) and valuation is done on an annual basis.

The calculation for contributed rent is determined based on the value of the square footage of the space occupied by Episcopal Relief & Development.

The calculation for contributed services is determined by allocation DFMS's actual costs incurred by DFMS based upon the level of effort the DFMS employees dedicated to the Organization.

	2023	2022
Donated rent	$ 356,598	$ 356,598
Contributed services	1,276,298	1,208,785
Total contributed rent and services	$ 1,632,896	$ 1,565,383

NOTE 7 - PENSION PLAN

The Society maintains a defined contribution plan (the "Plan") for all eligible lay employees, including the Organization's staff. Under the Plan, the Organization contributes 5% of eligible employees' salaries and also matches employee contributions to the Plan up to 4%. It is the opinion of the Plan's legal counsel that as a Church Plan, this plan is exempt from the requirements of the Employee Retirement Income Security Act of 1974. Pension expense for this plan recognized on the accompanying financial statements, relating to the Organization's staff, amounted to $584,949 and $524,234 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 - POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Society sponsors postretirement benefit plans which provide both health care (fully contributory until the retiree reaches age 65) and life insurance (noncontributory) benefits to both lay and clergy personnel.

The following sets forth the status of the plans, as they relate to the Organization's staff, at December 31, 2023 and 2022:

	2023	2022
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 1,732,108	$ 2,560,771
Service cost	94,272	147,821
Interest cost	83,175	65,913
Actuarial loss	(40,699)	(1,030,836)
Benefits paid	(11,088)	(11,561)
Benefit obligation, end of year	$ 1,857,768	$ 1,732,108
Change in plan assets:		
Plan assets, beginning of year	$ -	$ -
Employer contributions	11,088	11,561
Benefits paid	(11,088)	(11,561)
Plan assets, end of year	$ -	$ -
Components of accrued benefit cost:		
Funded status	$ (1,857,768)	$ (1,732,108)
Unrecognized actuarial net gain	(425,938)	(428,198)
Unrecognized prior service (credit) cost	(754,818)	(846,546)
Accrued benefit cost	$ (3,038,524)	$ (3,006,852)
Amounts recognized in net assets without donor restrictions consist of:		
Net (loss) gain	$ (425,938)	$ (428,198)
Prior service cost	(754,818)	(846,546)
Net amount recognized	$ (1,180,756)	$ (1,274,744)

The net periodic postretirement benefit cost for the years ended December 31, 2023 and 2022 includes the following components:

	2023	2022
Service cost	$ 94,272	$ 147,821
Interest cost	83,175	65,913
Amortization of unrecognized prior service cost (credit)	(134,687)	(71,532)
Net periodic postretirement benefit cost	$ 42,760	$ 142,202

	2023	2022
Changes in assets and benefit obligations recognized in unrestricted net assets:		
Net loss	$ 2,260	$ (1,051,032)
Amortization of unrecognized prior service cost	91,728	91,728
Total change recognized in net assets without donor restrictions	$ 93,988	$ (959,304)
Total recognized in net periodic benefit cost and net assets without donor restrictions	$ 136,748	$ (817,102)

	2023	2022
Weighted-average assumptions used to determine benefit obligations at December 31:		
Discount rate	4.90%	5.125%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:		
Discount rate	5.125%	2.81%
Expected long-term return on plan assets	N/A	N/A
Assumed health care trend rates at December 31:		
Health care cost trend rate assumed for next year	6.90%	6.70%
Rate to which the cost trend rate assumed to decline (ultimate trend rate)	3.70%	3.70%
Year that the rate reaches the ultimate trend	2074	2074

Contributions

Annual contributions are determined by the Organization based upon calculations prepared by the Plan's actuary. Projected contributions for 2024 are expected to be $20,842.

Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year Ending December 31,	Benefit Payments
2024	$ 20,842
2025	29,661
2026	36,789
2027	52,087
2028	61,449
2029 - 2033	516,862

NOTE 9 - NET ASSETS

Net assets with donor restrictions are available for the following purposes and net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events, as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Sustainable development	$ 4,770,490	$ 7,215,268
Disaster relief and recovery	12,574,245	15,540,901
Pledges due in future fiscal years	297,997	308,702
Endowment funds:		
Corpus	476,210	476,210
Accumulated unspent earnings	574,556	477,974
Beneficial interest in investments held by third-party trustees	433,808	399,218
Total	$ 19,127,306	$ 24,418,273

NOTE 10 - ENDOWMENT FUNDS

The Organization has adopted the provisions of *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* of the ASC. This standard provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), passed by the State of New York in September 2010, and also requires additional disclosures about endowments for both donor-restricted funds and board-designated funds.

Under New York State UPMIFA ("NYPMIFA"), the Organization classifies as donor-restricted endowment net assets: (a) the original value of gifts donated to its donor-restricted endowment; (b) the original value of subsequent gifts to its donor-restricted endowment; and (c) accumulations to its donor-restricted endowment made in accordance with the directions of the applicable donor gift instrument, at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment funds that remains within net assets with donor restrictions until such amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions; other resources of the Organization; and the investment policy of the Organization.

The Organization has a policy of appropriating for distribution each year a Board of Directors approved the withdrawal of funds from its trust funds to support its annual operating budget. These funds have included both a spending rate of the trust funds' average fair value over the preceding five years and additional withdrawals to support organizational activity.

The Organization, in cooperation with the Society, targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. For 2023 and 2022, the spending amounts approved totaled $912,616 and $728,094, respectively.

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without placing the assets at an imprudent level of risk.

With the exception of endowment pledges and beneficial interest in outside trusts held by others, the following tables summarize endowment net asset composition by type of fund as of December 31, 2023 and 2022:

	2023		
Composition of Endowment Net Assets by Type of Fund	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,050,766	$ 1,050,766
Board-designated quasi-endowment funds	16,716,622		16,716,622
Total	$ 16,716,622	$ 1,050,766	$ 17,767,388
Changes in Endowment Net Assets			
Endowment net assets, beginning of year	$ 15,198,194	$ 954,184	$ 16,152,378
Investment return	2,377,132	150,494	2,527,626
Appropriation of endowment assets for expenditure	(858,704)	(53,912)	(912,616)
Withdrawal from endowment funds	-	-	-
Endowment net assets, end of year	$ 16,716,622	$ 1,050,766	$ 17,767,388

	2022		
Composition of Endowment Net Assets by Type of Fund	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 954,184	$ 954,184
Board-designated quasi-endowment funds	15,198,194	-	15,198,194
Total	$ 15,198,194	$ 954,184	$ 16,152,378
Changes in Endowment Net Assets			
Endowment net assets, beginning of year	$ 19,589,804	$ 1,243,275	$ 20,833,079
Investment return	(3,882,911)	(69,696)	(3,952,607)
Appropriation of endowment assets for expenditure	(508,699)	(219,395)	(728,094)
Withdrawal from endowment funds	-	-	-
Endowment net assets, end of year	$ 15,198,194	$ 954,184	$ 16,152,378

Also included in net assets without donor restrictions at December 31, 2023 and 2022 are a reserve for the liability for accrued postretirement benefits other than pensions totaling $(1,857,768) and $(1,732,108), respectively, in addition to an undesignated net deficit totaling $(199,780) and $(754,364), respectively.

NOTE 11 - COMMITMENTS

Effective January 1, 2022, the Organization entered into an agreement with the Executive Council of the Episcopal Church (“Executive Council”) and the Society regarding the working relationship between the Organization and Executive Council and the Society. This agreement supersedes agreements from 2002, 2007, 2011, 2016 and 2019. The current agreement extends through December 31, 2024.

The agreement identifies the range of financial, accounting, building services, technology, human resources and investment services that the Society will provide at no cost to the Organization (see Note 2).

On September 17, 2021 the Organization renewed its agreement for a one-year lease term for the period January 1, 2022 through December 31, 2022. The value of this lease is calculated at a monthly rate of $29,717. This monthly rate is payable solely from the grant authorized by the General Convention of The Episcopal Church in its 2022 to 2024 budget.

NOTE 12 - FUNCTIONAL EXPENSE ALLOCATION

Expenditures allocated to functional categories on the accompanying statements of activities based on program and administrative activities are as follows for the year ended December 31, 2023:

	Program Services			Supporting Services		
	Sustainable Development	Disaster Relief and Recovery	Total	Administration	Fundraising	Total
Direct support	$ 7,071,641	$ 5,747,066	$ 12,818,707	$ -	$ -	$ 12,818,707
Contributed services	1,238,008	-	1,238,008	224,302	170,586	1,632,896
Salaries	4,350,035	969,431	5,319,466	1,095,194	737,867	7,152,527
Employee benefits	1,917,125	443,386	2,360,511	160,958	270,641	2,792,110
Insurance	71,542	32,692	104,234	3,074	9,578	116,886
Printing and mailing costs	48,356	2	48,358	69,482	492,328	610,168
Advertising and promotion	65,924	422	66,346	20,998	183,342	270,686
Telephone	35,325	65,374	100,699	4,754	4,716	110,169
Rent and utilities	45,301	3,968	49,269	670	1,159	51,098
Equipment and depreciation	102,564	21,134	123,698	57,444	20,596	201,738
Bank charges, legal and accounting fees	90,436	16,073	106,509	99,082	4,696	210,287
Office supplies	15,680	4,418	20,098	3,747	5,801	29,646
Resource and reference	917	457	1,374	1,598	191	3,163
Consultants	1,148,180	141,625	1,289,805	68,813	865,770	2,224,388
Travel	804,250	77,897	882,147	70,198	62,484	1,014,829
Conferences/workshops/ memberships/meeting expense	151,184	37,779	188,963	33,673	25,640	248,276
Total expenses	$ 17,156,468	$ 7,561,724	$ 24,718,192	$ 1,913,987	$ 2,855,395	$ 29,487,574

Expenditures allocated to functional categories on the accompanying statements of activities based on program and administrative activities are as follows for the year ended December 31, 2022:

	Program Services			Supporting Services		
	Sustainable Development	Disaster Relief and Recovery	Total	Administration	Fundraising	Total
Direct support	$ 8,137,589	$ 4,793,112	$ 12,930,701	$ -	$ -	$ 12,930,701
Contributed services	1,168,786	-	1,168,786	183,199	213,399	1,565,384
Salaries	3,897,832	647,457	4,545,289	1,202,066	1,020,814	6,768,169
Employee benefits	2,125,961	371,701	2,497,662	102,799	322,512	2,922,973
Insurance	48,385	17,538	65,923	1,572	4,623	72,118
Printing and mailing costs	71,820	2,463	74,283	70,654	505,810	650,747
Advertising and promotion	156,395	6,551	162,946	8,915	115,989	287,850
Telephone	46,472	54,867	101,339	12,226	5,213	118,778
Rent and utilities	24,377	-	24,377	-	-	24,377
Equipment and depreciation	125,595	6,655	132,250	49,309	29,763	211,322
Bank charges, legal and accounting fees	160,111	12,975	173,086	132,001	3,564	308,651
Office supplies	13,715	3,156	16,871	5,592	1,644	24,107
Resource and reference	216	23	239	1,230	17	1,486
Consultants	597,815	129,963	727,778	106,357	729,810	1,563,945
Travel	170,831	48,295	219,126	38,133	16,483	273,742
Conferences/workshops/ memberships/meeting expense	109,947	23,504	133,451	30,949	5,957	170,357
Total expenses	$ 16,855,847	$ 6,118,260	$ 22,974,107	$ 1,945,002	$ 2,975,598	$ 27,894,707

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization manages its liquidity risk through Board of Directors' oversight over its overall liquidity as well as through active and continuous management's monitoring and control over its liquidity activities.

The Board of Directors has also authorized management to keep undesignated bequests received within the fiscal year, up to a total of $500,000 annually, in a Liquidity Fund (i.e., cash and cash equivalent) up to a required ceiling, and this fund can be utilized at management discretion. As a condition to this discretionary fund, management is required to monitor and report to the Board of Directors on liquidity annually.

On a daily basis, management manages working capital needs actively and intentionally through a proactive organization-wide cash flow forecast to ensure sound and stable operations across its programs and also to maintain reasonable assurance that both short- and long-term obligations will be discharged as well as optimizing investments returns. Excluded from donor-imposed restrictions are general expenditures for restricted programs available and intended to be expended within a year.

The Organization's financial assets available within one-year of the statements of financial position date for general expenditures are as follows:

	2023	2022
Financial assets as of December 31:		
Cash and cash equivalents	$ 14,791,221	$ 12,845,504
Receivables, net	4,228,554	10,722,720
Beneficial interest in trusts held by DFMS	17,767,388	16,152,378
Beneficial interest in outside trusts held by others	433,808	399,218
	37,220,971	40,119,820
Less:		
Donor-imposed restrictions unavailable for general expenditures, due to:		
Purpose - development & disaster - and pledges with no donor-imposed purpose restrictions due	278,869	300,728
Beneficial interest in outside trusts held by others	433,808	399,218
Amounts relating to donor-restricted endowment funds	1,050,766	954,184
	1,763,443	1,654,130
Board designated endowment fund	16,716,622	15,198,194
Total financial assets available within one year	$ 18,740,906	$ 23,267,496