

**Convention of the Diocese of
New York of the Protestant
Episcopal Church**

Financial Statements

December 31, 2022 and 2021

Independent Auditors' Report

Trustees of the Diocese of New York Convention of the Diocese of New York of the Protestant Episcopal Church

Opinion

We have audited the accompanying financial statements of the Convention of the Diocese of New York of the Protestant Episcopal Church (the "Diocese"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Convention of the Diocese of New York of the Protestant Episcopal Church as of December 31, 2022 and 2021, 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 in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Diocese and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Diocese's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 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 Diocese'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 Diocese'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 26 to 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the budget information, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the budget information on which we express no opinion or provide any assurance, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

July 12, 2023

**Convention of the Diocese of New York
of the Protestant Episcopal Church**

Statements of Financial Position

	December 31	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 15,909,117	\$ 14,754,746
Funds held for parishes and others	194,529	175,023
Apportioned shares receivable from parishes, net of estimated uncollectibles of \$6,586,667 and \$5,621,449 for 2022 and 2021	789,338	652,073
Loans receivable - revolving loan fund, net of estimated uncollectibles of \$655,617 and \$607,975 for 2022 and 2021	494,811	729,013
Loans receivable from parishes and others, net of estimated uncollectibles of \$128,257 for 2022 and 2021	37,368	437,345
Advances to parishes	5,283,704	5,996,199
Prepaid expenses and other assets	384,280	566,351
Contributions receivable, net	1,178,458	1,215,127
Investments	60,725,727	67,323,696
Property and equipment, net	747,958	549,484
Restricted investments	2,449,449	2,449,449
Beneficial interest in perpetual trusts	14,623,629	17,066,456
	\$ 102,818,368	\$ 111,914,962
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,119,664	\$ 1,227,577
Property support grants payable	475,601	522,516
Grants payable	106,886	106,886
Funds held for parishes and others	194,529	175,023
Refundable advance	510,000	785,000
Prepaid apportioned shares	22,897	1,012,762
Property improvement reserve fund	873,376	1,040,274
Paycheck Protection Program loan payable	-	1,264,915
Total Liabilities	3,302,953	6,134,953
Net Assets		
Without Donor Restrictions		
Available for operations	18,087,457	16,172,816
Board designated	4,599,239	5,088,128
Designated for long term investment	49,645,025	54,273,849
Investment in property and equipment	747,958	549,484
Total Net Assets Without Donor Restrictions	73,079,679	76,084,277
With Donor Restrictions		
Temporary in nature	9,362,659	10,179,827
Perpetual in nature	17,073,077	19,515,905
Total Net Assets With Donor Restrictions	26,435,736	29,695,732
Total Net Assets	99,515,415	105,780,009
	\$ 102,818,368	\$ 111,914,962

See notes to financial statements

**Convention of the Diocese of New York
of the Protestant Episcopal Church**

Statements of Activities

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature			Temporary in Nature	Perpetual in Nature	
OPERATING REVENUE								
Apportioned shares from congregations	\$ 12,627,154	\$ -	\$ -	\$ 12,627,154	\$ 12,153,960	\$ -	\$ -	\$ 12,153,960
Provision for doubtful apportioned shares	<u>(1,178,789)</u>	<u>-</u>	<u>-</u>	<u>(1,178,789)</u>	<u>(1,457,476)</u>	<u>-</u>	<u>-</u>	<u>(1,457,476)</u>
	11,448,365	-	-	11,448,365	10,696,484	-	-	10,696,484
Contributions and grants	189,418	830,501	-	1,019,919	133,166	736,917	106,831	976,914
In-kind contributions	988,330	-	-	988,330	695,586	-	-	695,586
Allocation of investment return	1,992,461	255,165	-	2,247,626	1,814,742	350,205	-	2,164,947
Trust income	49,768	451,391	-	501,159	45,595	452,551	-	498,146
Interest on loans	82,151	-	-	82,151	110,546	-	-	110,546
Other income	545,805	-	-	545,805	157,396	-	-	157,396
Net assets released from restriction	<u>1,335,038</u>	<u>(1,335,038)</u>	<u>-</u>	<u>-</u>	<u>1,096,891</u>	<u>(1,096,891)</u>	<u>-</u>	<u>-</u>
Total Operating Revenue	<u>16,631,336</u>	<u>202,019</u>	<u>-</u>	<u>16,833,355</u>	<u>14,750,406</u>	<u>442,782</u>	<u>106,831</u>	<u>15,300,019</u>
OPERATING EXPENSES								
Diocesan finance and operations	2,791,972	-	-	2,791,972	2,546,648	-	-	2,546,648
Funding for strategic/mission settings	3,548,267	-	-	3,548,267	2,812,295	-	-	2,812,295
Episcopal support staff	1,340,906	-	-	1,340,906	1,282,072	-	-	1,282,072
Assessments to The Episcopal Church	1,556,719	-	-	1,556,719	1,806,126	-	-	1,806,126
Staff support for congregations and diocesan ministries	1,037,060	-	-	1,037,060	1,087,564	-	-	1,087,564
Episcopal function	871,077	-	-	871,077	804,831	-	-	804,831
Grants	1,826,856	-	-	1,826,856	1,494,681	-	-	1,494,681
Endowment mission disbursements	808,744	-	-	808,744	762,529	-	-	762,529
Diocesan ministries and outreach	799,633	-	-	799,633	479,031	-	-	479,031
Convention expenses	345,440	-	-	345,440	-	-	-	-
Bad debt expense	47,642	-	-	47,642	2,003	-	-	2,003
Depreciation expense	<u>150,666</u>	<u>-</u>	<u>-</u>	<u>150,666</u>	<u>109,609</u>	<u>-</u>	<u>-</u>	<u>109,609</u>
Total Operating Expenses	<u>15,124,982</u>	<u>-</u>	<u>-</u>	<u>15,124,982</u>	<u>13,187,389</u>	<u>-</u>	<u>-</u>	<u>13,187,389</u>
Excess of Operating Revenue Over Operating Expenses	1,506,354	202,019	-	1,708,373	1,563,017	442,782	106,831	2,112,630
NON-OPERATING ACTIVITIES								
Non-operating investment return	(8,859,889)	(1,019,187)	-	(9,879,076)	896,248	174,315	-	1,070,563
Change in beneficial interest in perpetual trusts	-	-	(2,442,828)	(2,442,828)	-	-	1,283,321	1,283,321
Cash and investments transferred from closed parishes	167,430	-	-	167,430	-	-	-	-
Forgiveness of Paycheck Protection Program Loan	1,264,915	-	-	1,264,915	1,269,900	-	-	1,269,900
Gain on sale of properties	2,916,592	-	-	2,916,592	-	-	-	-
Change in Net Assets	<u>(3,004,598)</u>	<u>(817,168)</u>	<u>(2,442,828)</u>	<u>(6,264,594)</u>	<u>3,729,165</u>	<u>617,097</u>	<u>1,390,152</u>	<u>5,736,414</u>
NET ASSETS								
Beginning of year	76,084,277	10,179,827	19,515,905	105,780,009	72,355,112	8,311,159	18,125,753	98,792,024
Prior period restatement	-	-	-	-	-	1,251,571	-	1,251,571
Beginning of year, restated	<u>76,084,277</u>	<u>10,179,827</u>	<u>19,515,905</u>	<u>105,780,009</u>	<u>72,355,112</u>	<u>9,562,730</u>	<u>18,125,753</u>	<u>100,043,595</u>
End of year	<u>\$ 73,079,679</u>	<u>\$ 9,362,659</u>	<u>\$ 17,073,077</u>	<u>\$ 99,515,415</u>	<u>\$ 76,084,277</u>	<u>\$ 10,179,827</u>	<u>\$ 19,515,905</u>	<u>\$ 105,780,009</u>

See notes to financial statements

**Convention of the Diocese of New York
of the Protestant Episcopal Church**

Statements of Functional Expenses

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Program Services	Management and General	Total Expenses	Program Services	Management and General	Total Expenses
Salaries and wages	\$ 3,084,876	\$ 2,049,888	\$ 5,134,764	\$ 2,550,039	\$ 2,309,143	\$ 4,859,182
Payroll taxes	78,781	52,350	131,131	70,463	63,807	134,270
Employee benefits	1,227,492	815,664	2,043,156	1,067,223	966,405	2,033,628
Grants and other assistance	1,990,471	-	1,990,471	1,739,719	-	1,739,719
Assessments to The Episcopal Church	1,556,719	-	1,556,719	1,806,126	-	1,806,126
Conferences, conventions and meetings	638,267	31,457	669,724	196,770	13,089	209,859
Professional services	204,238	279,055	483,293	-	247,288	247,288
Office expense	157,570	104,704	262,274	91,855	83,178	175,033
Occupancy	112,882	50,644	163,526	73,891	33,910	107,801
Information technology	-	236,223	236,223	-	143,538	143,538
Travel	71,312	23,771	95,083	6,800	12,629	19,429
Accounting fees	-	45,783	45,783	-	43,750	43,750
Insurance	37,379	24,839	62,218	27,198	24,629	51,827
Training and development	31,207	4,295	35,502	20,974	7,844	28,818
Interest	35,876	-	35,876	32,382	-	32,382
Legal fees	-	351,347	351,347	-	209,629	209,629
Other	560,590	80,664	641,254	454,879	83,033	537,912
Bad debt expense	-	47,642	47,642	-	2,003	2,003
Depreciation	106,468	44,198	150,666	57,521	52,088	109,609
Total Expenses Before Donated Legal Fees	9,894,128	4,242,524	14,136,652	8,195,840	4,295,963	12,491,803
Donated legal fees	-	988,330	988,330	-	695,586	695,586
Total Expenses	\$ 9,894,128	\$ 5,230,854	\$ 15,124,982	\$ 8,195,840	\$ 4,991,549	\$ 13,187,389

See notes to financial statements

**Convention of the Diocese of New York
of the Protestant Episcopal Church**

Statements of Cash Flows

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (6,264,594)	\$ 5,736,414
Adjustments to reconcile change in net assets to net cash from operating activities		
Contributions and grants - perpetual in nature	-	(106,831)
Depreciation	150,666	109,609
Provision for doubtful assessments	1,226,431	1,459,479
Loss on disposal of equipment	121	-
Gain on the sale of properties	(2,916,592)	-
Net realized and unrealized loss (gain) on investments	8,744,932	(2,092,453)
Change in value of beneficial interest in perpetual trust	2,442,828	(1,283,321)
Forgiveness of paycheck protection program loan	(1,264,915)	(1,269,900)
Changes in operating assets and liabilities		
Apportioned shares receivable from parishes	(1,363,696)	(1,030,586)
Prepaid expenses and other assets	182,071	(183,825)
Contributions receivable	36,669	36,444
Investment proceeds receivable	-	308,180
Accounts payable and accrued expenses	(107,913)	296,752
Property support grants payable	(46,915)	16,562
Refundable advance	(275,000)	245,000
Prepaid apportioned shares	(989,865)	146,512
Grants payable	-	(54,250)
Net Cash from Operating Activities	(445,772)	2,333,786
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(14,916,585)	(16,894,874)
Proceeds from sale of investments	12,769,621	9,876,532
Purchases of equipment and improvements	(349,261)	(21,325)
Proceeds from the sale of properties	2,916,592	-
Property improvement reserve fund	(166,898)	3,049
Cash received on loans receivable from parishes and others, net	399,977	216,059
Cash received on loans receivable - revolving loan fund, net	234,202	242,186
Advances to parishes	712,495	(1,204,794)
Net Cash from Investing Activities	1,600,143	(7,783,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions and grants - perpetual in nature	-	106,831
Proceeds from Paycheck Protection Program loan payable	-	1,264,915
Net Cash from Financing Activities	-	1,371,746
Net Change in Cash and Cash Equivalents	1,154,371	(4,077,635)
CASH AND CASH EQUIVALENTS		
Beginning of year	14,754,746	18,832,381
End of year	\$ 15,909,117	\$ 14,754,746
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 35,876	\$ 32,382
NON-CASH FINANCING ACTIVITIES		
Forgiveness of Paycheck Protection Program loan	1,264,915	1,269,900

See notes to financial statements

Convention of the Diocese of New York of the Protestant Episcopal Church

Notes to Financial Statements
December 31, 2022 and 2021

1. **Organization and Tax Status**

The Convention of the Diocese of New York of the Protestant Episcopal Church (the "Diocese") was organized in June 1785, and geographically consists of the boroughs of Manhattan, Bronx and Staten Island, as well as the counties of Westchester, Rockland, Putnam, Dutchess, Orange, Ulster and Sullivan.

The Diocese is part of the Episcopal Church in the United States (The Episcopal Church), and its corporate entity is the Board of Managers of the Diocesan Missionary and Church Extension Society of the Protestant Episcopal Church in the Diocese of New York (the "Board of Managers"), created in 1912. The powers of the Board of Managers are vested in the Trustees of the Diocese. The Board of Managers holds title to the financial and real assets of the Diocese.

The accompanying financial statements consist of the net assets of the Board of Managers. They do not include the net assets of other entities which report to the Diocese, such as the Trustees of Estate and Property, Episcopal Charities, the Episcopal Housing Corporation, the Cathedral Church of St. John the Divine (the "Cathedral"), and the various congregations in union with the Diocese.

A description of the program services of the Diocese is as follows:

Diocesan Finance and Operations

The Diocesan finance and operations are supported by the bishop's staff.

Clergy in Strategic Settings

Compensation and benefits for clergy not on the bishop's staff that are paid by the Diocese, including Campus Ministry, various congregations and Church plants.

Episcopal Support Staff

The bishops of the Diocese are supported by the Canon to the Ordinary, Canon for Pastoral Care, Canon for Ministry, Canon for Transition Ministry and Administrative Assistants.

Assessments to the Episcopal Church

The Episcopal Church passes a three-year budget at each general convention and includes a formula for calculating the financial obligation of each diocese for those three years.

Convention of the Diocese of New York of the Protestant Episcopal Church

Notes to Financial Statements
December 31, 2022 and 2021

1. Organization and Tax Status *(continued)*

Staff Support for Congregations and Diocesan Ministries

Congregations and Diocesan Ministries are supported by the Canon for Congregational Vitality and Formation, Liaison for Global Mission, Director of Diocesan Property Services, Mid-Hudson Region Office, Public Affairs department and Archives department.

Episcopal Function

Episcopal function covers compensation, all benefits and travel for the three bishops.

Grants, Loans, and Endowment Mission Disbursements

Grants, loans, and endowment mission disbursements made by the Diocese to institutions, congregations and individuals in the Diocesan community, in accordance with specific guidelines set forth by the Diocese and its committees.

Diocesan Ministries and Outreach

The Diocese provides support to ministries, missions and outreach programs for various social and ecumenical issues, primarily led by the Social Concerns Commission and Global Mission Commission, and also provides funding to the Congregational Development Commission, Christian Formation, Multicultural Ministries, Rural and Migrant Ministries, Episcopal Service Corps. The Diocese supports Episcopal Charities, the official outreach arm of the Diocese which provides funding and support to a broad range of parish-based human services throughout the Diocese. The Diocese also funds The Episcopal New Yorker.

Convention Expenses

Convention expenses includes costs for the Diocesan Convention, General Convention, Provincial Synod, Lambeth Conference, and Episcopal elections.

Tax Status

The Diocese is exempt from income tax under a group exemption issued to The Episcopal Church and most related filing requirements.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

**Convention of the Diocese of New York
of the Protestant Episcopal Church**

Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

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

Without donor restrictions represent those resources that are not subject to donor restrictions and are available for current operations. The following "categories of funds" are presented as without donor restrictions by the Diocese:

"Available for operations" is used to account for general activities of the Diocese.

"Board designated" is used for specific purposes as determined by the Board of Managers.

"Designated for long term investment" is used to account for the portion of without donor restriction investments held for long-term investment.

"Investment in property and equipment" is used to account for all properties and equipment owned by the Diocese.

With donor restrictions represent those resources that are subject to stipulations imposed by donors. These restrictions may be temporary in nature or perpetual in nature. Restrictions that are temporary in nature represent those resources that are subject to donor-imposed stipulations that will be met either by actions of the Diocese and/or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statements of activities as net assets released from restriction.

Net assets with donor restrictions that are perpetual in nature represent those resources, the use of which has been permanently restricted by donors. Generally, the donors permit the Diocese to use all or part of the investment income and the capital appreciation for general or specific purposes.

Measure of Operations

The Diocese includes in its measure of operations all revenues and expenses that are an integral part of its program and supporting activities, and excludes changes in beneficial interest in perpetual trusts, non-operating investment return, transfer fees, forgiveness of Paycheck Protection Program loan, and sale of properties.

**Convention of the Diocese of New York
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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Diocese follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value (“NAV”) per share as a practical expedient are not categorized within the fair value hierarchy.

Investments Valuation

Investments are carried at fair value. The fair value of alternative investments has been estimated using NAV as reported by the management of the respective alternative investment fund. U.S. GAAP guidance provides for the use of NAV as a “*Practical Expedient*” for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Diocese’s interest therein.

Investment Income Recognition

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

Cash and Cash Equivalents

The Diocese classifies money-market accounts and certificates of deposit with maturities of ninety days or less when purchased as cash equivalents, with the exception of those managed as a component of the Diocese’s long-term investment portfolio.

Apportioned Shares and Loans Receivable

Apportioned shares revenue is determined annually based on the operating revenue of the related parishes and is recognized as the Diocese’s performance obligations are met through the ordinary course of operations. Such amounts are payable to the Diocese on a quarterly basis. Apportioned shares and loans receivable are carried at their estimated net realizable value. Allowances for uncollectible accounts are calculated based on management’s estimates of the parishes’ ability to pay, current economic conditions and historical payment information.

Contract assets as of January 1, 2021 consisted of \$652,073 of apportioned shares receivable, net of estimated uncollectibles of \$4,257,023. There were no contract liabilities as of January 1, 2021.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated value at the date of receipt. Certain assets for which the Diocese has assumed responsibility for, but do not own have not been assigned a value (see note 8). Depreciation is computed on a straight-line basis over the estimated useful lives of the depreciable assets, which range from 3 to 20 years. Costs which extend the use of the assets beyond one year are capitalized. Property and equipment purchased for less than \$1,000 are expensed.

The Diocese reviews long-lived assets, including property and equipment and certain intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended December 31, 2022 and 2021, there have been no such losses.

Perpetual Trusts

The Diocese has beneficial interests in perpetual trusts held by third parties. Perpetual trusts are recognized as net assets with donor restrictions (perpetual) contribution revenue and as an asset at the present value of estimated future cash receipts from the trusts, which generally have been determined to approximate the fair value of the Diocese's portion of the trusts' net assets. Subsequent changes in the value of perpetual trusts are reported in non-operating activities. Income received from the trusts is recorded as revenue without donor restrictions, unless specifically restricted by the donor.

Refundable Advance

The Diocese is required to determine whether contributions are conditional or unconditional. Unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions are initially accounted for as a liability or are not recognized as revenue. Once the barriers to entitlement are overcome, the transaction is recognized as unconditional and classified as either net assets with donor restrictions or net assets without donor restrictions. For a donor-imposed condition to exist, a right of return or release must be stated, and the agreement must include a performance related condition or other measurable barrier.

Functional Allocation of Expenses

Expenses are classified according to programs and supporting services and are summarized on a functional basis. Accordingly, expenses have been allocated among the programs and supporting services on a reasonable basis determined by management. Salaries and employee benefits are allocated on the basis of staff estimates of time and effort. Costs identifiable to a particular function are directly charged to the program or supporting service. Direct solicitation costs are nominal, and, accordingly, management has not allocated any expenses to a fund-raising category.

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2. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Diocese to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, and receivables. At times cash balances held at financial institutions may be in excess of federally insured limits prescribed by the Federal Deposit Insurance Corporation (“FDIC”). As of December 31, 2022 and 2021, the uninsured portion of cash and cash equivalent balance was \$11,781,027 and \$6,675,679. The investment portfolio is diversified by type of investment and industry concentrations so that no individual investment or group of investments represent a significant concentration of market risk. The Diocese places its investments with credit worthy, high quality financial institutions where the balances may at times exceed the federally insured limits prescribed by the Securities Investor Protection Corporation (“SIPC”). Concentrations of credit risk with respect to receivables are generally diversified due to the large number of entities and individuals composing of the Diocese’s program and donor base.

Accounting for Uncertainty in Income Taxes

The Diocese recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Diocese had no uncertain tax positions that would require financial statement recognition or disclosure.

Reclassification of Prior Year Presentation

Certain items from the 2021 financial statement have been reclassified to be in conformity with the 2022 financial statement presentation.

Adoption of New Accounting Policy

Contributed Nonfinancial Assets

As of January 1, 2022 the Diocese adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts in-kind. The standard does not change the accounting for gifts-in-kind, however it does provide matters related to presentation and disclosure.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 12, 2023.

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3. Investments

At December 31, investments held by the Diocese were invested in the following:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Diocesan Investment Trust of the Diocese of New York DIT Fund	\$ 20,231,615	\$ 22,207,145	\$ 11,336,780	\$ 16,824,078
Fiduciary Trust International				
Cash equivalents	8,930,876	8,930,876	11,812,665	11,812,665
Fernwood Foundation Fund, LP	400,000	4,533,200	400,000	4,450,434
	<u>9,330,876</u>	<u>13,464,076</u>	<u>12,212,665</u>	<u>16,263,099</u>
Brown Brothers Harriman				
Cash equivalents	1,557,303	1,557,303	388,081	388,081
Fixed income securities	10,576,394	9,783,779	14,133,225	14,170,503
Equity securities	15,247,485	14,910,833	16,723,229	21,342,038
Hedge funds	1,138,991	1,252,040	784,138	785,346
	<u>28,520,173</u>	<u>27,503,955</u>	<u>32,028,673</u>	<u>36,685,968</u>
	<u>\$ 58,082,664</u>	<u>\$ 63,175,176</u>	<u>\$ 55,578,118</u>	<u>\$ 69,773,145</u>

Investment return consisted of the following for the years ended December 31:

	2022	2021
Interest and dividends, net of investment fees	\$ 1,113,482	\$ 1,143,057
Net realized and unrealized gain (loss) on investments	(8,744,932)	2,092,453
	<u>\$ (7,631,450)</u>	<u>\$ 3,235,510</u>

Investment return is reported on the statements of activities as follows:

	2022	2021
Allocation of investment return	\$ 2,247,626	\$ 2,164,947
Non-operating investment return	(9,879,076)	1,070,563
	<u>\$ (7,631,450)</u>	<u>\$ 3,235,510</u>

4. Assets at Fair Value

The following are the classes and major categories of assets measured at fair value on a recurring basis at December 31, grouped by the fair value hierarchy:

	2022			
	Level 1	Level 3	NAV *	Total
Investments				
Equity securities	\$ 14,910,833	\$ -	\$ -	\$ 14,910,833
Fixed income securities	9,783,779	-	-	9,783,779
Diocesan investment trust	-	-	22,207,145	22,207,145
Hedge funds	-	-	5,785,240	5,785,240
Total Investments	<u>24,694,612</u>	<u>-</u>	<u>27,992,385</u>	<u>52,686,997</u>
Beneficial interest in perpetual trusts	-	14,623,629	-	14,623,629
Total Assets Measured at Fair Value	<u>\$ 24,694,612</u>	<u>\$ 14,623,629</u>	<u>\$ 27,992,385</u>	<u>\$ 67,310,626</u>

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4. Assets at Fair Value (continued)

	2021			Total
	Level 1	Level 3	NAV *	
Investments				
Equity securities	\$ 21,342,038	\$ -	\$ -	\$ 21,342,038
Fixed income securities	14,170,503	-	-	14,170,503
Diocesan investment trust	-	-	16,824,078	16,824,078
Hedge funds	-	-	5,235,780	5,235,780
Total Investments	<u>35,512,541</u>	<u>-</u>	<u>22,059,858</u>	<u>57,572,399</u>
Beneficial interest in perpetual trusts	-	17,066,456	-	17,066,456
Total Assets Measured at Fair Value	<u>\$ 35,512,541</u>	<u>\$ 17,066,456</u>	<u>\$ 22,059,858</u>	<u>\$ 74,638,855</u>

* As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Changes from the beginning to ending balances for investments measured at fair value using significant unobservable inputs (Level 3) consist only of changes in beneficial interest in perpetual trust reported on the accompanying statements of activities totaling (\$2,442,828) and \$1,283,321 for the years ended December 31, 2022 and 2021.

Information regarding alternative investments valued using NAV as the practical expedient at December 31, 2022 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds (see "a" below)	\$ 5,785,240	\$ -	Quarterly	60 days
Diocesan investment trust (see "b" below)	22,207,145	-	Monthly	15 days
Total	<u>\$ 27,992,385</u>	<u>\$ -</u>		

- a. This category includes investments in funds that invest predominantly in distressed companies, convertible debentures, private debt and securities of every nature.
- b. This category includes investments in a trust that seeks to achieve growth in principal value over time sufficient to preserve or increase the purchasing power against inflation. In order to implement these objectives, the trust is primarily invested in numerous multi-strategy funds.

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5. Loans Receivable

Loans Receivable - Revolving Loan Fund

Loans receivable from the revolving loan fund consist of 82 and 86 unsecured loans at December 31, 2022 and 2021 to provide assistance to parishes for property improvements and maintenance. Payments are made monthly, and interest on the outstanding loans is calculated at 6% per annum.

The following is an analysis by class of the past due loans receivable loans at December 31, 2022:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 days	Total Past Due	Current	Total Revolving Loan Receivable
Parish loans	\$ 9,282	\$ 6,682	\$ 514,658	\$ 530,622	\$ 619,806	\$ 1,150,428
Allowance	(9,282)	(6,682)	(514,658)	(530,622)	(124,995)	(655,617)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,811</u>	<u>\$ 494,811</u>

The allowance for uncollectible accounts is 57.0% and 45.0% of gross loans receivable at December 31, 2022 and 2021. Ultimate losses, however, may vary materially from current estimates at December 31, 2022. Management reviews these estimates on an ongoing basis, and as changes become necessary, adjusts the allowance accordingly.

Scheduled collections on the outstanding loans (before any application of allowance for uncollectible accounts) are to be received as follows:

2023	\$ 560,211
2024	155,660
2025	112,348
2026	100,046
2027	96,309
2028 and thereafter	125,854
	<u>\$ 1,150,428</u>

Loans Receivable from Parishes and Others

At December 31, 2022 and 2021, the Diocese had unsecured loans due from parishes and others with net balances of \$37,368 and \$437,345 with a 6% interest rate on outstanding loans. The loans are due on demand. The allowance for uncollectible accounts amounted to \$128,257 at December 31, 2022 and 2021.

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6. Advances to Parishes

At times, the Diocese makes expenditures for maintenance and/or property improvements on behalf of the parishes. Such expenditures are intended to be repaid by the parishes through the sale of property or as funding becomes available. Expenditures to parishes where repayment is uncertain are expensed in the year incurred, or in the year when collection becomes uncertain. At December 31, 2022 and 2021, advances to parishes totaled \$5,283,704 and \$5,996,199.

7. Contributions Receivable

The Diocese received donated office space from a parish for the years ended December 31, 2022 and 2021. In April 2019, the Diocese entered into a thirty three-year agreement for the donated office space and recognized a receivable of \$1,314,793 for the future use of the office space. In-kind expense from donated office space for the years ended December 31, 2022 and 2021 totaled \$36,669 and \$36,444 and is included in occupancy in the statements of functional expenses.

Contributions receivable are summarized as follows at December 31:

2023	\$	40,518
2024		41,734
2025		42,986
2026		44,275
2027		45,604
Thereafter		<u>1,640,946</u>
		1,856,063
Less: discount for present value		<u>(677,605)</u>
		<u>\$ 1,178,458</u>

At December 31, 2022 and 2021, contributions receivable includes donated office space of \$1,178,458 and \$1,215,127.

At December 31, 2022 and 2021, management recognized a present value discount of \$677,605 and \$680,274 on the in-kind payment for the donated space.

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8. Property and Equipment

As detailed below, the Diocese owns or controls various real estate assets, some of which have been donated or purchased and others which consist of certain congregations' church buildings and related property, the responsibility for which has been assumed by the Diocese. Donated assets are recorded at their fair values at the dates of donation. Assumed assets have not been assigned values. Donated properties other than land are being depreciated over their estimated useful lives of 20 years:

	2022	2021
25 Parkview Avenue, Bronxville, NY	\$ 375,000	\$ 375,000
San Andres Church, Yonkers, including land of \$62,000	519,500	519,500
Equipment and improvements	1,742,392	1,394,217
	2,636,892	2,288,717
Accumulated depreciation	(1,888,934)	(1,739,233)
	\$ 747,958	\$ 549,484

During the year ended December 31, 2022, the Diocese sold St. Stephen's, Staten Island, St. Andrew's Rectory, Brewster, and the St. Martin's and St. Luke Apartment in New York properties. Net proceeds and the gain on sale was \$2,916,592. During the year ended December 31, 2021, the Diocese sold the St. James, Bronx property with no gain on the sale.

There were disposals of property and equipment for the year ended December 31, 2022 of \$121 and there were no disposals in the year ended December 31, 2021.

The following are assumed assets which have not been assigned values:

St. Andrew's Church & St. Luke's, Beacon	St. Andrew's Church, South Fallsburgh
St. Margaret's Church, Bronx	St. Luke's Church Cemetery, Staten Island
Church of the Holy Name, Cragmoor	St. Andrew's Church, New Paltz
St. Andrew's, Walden (St. Francis of Assisi)	Church of St. John the Divine, Tomkins Cove
Holy Trinity, Inwood ***	St. John's Church and Camp, Haverstraw
San Andres, Yonkers	St. James' Church, Dover Plains
St. Luke's Eastchester	St. Andrew's, Brewster

*** The property where Holy Trinity parish resides, has been leased back to the parish by the Diocese at no cost for 99 years. As such, the property is impaired and appropriately does not have a dollar value assigned to it.

9. Property Improvement Reserve Fund

The property improvement reserve fund is a program into which parishes may contribute funds for the replacement of church roofs. The contributions are matched by the Diocese. At December 31, 2022 and 2021, \$873,376 and \$1,040,274 is included in the property improvement reserve fund on the statements of financial position.

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10. Employee Benefit Plans

The clergy employed by the Diocese are covered by The Church Pension Fund, a multi-employer defined benefit plan. Pension expense under this plan for 2022 and 2021 was \$557,418 and \$554,369.

The Diocese also maintains a 403(b)-thrift plan to provide retirement benefits for its lay employees. The Diocese contributes 11% of each eligible employee's salary and matches employee contributions at the lesser of 100% of the employee's contribution or 2% of the employee's salary. Plan expense for 2022 and 2021 was \$265,230 and \$256,629.

11. Beneficial Interest in Perpetual Trusts

At December 31, the Diocese had a beneficial interest in the income of the following trusts, which are managed by the Diocesan Investment Trust of the Diocese of New York:

	2022	2021
Myron and Anabel Taylor Conference Fund	\$ 3,510,880	\$ 4,141,721
Episcopal Fund	2,869,407	3,384,952
St. Peter and St. Paul Foundation	2,233,018	2,621,286
St. Thomas 1994 Irrevocable Endowment Trust	1,878,315	2,205,330
St. James 1999 Irrevocable Endowment Trust	1,032,221	1,223,922
Morgan Diocesan Missions Fund	959,048	1,054,055
Bedell Fund	876,482	951,294
Diocesan House Fund	226,743	267,479
C. Lorillard Wolfe Fund	226,703	267,431
Burtis Trust	192,809	227,451
Arthur Land	123,844	146,096
Clerical Aid Trust	114,534	135,114
Chapel of the Redeemer	92,651	109,297
St. Andrew's Lovell Memorial Fund	84,956	100,220
Church of St. Luke the Beloved Physician	62,161	73,327
Rectory Aid Trust	67,021	71,600
Walter Sterling Fund	35,117	41,426
Morgan Bush	19,425	22,914
The Graham Trust	12,008	14,126
Caroline Phelps Stokes Fund	6,286	7,415
	\$ 14,623,629	\$ 17,066,456

Income from three of the trusts is with donor restrictions that are temporary in nature, while income from the remaining trusts is without donor restrictions.

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12. Paycheck Protection Program Loan

On May 22, 2020, the Diocese received loan proceeds in the amount of \$1,269,900 under the Paycheck Protection Program (the “PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable provided the Diocese uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the “Covered Period”). The unforgiven portion of the PPP loan, if any, is payable over two years from the date of the loan. Loan payments of principal and interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration (“SBA”). On September 22, 2021, the Diocese received full forgiveness from the SBA of \$1,269,900 of loan proceeds received under the first round of the PPP loan. During the year ended December 31, 2021, the Diocese recognized the income from the forgiveness of the PPP loan in accordance with Accounting Standards Codification (“ASC”) 470, Debt. The accrued interest on the first round of the PPP loan of \$16,804 was also forgiven by the SBA.

On April 14, 2021, the Diocese received a second PPP loan totaling \$1,264,915. The terms of this loan are similar to the first PPP loan. The entire amount received under the second PPP is reported as debt on the statement of financial position at December 31, 2021. On October 3, 2022 the Diocese received notification that the loan was fully forgiven by the SBA and is reported as Forgiveness of Paycheck Protection Program Loan on the 2022 statement of activities.

13. Net Assets with Donor Restrictions (Temporary in Nature)

Net assets with donor restrictions that are temporary in nature were available for the following purposes at December 31:

	2022	2021
Purpose Restrictions:		
Cemetery and burial	\$ 843,876	\$ 980,948
Aid to women, children and the aged	412,255	467,663
Clerical and seminarian support	1,803,067	1,739,077
Support of missions and churches	2,053,608	2,218,942
Outreach programs	1,124,456	1,630,074
Trusts	587,082	470,866
Capital improvement	23,411	43,749
Bishop discretionary	880,537	903,486
Refugee relief	8,132	8,132
Southern Dutchess County region	447,777	501,763
	8,184,201	8,964,700
Time Restrictions:		
Donated office space	1,178,458	1,215,127
	\$ 9,362,659	\$ 10,179,827

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13. Net Assets with Donor Restrictions (Temporary in Nature) (continued)

Net assets with donor restrictions that are temporary in nature were released from donor restrictions by incurring expenses that satisfied the following restricted purposes:

	2022	2021
Cemetery and burial	\$ 29,509	\$ 3,755
Aid to women, children and the aged	26,518	47,398
Clerical and seminarian support	251,287	175,228
Support of missions and churches	575,324	606,354
Outreach programs	314,351	200,527
Trusts	53,848	27,045
Capital improvement	16,700	-
Bishop discretionary	30,832	140
	1,298,369	1,060,447
Time Restrictions:		
Donated office space	36,669	36,444
	\$ 1,335,038	\$ 1,096,891

14. Net Assets with Donor Restrictions (Perpetual in Nature)

Net assets with donor restrictions that are perpetual in nature are to be held in perpetuity in accordance with donor intentions. Income from these net assets is to be used to support with and without donor restricted purposes.

	2022	2021
Cemetery and burial	\$ 55,669	\$ 55,669
Aid to women, children and the aged	146,831	146,831
Support of missions and churches	89,448	89,449
Outreach programs	2,000,000	2,000,000
Capital improvement	7,500	7,500
Bishop discretionary	150,000	150,000
Beneficial interest in perpetual trusts - for with and without donor restricted purposes	14,623,629	17,066,456
	\$ 17,073,077	\$ 19,515,905

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15. Endowments

Interpretation of Relevant Law

The Board of Trustees of the Diocese (the “Board”) has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and except in those cases where the law allows appropriation for spending of the original gift amounts. As a result of this interpretation, the Board classifies as net assets with donor restrictions (perpetual in nature) (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction 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 that is not classified as net assets with donor restrictions (perpetual in nature) is classified as net assets with donor restrictions (temporary in nature) until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Investment Policy

The Diocese utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation.

Spend Rate Policy

The Diocese has an approved spending policy from the endowment to support operating and program expenses. The spending rate is calculated as a percentage of the average market value at the end of each of the prior three fiscal years. The Board of the Diocese has set the spending rate at 4.5% for 2022 and 2021.

The following is a reconciliation of the activity in the endowment funds for 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Balance, December 31, 2020	\$ 46,226,391	\$ 3,543,825	\$ 2,342,618	\$ 52,112,834
Additions	7,118,319	21,414	106,831	7,246,564
Investment return	2,844,307	363,450	-	3,207,757
Appropriation for expenditure	(1,915,168)	(377,168)	-	(2,292,336)
Balance, December 31, 2021	54,273,849	3,551,521	2,449,449	60,274,819
Additions	4,784,608	-	-	4,784,608
Investment return	(6,919,340)	(737,947)	-	(7,657,287)
Appropriation for expenditure	(2,494,092)	(266,412)	-	(2,760,504)
Balance, December 31, 2022	<u>\$ 49,645,025</u>	<u>\$ 2,547,162</u>	<u>\$ 2,449,449</u>	<u>\$ 54,641,636</u>

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16. Liquidity and Availability

The following represent the approximate amount of the Diocese's financial assets at December 31, reduced by the approximate amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions:

	2022	2021
Financial Assets:		
Cash and cash equivalents	\$ 15,909,000	\$ 14,755,000
Investments	63,175,000	69,773,000
Apportioned shares receivable from parishes, net	789,000	653,000
Loan receivable - revolving loan fund, net	495,000	729,000
Loan receivables from parishes and others, net	37,000	437,000
Advances to parishes	5,284,000	5,996,000
Beneficial interest in perpetual trusts	14,624,000	17,066,000
Total Financial Assets	100,313,000	109,409,000
Less: amounts restricted by donor with time or purpose restriction	(26,436,000)	(29,696,000)
Less: Net assets, Board designated	(4,599,000)	(5,088,000)
Less: Net assets designated for long term investment	(49,645,000)	(54,274,000)
Less: Loan receivable - revolving loan fund expected to be collected after one year	(495,000)	(729,000)
Less: Advances to parishes not expected to be collected in the next year	(5,018,632)	(4,515,000)
Add: time or purpose restriction expected to release in the next year	1,300,000	1,050,000
Add: allocated investment income for the next year	2,374,655	2,247,000
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 17,794,023	\$ 18,404,000

As part of the Diocese's liquidity management, the Diocese monitors the status of its cash needs on a quarterly basis and liquidates any assets as necessary in order to provide funds for the operations of its programs. In addition, the Diocese receives cash flow annually from apportionments from congregations.

17. Litigation

On February 14, 2019, Governor Andrew M. Cuomo, the Governor of the State of New York, signed into law the NYS Child Victims Act (the "CVA"). The CVA initially established a one-year period beginning six months after the CVA's signing into law, during which survivors of child abuse may file civil claims that would otherwise be barred by the applicable statute of limitations. Due to the COVID-19 public health emergency, Governor Cuomo issued an executive order on May 8, 2020 extending the look-back window until January 14, 2021, which he further extended to August 14, 2021 by signing legislation on August 3, 2020 (as so extended, the "Look-Back Period"). Under the CVA, a court may order compensation from private or public institutions that caused child sexual abuse or negligently permitted such abuse to occur. Because survivors may bring claims during the Look-Back Period with respect to abuse that happened at any time, courts may adjudicate CVA claims after evidence against the claim has been lost.

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17. Litigation (continued)

As of July 12, 2023, a number of claims had been brought against the Diocese under the CVA seeking compensation for abuse that occurred as early as the late 1950's. The claims are in the early stages of litigation and management and the Diocese's counsel are unable to estimate damages, if any, resulting from these claims.

18. Commitments

During the year ended December 31, 2020, the Diocese received a \$1,000,000 conditional grant from a private foundation. The terms of the grant require the Diocese to match \$500,000 over a five-year period on the designated project. Future minimum commitments under the grant agreement are as follows:

<u>Year Ending December 31:</u>	
2023	\$ 150,000
2024	150,000
2025	150,000
	<u>\$ 450,000</u>

19. Risks and Uncertainties

In November 2020, the Diocese was served with a Notice of Violation from the New York State Department of Environmental Conservation regarding illegal dumping at a property owned by the Diocese. The matter is still under investigation and the amount of potential liability, if any, cannot be reasonably estimated at this time.

20. In-Kind Contributions

In-Kind contributions for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Professional services	\$ 988,330	\$ 695,586	Management and General	None	Estimated based on current rates of legal services provided by law firm.

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21. Prior Period Adjustments

During the year ended December 31, 2022, the Diocese restated certain amounts reported in the December 31, 2021 financial statements to correct contribution receivable, net assets and operating expenses. Summarized below are the corresponding prior period adjustments of net assets:

	Previously Reported	Prior Period Adjustments	Restated Amount
<u>Statement of Financial Position</u>			
Contributions receivable, donated lease (a)	\$ -	\$ 1,215,127	\$ 1,215,127
Net assets with donor restrictions (b)	8,964,700	1,215,127	10,179,827
<u>Statements of Activities</u>			
Net assets released from restriction (c)	\$ 1,060,447	\$ 36,444	\$ 1,096,891
Operating expenses - Diocesan finance and operations (d)	2,510,204	36,444	2,546,648
Net assets with donor restrictions (b)	8,311,159	1,251,571	9,562,730
<u>Statements of Functional Expenses</u>			
Occupancy (Program Services) (d)	\$ 71,357	\$ 36,444	\$ 107,801

(a) Net assets with donor restrictions were understated by the fair value of the donated space provided to the Diocese.

(b) Net assets released from restriction were understated by the rent expense on the donated space provided to the Diocese.

(c) Occupancy expenses were understated by the rent expense on the donated space provided to the Diocese.

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Supplementary Information

**Convention of the Diocese of New York
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Summary Comparison of Actual Results with the Budget Adopted by Convention
Year Ended December 31, 2022

	Budget (Unaudited)	Actual	Variance
INCOME			
Gross Calculated Apportioned Shares	\$ 13,422,063	\$ 13,019,631	\$ (402,432)
Total Adjustments due to 12.5% Cap and Adjustment Board	<u>(140,862)</u>	<u>(526,841)</u>	<u>(385,979)</u>
Billed Apportioned Shares	13,281,201	12,492,790	(788,411)
Projected Unpaid Apportioned Shares	<u>(2,089,668)</u>	<u>(483,202)</u>	<u>1,606,466</u>
Net Apportioned Shares	11,191,533	12,009,588	818,055
Allocation from the General Endowment	907,230	937,826	30,596
Trust Income	37,000	49,768	12,768
Fee Income	65,000	62,682	(2,318)
Diocesan Convention Fee Income	75,000	73,510	(1,490)
PPP Loan Forgiveness	-	1,264,915	1,264,915
Contingency	<u>(257,546)</u>	<u>-</u>	<u>257,546</u>
Total Income	<u>12,018,217</u>	<u>14,398,289</u>	<u>2,380,072</u>
DISBURSEMENTS			
Canonical Requirements of a Diocese in The Episcopal Church	Schedule A 1,759,537	1,761,719	2,182
The Episcopate and Support	Schedule B 1,815,125	1,716,144	(98,981)
Staff and Support for Ministries and Congregations	Schedule C 1,167,269	1,187,953	20,684
Funding for Clergy in Strategic Settings	Schedule D 2,756,540	2,214,532	(542,008)
Grants and Programs for Congregations	Schedule E 639,000	589,953	(49,047)
Diocesan Ministry and Outreach Programs	Schedule F 484,500	386,525	(97,975)
Diocesan Administration	Schedule G 2,831,621	2,861,894	30,273
Communications and Archives	Schedule H 389,625	396,457	6,832
Diocesan Convention Costs and Meetings	Schedule I <u>175,000</u>	<u>175,000</u>	<u>-</u>
Total Disbursements	<u>12,018,217</u>	<u>11,290,177</u>	<u>(728,040)</u>
Net Surplus	<u>\$ -</u>	<u>\$ 3,108,112</u>	<u>\$ 3,108,112</u>

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**Convention of the Diocese of New York
of the Protestant Episcopal Church**

Detailed Schedule of Actual Results with the Budget Adopted by Convention
Year Ended December 31, 2022

	Budget (Unaudited)	Actual	Variance
Schedule A			
<i>Canonical Requirements of a Diocese in The Episcopal Church</i>			
Assessment to The Episcopal Church	\$ 1,531,763	\$ 1,531,763	\$ -
Assessment to Province II	22,774	24,956	2,182
Reserve for Deputies to General Convention & Provincial Synod	40,000	40,000	-
Reserve for Future Episcopal Elections	150,000	150,000	-
Reserve for Lambeth	15,000	15,000	-
Total Canonical Requirements of a Diocese in The Episcopal Church	\$ 1,759,537	\$ 1,761,719	\$ 2,182
Schedule B			
<i>The Episcopate and Support</i>			
Bishop of New York	\$ 297,450	\$ 297,024	\$ (426)
Bishop Suffragan	256,650	256,370	(280)
Assistant Bishop	256,650	256,370	(280)
Bishops' Office Expenses	522,675	506,305	(16,370)
Reserve for Discretionary Fund-Hospitality	30,000	43,147	13,147
Bishops' Shared Travel	65,000	24,171	(40,829)
Canon to the Ordinary	211,400	207,940	(3,460)
Canon for Pastoral Care	175,300	124,817	(50,483)
Total The Episcopate and Support	\$ 1,815,125	\$ 1,716,144	\$ (98,981)
Schedule C			
<i>Staff and Support for Ministries and Congregations</i>			
Canon for Ministry	\$ 237,100	\$ 257,692	\$ 20,592
Canon for Transition Ministry	253,300	240,922	(12,378)
Canon for Congregational Vitality	203,774	208,083	4,309
Liaison for Global Mission	173,250	172,501	(749)
Property Support Director	196,225	212,923	16,698
Mid Hudson Region	103,620	95,832	(7,788)
Total Staff and Support for Ministries and Congregations	\$ 1,167,269	\$ 1,187,953	\$ 20,684

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**Convention of the Diocese of New York
of the Protestant Episcopal Church**

Detailed Schedule of Actual Results with the Budget Adopted by Convention
Year Ended December 31, 2022 (continued)

	Budget (Unaudited)	Actual	Variance
Schedule D			
<i>Funding for Clergy in Strategic Settings</i>			
Harlem Initiative	\$ 243,500	\$ 272,553	\$ 29,053
Church Plants and Revitalization	222,800	126,930	(95,870)
South Bronx Initiative Clergy Compensation	550,600	454,530	(96,070)
Regional Pastorate Initiative	172,340	126,588	(45,752)
Hispanic Clergy Compensation	884,850	668,860	(215,990)
Episcopal Futures Co-Payment	30,000	30,000	-
Curacy Initiative	140,000	38,270	(101,730)
Campus Ministry Clergy Compensation	512,450	496,801	(15,649)
Total Funding for Clergy in Strategic Settings	<u>\$ 2,756,540</u>	<u>\$ 2,214,532</u>	<u>\$ (542,008)</u>
Schedule E			
<i>Grants and Programs for Congregations</i>			
First Step Grants	\$ 25,000	\$ 15,000	\$ (10,000)
Property Support Committee Grants and Loans	470,000	470,000	-
Hispanic Ministries Grants	60,000	59,700	(300)
Sustainable Development Goal Grants	84,000	45,253	(38,747)
Total Grants and Programs for Congregations	<u>\$ 639,000</u>	<u>\$ 589,953</u>	<u>\$ (49,047)</u>
Schedule F			
<i>Diocesan Ministry and Outreach Programs</i>			
Ecumenical and Multi-faith Councils Contribution	\$ 10,500	\$ 10,500	\$ -
Ecumenical and Interfaith Commission	10,000	5,970	(4,030)
Global Mission Commission	45,000	23,469	(21,531)
Congregational Development Commission Programs	15,000	7,314	(7,686)
Christian Formation Commission Programs/Young Adult Ministry	67,000	38,251	(28,749)
Operational Support for Strategic Hispanic Congregation	15,000	16,462	1,462
Multicultural Ministries	12,000	11,048	(952)
Rural and Migrant Ministry	50,000	50,000	-
Social Concerns Commission	85,000	48,511	(36,489)
Support for Episcopal Charities	110,000	110,000	-
New York Service and Justice Collaborative	25,000	25,000	-
Companion Diocese Relationship	40,000	40,000	-
Total Diocesan Ministry and Outreach Programs	<u>\$ 484,500</u>	<u>\$ 386,525</u>	<u>\$ (97,975)</u>
Schedule G			
<i>Diocesan Administration</i>			
Office Services	\$ 316,240	\$ 254,236	\$ (62,004)
Administration	1,694,630	1,729,337	34,707
IT Expenses	210,000	247,107	37,107
Professional Expenses	135,000	192,386	57,386
Cathedral Cost Sharing and Rent	1	-	(1)
Property (EDNY) Management	150,000	104,166	(45,834)
Web Management	5,750	7,951	2,201
Capital Expenditures Budget	60,000	77,160	17,160
Overhead and Fixed Obligations	260,000	249,551	(10,449)
Total Diocesan Administration	<u>\$ 2,831,621</u>	<u>\$ 2,861,894</u>	<u>\$ 30,273</u>

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**Convention of the Diocese of New York
of the Protestant Episcopal Church**

Detailed Schedule of Actual Results with the Budget Adopted by Convention
Year Ended December 31, 2022 (continued)

	Budget (Unaudited)	Actual	Variance
Schedule H			
<i>Communications and Archives</i>			
Public Affairs and Archives	\$ 344,625	\$ 334,846	\$ (9,779)
Episcopal New Yorker	45,000	61,611	16,611
Total Communications and Archives	\$ 389,625	\$ 396,457	\$ 6,832
 Schedule I			
<i>Diocesan Convention Costs and Meetings</i>			
Diocesan Convention Reserve	\$ 175,000	\$ 175,000	\$ -
Total Diocesan Convention Costs and Meetings	\$ 175,000	\$ 175,000	\$ -

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