

EPISCOPAL DIOCESE OF ALBANY

**Financial Statements as of
December 31, 2024
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

February 6, 2026

To the Trustees of
Episcopal Diocese of Albany

Opinion

We have audited the accompanying financial statements of Episcopal Diocese of Albany (the "Diocese") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, cash flows, and functional expenses, for the year 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 Diocese as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Diocese's financial statements as of and for the year ended December 31, 2024 reflect a restatement of beginning of year net assets. Our opinion is not modified with respect to this matter.

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.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

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 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.

EPISCOPAL DIOCESE OF ALBANY

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2024

ASSETS

Cash and cash equivalents	\$ 3,421,120
Accounts receivable	643,008
Prepaid expenses	21,833
Investments	9,257,167
Loans receivable from parishes	222,049
Property and equipment, net	7,436,519
Right-of-use assets - finance leases	6,049
Inventory	<u>6,764</u>
	<u>\$ 21,014,509</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued liabilities	\$ 663,368
Lease liabilities - finance leases	6,837
Deferred revenue	<u>42,828</u>
Total liabilities	<u>713,033</u>

NET ASSETS:

Without donor restrictions:	
Undesignated	10,855,884
Board Designated	299,447
With donor restrictions	<u>9,146,145</u>
Total net assets	<u>20,301,476</u>
	<u>\$ 21,014,509</u>

The accompanying notes are an integral part of these statements.

EPISCOPAL DIOCESE OF ALBANY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Parish assessments	\$ 1,142,689	\$ 6,186	\$ 1,148,875
Fees and related income	996,541	-	996,541
Investment income, net	398,651	257,514	656,165
Contributions and bequests	568,206	-	568,206
Fitch Gilbert trust distributions	31,233	-	31,233
Other income	16,192	-	16,192
Releases from restrictions	<u>1,625,432</u>	<u>(1,625,432)</u>	<u>-</u>
Total revenue and support	<u>4,778,944</u>	<u>(1,361,732)</u>	<u>3,417,212</u>
EXPENSES:			
Program	2,713,114	-	2,713,114
Management and General	<u>1,779,226</u>	<u>-</u>	<u>1,779,226</u>
Total expenses	<u>4,492,340</u>	<u>-</u>	<u>4,492,340</u>
CHANGE IN NET ASSETS	<u>286,604</u>	<u>(1,361,732)</u>	<u>(1,075,128)</u>
NET ASSETS - beginning of year, as restated (Note 3)	<u>10,868,727</u>	<u>10,507,877</u>	<u>21,376,604</u>
NET ASSETS - end of year	<u>\$ 11,155,331</u>	<u>\$ 9,146,145</u>	<u>\$ 20,301,476</u>

The accompanying notes are an integral part of these statements.

EPISCOPAL DIOCESE OF ALBANY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (1,075,128)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	364,014
Realized and unrealized gain on investments, net	(176,368)
Amortization of financing costs through interest expense	8,067
Changes in:	
Accounts receivable	(534,835)
Prepaid expenses	55,074
Accounts payable and accrued liabilities	919,669
Deferred revenue	<u>19,693</u>
Net cash flow from operating activities	<u>(419,814)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(118,625)
Proceeds from sale of investments	1,101,412
Purchase of investments	<u>(1,403,625)</u>
Net cash flow from investing activities	<u>(420,838)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Loan repayments from parishes	56,176
Payments on finance lease liabilities	<u>(7,840)</u>
Net cash flow from financing activities	<u>48,336</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(792,316)
CASH AND CASH EQUIVALENTS - beginning of year	<u>4,213,436</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 3,421,120</u>

The accompanying notes are an integral part of these statements.

EPISCOPAL DIOCESE OF ALBANY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Program</u>	Management and <u>General</u>	<u>Total</u>
Salaries	\$ 585,736	\$ 585,736	\$ 1,171,472
Grants	402,845	4,069	406,914
Program expenses	312,891	73,394	386,285
Depreciation	254,810	109,204	364,014
Fringe benefits	164,765	164,765	329,530
Development	-	278,349	278,349
Telephone and utilities	158,193	67,797	225,990
Maintenance and repairs	149,009	49,670	198,679
Insurance	153,148	24,931	178,079
Apportionment and assessments	170,665	-	170,665
Food and beverages	125,223	-	125,223
Professional fees	2,469	121,005	123,474
Housing allowance	-	105,719	105,719
Pension	42,028	53,490	95,518
Printing and postage	63,652	1,233	64,885
Information technology	27,507	35,010	62,517
Payroll taxes	29,802	29,802	59,604
Retreats, conferences and meetings	37,736	1,167	38,903
Office	6,460	27,539	33,999
Travel	2,286	30,367	32,653
Small equipment	23,558	3,520	27,078
Amortization	-	8,067	8,067
Advertising	331	4,392	4,723
	<u>\$ 2,713,114</u>	<u>\$ 1,779,226</u>	<u>\$ 4,492,340</u>

The accompanying notes are an integral part of these statements.

EPISCOPAL DIOCESE OF ALBANY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. THE ORGANIZATION

The Episcopal Diocese of Albany (the “Diocese”) is the governing entity of the Episcopal Church in Northeast New York. The financial operations of the Diocese are directed by the Bishop and the Diocesan Convention.

The following is a brief description of the various activities of the Diocese:

- Trust Funds – These funds are comprised of trusts, legacies and certain other accounts, some of which are restricted to a specific use. The trust funds are managed by the Trustees of the Diocese.
- Diocesan Development – This fund is used principally to make loans to parishes within the Diocese. The interest rate on these loans is 5.5%. The fund is managed by the Diocesan Development Fund Committee.
- Diocesan Operations – Revenues are received from Parishes in the form of annual apportionments and contributions. Funds are disbursed primarily for administrative costs and to support various ministries of the Diocese. The net costs of real property and equipment owned by the Diocese, are also included in Diocesan operations. The operations of the Diocese are managed by the Bishop, the Diocesan Council and the Standing Committee of the Diocese.
- Spiritual Life Center – Revenues are derived primarily from fees related to services provided at the Spiritual Life Center and donations. Expenses related to the operations and providing services by the Spiritual Life Center are included in facility operations. The operations of the Spiritual Life Center are managed by the Bishop and management of the Spiritual Life Center and Diocese.

The financial statements include all programs, funds and activities under management of the Diocese. All interfund transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Diocese considers all highly liquid debt instruments with an original maturity of less than three months to be cash equivalents. The Diocese's cash balances may at times exceed federally insured limits. The Diocese has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Due from Trustees and Other Receivables

Due from Trustees and other receivables consists of amounts expected to be received from parishes and other Diocesan entities for costs incurred. Amounts are billed on a monthly basis under customary payment terms. Payment is normally received within thirty to sixty days. Accounts for which no payment has been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off. Management has experienced no history of past due accounts therefore no allowance has been deemed necessary.

In addition, certain other receivables are recorded related to investment earnings such as accrued interest and dividends receivable that are yet to be received.

Investments

Investments are primarily comprised of shares in Albany Diocesan Investment Trust (ADIT). ADIT invests in equity securities and fixed income securities, which are stated at fair value. Fair value represents the price that would be received upon the sale of an asset in an orderly transaction between market participants as of the measurement date. All realized and unrealized gains and losses are reported directly in the accompanying statement of activities and change in net assets.

Additionally, the Diocese invests in various types of investment securities which are stated at fair value based on quoted market prices. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the values of investment securities in the near term could materially affect the amounts reported in the accompany financial statements. Certain investments are held as an endowment. The endowment included donor-restricted funds reported as net assets with donor restrictions in the statement of financial position. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Fair Value Measurement

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Diocese. Unobservable inputs are inputs that reflect the Diocese's belief about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these items does not entail a significant degree of judgment.

The Diocese's cash and cash equivalents, fixed income securities, and equity securities are valued utilizing Level 1 inputs.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

The Diocese does not have any investments utilizing Level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Diocese's investment in ADIT is valued utilizing Level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Loans Receivable from Parishes

Loans receivable from parishes represents funds advanced to parishes of the Episcopal Diocese of Albany. Loans are stated at the unpaid principal balance less an allowance for loan losses and carry a rate of interest of 5.5%. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Under the terms of the agreement, the Diocese has the right to repledge or sell the assets if the loan becomes overdue. Diocese periodically evaluates the loan for collectability based on inherent collection risks and adverse situations that may affect the borrower's ability to repay.

The allowance for credit losses is derived from a review of the Diocese's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Diocese. The Diocese believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Diocese's customers have remained constant since the Diocese's inception. The current and expected future economic conditions are not expected to change significantly as compared with the economic conditions included in the historical information. Given historically low write offs, the Diocese has not recorded an allowance for credit losses for the year ended December 31, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost or the fair value at the date of donation less accumulated depreciation under the straight-line method with estimated useful lives of 3 to 40 years.

Long-Lived Assets

The Diocese assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2024.

Leases

At inception, it is determined if an agreement is a lease. Leases are recorded on the Diocese's statement of financial position under right-of-use (ROU) assets and lease liabilities. ROU assets represent the Diocese's right to use an underlying asset for the lease term and lease liabilities represent the Diocese's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of these leases do not provide an implicit interest rate, the Diocese uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also included any lease pre-payments made and excludes lease incentives. The terms of the lease may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. Lease expense is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are not accounted for separately.

For all underlying classes of assets, the Diocese has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Diocese is reasonably certain to exercise. The Diocese recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The Diocese reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified and the modification is not accounted for as a separate contract or upon certain other events that require reassessment in accordance with Accounting Standards Codification (ASC) 842, *Leases*. Maintenance and property tax expenses are accounted for on an accrual basis as variable lease cost.

Revenue Recognition:

Parish Assessments

Assessments are the amount a parish is entitled to collect from its members based on a budget. Parish assessment revenue is recognized when the performance obligation is satisfied and the parish has a right to the funds. Assessments are generally treated as exchange transactions or mandatory contributions, recognized over time as the diocese fulfills its role.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued):

Fees and related income

Food and gift shop sales are recognized at the point in time when the exchange transaction is completed, and the items are taken by the customer. Lodging, camps and activities, and event registration income is recognized when the activity takes place, at a point in time. Deposits received in advance for events are recorded as deferred revenue and are recognized as revenue when the activity takes place.

Contributions and Bequests

Contributions, including legally enforceable promises to give, are recognized as revenue when received and are considered to be available for use unless specifically restricted by the donor. Conditional contributions, when applicable, are recognized as revenue when the conditions on which they depend have been substantially met.

Contributed Non-Financial Assets

Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying financial statements. During the year ended December 31, 2024, there were no contributed services recognized as revenue.

Related Parties

The Diocese provides certain office facilities under an arrangement with two affiliates: Episcopal Charities of Albany, Inc. ("Charities") and Albany Diocesan Investment Trust ("ADIT"). These affiliates share some board members in common. During 2024, Charities and ADIT provided the Diocese with reimbursement for certain allocated administrative costs of \$102,221, shown on the statement of activities as part of fees and related income.

Functional Allocation of Expenses

The cost of providing the Diocese's programs and other activities have been presented in the statements of functional expenses. Expenses that can be identified with a program or support service are considered program expenses. Certain categories of expenses are attributable to one or more program or supporting function, these expenses are allocated to the functional classification. These expenses include salaries, fringe benefits and payroll taxes, depreciation and amortization, and occupancy related costs. Salaries and fringe benefits and payroll taxes are allocated based on time spent in the various programs in accordance with time and effort reports completed by employees. Depreciation and rent related expenses are allocated based on square footage used.

Financial Reporting

The Diocese reports its activities and the related net assets using two net asset categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include resources which are available for the support of the Diocese's operating activities.

Net assets with donor restrictions represent resources with donor-imposed restrictions that may or will be met either by the actions of the Diocese and/or the passage of time and resources subject to donor-imposed stipulations that they be maintained in perpetuity by the Diocese. In cases where the donor-imposed restriction does not expire, generally, the donor of these net assets permits the use of the investment return.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred and amounted to \$4,723 during the year ended December 31, 2024.

Income Taxes

The Diocese is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income tax on related income and not a private foundation.

3. RESTATEMENT OF NET ASSETS

The Diocese's December 31, 2023 financial statements excluded \$496,920 in investment income that should have been previously recognized. Accordingly, the Diocese restated beginning net assets in the accompanying financial statements. The cumulative effect of the correction was as follows:

Net assets as of December 31, 2023, as previously stated	\$ 20,879,683
Cumulative effect of restatement	<u>496,921</u>
Net assets as of December 31, 2023, as restated	<u>\$ 21,376,604</u>

4. LIQUIDITY

The Diocese is substantially supported by parish assessments, fees and related income, investment income, and contributions and bequests. As part of the Diocese's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Board designated net assets can be undesignated at any time.

The following reflects the Diocese's financial assets reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year as of December 31, 2024:

Financial assets	
Cash and cash equivalents	\$ 3,421,120
Accounts receivable	143,008
Investments	9,257,167
Loans receivable from parishes	<u>222,049</u>
Total financial assets	<u>13,043,344</u>
Less: those unavailable for general expenditures within one year, due to:	
Board designated net assets	(299,447)
Donor-imposed purpose restrictions	<u>(9,146,145)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,597,752</u>

5. INVESTMENTS

The Diocese invests the majority of available funds with the Albany Diocesan Investment Trust (ADIT), which operates under the direction of the Trustees of the Diocese. The Trustees engaged investment management and advisory firms, each with investment objectives and allocations.

The following table sets for a summary of the Diocese's investments as of December 31, 2024:

Investment in ADIT	\$ 8,256,303
Cash and cash equivalents	24,861
Fixed income securities	548,186
Equity securities	<u>427,817</u>
	<u>\$ 9,257,167</u>

The Diocese owned 158,544 shares of ADIT at December 31, 2024, or approximately 68% of total ADIT shares outstanding at year end. Investments held at ADIT were measured on a net asset value per share. At December 31, 2024, the net asset value per ADIT share was \$42.81.

ADIT made annual distributions, paid quarterly, of approximately \$1.60 per share in 2024. Distributions are received as either cash payments or reinvested in ADIT shares.

ADIT declares the quarterly distribution to shareholders as of the last day of each calendar quarter. Accordingly, the December 31, 2024 distribution paid in January 2024, is reflected on the statement of financial position in accounts receivables, and is also recorded in the statement of activities in investment income.

6. FAIR VALUE MEASUREMENTS

The majority of the Diocese's investments are shares of ADIT, the net asset value of which is the total fair value of ADIT's assets, less liabilities, divided by outstanding shares as of the statement of financial position date. This method of valuation uses observable inputs such as fair value of underlying investments and shares outstanding. Assets valued using the NAV method described are not recognized within the fair value hierarchy.

At December 31, 2024, the Diocese's investments are measured at fair value on a recurring basis and are valued as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income securities	\$ 548,186	\$ -	\$ -	\$ 548,186
Equity securities	427,817	-	-	427,817
Investment in ADIT	<u>-</u>	<u>-</u>	<u>8,256,303</u>	<u>8,256,303</u>
	<u>\$ 976,003</u>	<u>\$ -</u>	<u>\$ 8,256,303</u>	<u>\$ 9,232,306</u>

6. FAIR VALUE MEASUREMENTS (Continued)

	Net Asset Value <u>12/31/2024</u>	Unfunded <u>Commitments</u>	Redemption Frequency (if <u>currently eligible</u>)	Redemption <u>Notice Period</u>
Investments in ADIT	<u>\$ 8,256,303</u>	None	Monthly	3 days prior to Month End

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2024:

Buildings and improvements	\$ 11,252,132
Land	2,018,658
Vehicles	160,743
Furniture, equipment and other	<u>418,858</u>
Total property and equipment	13,850,391
Less: accumulated depreciation	<u>(6,413,872)</u>
	<u>\$ 7,436,519</u>

8. BOARD DESIGNATED NET ASSETS - CLERGY DISCRETIONARY FUNDS

Board designated net assets include certain amounts designated by the Diocese to be spent at the direction of specific Clergy. These amounts may be spent for charitable purposes by the designated Clergy and total \$299,447 at December 31, 2024.

9. RETIREMENT PLAN

The Diocese maintains a defined contribution pension plan (the "Plan"), which covers substantially all clergy and lay employees of Diocesan Headquarters, which allows employee contributions. The fiduciary of the Plan is The Church Pension Fund. The contribution for the year ended December 31, 2024 was \$95,518, which is included in the accompanying statement of functional expenses as part of employee fringe benefits.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2024:

New parish development	\$ 1,137,942
Missions	49,935
Restricted in perpetuity	4,725,892
Earnings on perpetual endowments	<u>3,232,376</u>
Total net assets with donor restrictions	<u>\$ 9,146,145</u>

Net assets with donor restrictions released during the year ended December 31, 2024 by incurring expenses satisfying the restricted purposes, or by Board action for the release of accumulated earnings on perpetual endowments were \$1,625,432.

11. DONOR RESTRICTED ENDOWMENT FUNDS

The Diocese's endowment consists of individual funds established for a variety of purposes and includes funds that, under the terms of the relevant donor gift instruments, are restricted (i.e. not wholly expendable by the Diocese on a current basis) and funds that are not restricted under donor gift instruments.

As required by GAAP, net assets associated with endowment funds are classified and reported by the Diocese as net assets with donor restrictions based on the existence of donor-imposed restrictions.

Within the net assets with donor restrictions, the Diocese classifies restricted in perpetuity the original value of gifts donated to the endowment.

The New York Prudent Management of Institutional Funds Act (NYPMIFA), effective September 17, 2010, applies to the Diocese and sets forth, among other things, rules governing appropriation for expenditure or accumulation of donor-restricted endowment funds. Under those rules (a) the Diocese may, subject to the intent of the donor expressed in the gift instrument, appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established and (b) in making a decision to appropriate or accumulate, the Diocese must act prudently and in good faith and must consider, if relevant, the following factors:

1. the duration and preservation of the endowment fund;
2. the purposes of the Diocese and the endowment fund;
3. general economic conditions;
4. the possible effect of inflation or deflation;
5. the expected total return from income and the appreciation of investments;
6. other resources of the Diocese;
7. where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives have on the Diocese; and
8. the investment policy of the Diocese.

11. DONOR RESTRICTED ENDOWMENT FUNDS (Continued)

The Diocese has investment and spending practices 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. The income from the donor restricted endowments includes, among other things, restrictions for the funding of clergy sabbaticals, educational programs, certain parish operations, and other Diocesan programs and expenditures.

The Diocese has invested all of its endowment assets in shares of ADIT and therefore, has effectively adopted the investment policy of ADIT. ADIT's investment policy seeks to generate a sustainable level of quarterly income, achieve long-term growth of principal, and achieve a long-term average annualized rate of total return that exceeds inflation by 5%.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or law (underwater endowments). The board members of the Diocese has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. During the year ended December 31, 2024, there were no underwater endowment funds.

Changes in donor restricted endowment funds for the year ended December 31, 2024 is as follows:

Original donor-restricted gift amount an amounts required to be maintained in perpetuity, beginning of year	\$ 3,531,568
Accumulated Investment earnings	6,281,485
Amounts appropriated for expenditure	<u>(1,493,672)</u>
Endowment with donor restrictions, end of year	<u>\$ 8,319,381</u>

12. LEASES

The Diocese leases office equipment, two copiers and a postage meter, through financing leases. One of the copier leases expires in September 2025 and the other copier lease and the postage meter lease expire in October 2025. The leases do not contain any renewal or early termination options.

The components of lease expense for the year ended December 31, 2024, are as follows:

Finance lease cost:	
Amortization of right-of-use assets	\$ 8,067
Interest on lease liabilities	<u>248</u>
	<u>\$ 8,315</u>

Other information related to leases as of December 31, 2024 is as follows:

Weighted. average lease term - finance	0.81 years
Weighted average discount rate - finance	1.37%

12. LEASES (Continued)

Supplemental cash flow information related to leases for the year ended December 31, 2024 are as follows:

Financing cash flows from finance leases	\$	7,840
Operating cash flows from finance leases	\$	227

Maturities of finance lease liabilities as of December 31, 2024, were as follows:

2025	\$	6,910
Less: Present value of discount		<u>73</u>
Total present value of lease liabilities	\$	<u>6,837</u>

13. COMMITMENTS AND CONTINGENCIES

Child Victims Act

On February 14, 2019, New York State signed into law the Child Victims Act (CVA), which became effective August 14, 2019. This legislation provides for the following:

- Extends New York State's statute of limitations for child abuse claims
- Allows for criminal charges against sexual abusers of children until their victims turn 28 years of age, vs. the previous law which provided that right up to age 23
- Allows for civil action against abusers, and the institutions where they were abused, until their victims turn 55
- Opens a window beginning on the effective date of August 14, 2019, permitting any victim of child abuse to take civil action, regardless of when the abuse occurred.

As a result of the passage of the CVA, through the date of this report, the Diocese has been notified or become aware of abuse related claims that have been or are likely to be filed against it. Aggregate demands for damages from these claims cannot be estimated at this time. During the timeframe of the alleged abuses the Diocese had a combination of commercial insurance coverage and self-insurance programs. At present, the Diocese is not certain as to the amount of commercial coverage available to assist it in meeting its obligations for these matters. Accordingly, it is possible that the ultimate resolution of any litigation could have a material adverse impact on the Diocese's results of operations, liquidity, and financial position. In addition, it is reasonably possible that the ultimate number of lawsuits and/or claims could increase, and therefore any additional exposure cannot be predicted at this time

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 6, 2026, which is the date the financial statements were available to be issued.

In January of 2026, the Diocese reached a final settlement agreement from a lawsuit filed in August of 2021. The Diocese's insurance carrier agreed to pay the settlement of \$500,000 to resolve all claims. As this event provides additional evidence regarding conditions that existed at the statement of financial position date, the Diocese has adjusted the financial statements as of December 31, 2024, to reflect the liability for the claim and the receivable for insurance proceeds.