

THE EPIPHANY SCHOOL FOUNDATION, INC.

Financial Statements

For The Years Ended

June 30, 2008 and 2007

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BERNSTEIN ROSEN & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Epiphany School Foundation, Inc.

We have audited the accompanying statements of financial position of The Epiphany School Foundation, Inc. (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with United States generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of The Epiphany School Foundation, Inc at June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with United States generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

NEW YORK, NEW YORK
August 20, 2008

Bernstein Rosen & Company, CPAs, PC

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statements of Financial Position

June 30,

2008

2007

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 377,729	\$ 381,708
Marketable Securities	202,778	275,824
Contributions receivable	240,234	14,780
Prepaid expenses	<u>3,940</u>	<u>4,056</u>

TOTAL CURRENT ASSETS 824,681 676,368

Property and equipment (net of accumulated depreciation of \$5,900)	<u>214</u>	<u>429</u>
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TOTAL ASSETS \$ 824,895 \$ 676,797

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ <u>5,775</u>	\$ <u>3,061</u>
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NET ASSETS:

Unrestricted	586,799	478,023
Temporarily restricted	<u>232,321</u>	<u>195,713</u>

TOTAL NET ASSETS 819,120 673,736

TOTAL LIABILITIES AND NET ASSETS \$ 824,895 \$ 676,797

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

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statement of Activities

**For the Year Ended
June 30, 2008**

PUBLIC SUPPORT AND REVENUE

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Contributions	\$ 321,395	\$ 151,300	\$ 472,695
Capital campaign contributions	-	225,410	225,410
Special events	450,470	-	450,470
Investment return	16,913	-	16,913
Net assets released from restrictions	<u>340,102</u>	<u>(340,102)</u>	<u>-</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	 <u>\$1,128,880</u>	 <u>\$ 36,608</u>	 <u>\$1,165,488</u>

EXPENSES:

Grants to the Epiphany School	\$ 691,550	\$ -	\$ 691,550
General and administrative	57,129	-	57,129
Special events	139,158	-	139,158
Fund raising - capital campaign	5,822	-	5,822
Fund raising - general	<u>126,445</u>	<u>-</u>	<u>126,445</u>
 TOTAL EXPENSES	 <u>1,020,104</u>	 <u>-</u>	 <u>1,020,104</u>
 CHANGE IN NET ASSETS	 108,776	 36,608	 145,384
Net Assets - beginning of year	<u>478,023</u>	<u>195,713</u>	<u>673,736</u>
Net Assets - end of year	<u>\$ 586,799</u>	<u>\$232,321</u>	<u>\$ 819,120</u>

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

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statement of Activities

For the Year Ended
June 30, 2007

PUBLIC SUPPORT AND REVENUE

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Contributions	\$ 240,478	\$ 125,000	\$ 365,478
Capital campaign contributions	-	255,216	255,216
Special events	340,019	-	340,019
Investment return	54,781	-	54,781
Net assets released from restrictions	<u>284,503</u>	<u>(284,503)</u>	<u>-</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	 <u>\$ 919,781</u>	 <u>\$ 95,713</u>	 <u>\$1,015,494</u>

EXPENSES:

Grants to the Epiphany School	\$ 637,460	\$ -	\$ 637,460
General and administrative	46,110	-	46,110
Special events	96,836	-	96,836
Fund raising - capital campaign	8,356	-	8,356
Fund raising - general	<u>110,888</u>	<u>-</u>	<u>110,888</u>
 TOTAL EXPENSES	 <u>899,650</u>	 <u>-</u>	 <u>899,650</u>
 CHANGE IN NET ASSETS	 20,131	 95,713	 115,844
Net Assets - beginning of year	<u>457,892</u>	<u>100,000</u>	<u>557,892</u>
Net Assets - end of year	<u>\$ 478,023</u>	<u>\$195,713</u>	<u>\$ 673,736</u>

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

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statement of Cash Flows

**For the Year Ended
June 30,**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase in net assets	\$ 145,384	\$ 115,844
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized and realized (gain) loss from securities	2,322	(43,431)
Depreciation	214	614
Changes in operating assets and liabilities:		
(Increase) Decrease in contributions receivable	(225,454)	7,309
Decrease in prepaid expenses	116	20,025
Increase (Decrease) in accounts payable and accrued expenses	<u>2,714</u>	<u>(1,763)</u>
Net cash provided (used) by operating activities	<u>(74,704)</u>	<u>98,598</u>
Cash flows from investing activities:		
Sale of marketable securities	138,957	137,153
Purchase of marketable securities	<u>(68,232)</u>	<u>(122,529)</u>
Net cash provided by investing activities	<u>70,725</u>	<u>14,624</u>
Net increase (decrease) in cash	(3,979)	113,222
Cash and cash equivalents - beginning of year	<u>381,708</u>	<u>268,486</u>
Cash and cash equivalents - end of year	<u>\$ 377,729</u>	<u>\$ 381,708</u>

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

THE EPIPHANY SCHOOL FOUNDATION, INC.
Notes to Financial Statements
June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies

The financial statements of The Epiphany School Foundation, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(A) ORGANIZATION

The Epiphany School Foundation, Inc. was organized in 1999 and determined to be tax-exempt under section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to solicit contributions on behalf of the Epiphany School (the "School"), a parochial school located in New York City. These contributions are used by the School to strengthen academic programs, develop faculty, maintain and improve School facilities and other special projects.

(B) PUBLIC SUPPORT AND REVENUE

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. All noncash donations are reflected as contributions on the Statement of Activities.

THE EIPHANY SCHOOL FOUNDATION, INC
Notes to Financial Statements
June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies (continued)

(C) EQUIPMENT

Equipment is recorded at cost or the fair market value of the equipment on the date of the donation. Depreciation has been provided in the financial statements utilizing the straight-line method over the estimated useful lives of the assets.

(D) INCOME TAXES

The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision has been made for income taxes in these financial statements.

(E) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

(F) CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(2) Marketable Securities

The Organization has adopted Statement of Financial Accounting standards No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations," whereby investments in debt securities are reported at their fair values in the Statement of Financial Position.

	<u>June 30, 2008</u>		<u>June 30, 2007</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity Mutual Funds	\$ 36,398	\$ 36,087	\$ 37,302	\$ 41,955
Fixed Income Mutual Funds	99,872	87,635	85,292	85,360
Common Stock	<u>60,648</u>	<u>79,056</u>	<u>133,157</u>	<u>148,509</u>
Total	<u>\$196,918</u>	<u>\$202,778</u>	<u>\$255,751</u>	<u>\$275,824</u>

THE EPIPHANY SCHOOL FOUNDATION, INC
Notes to Financial Statements
June 30, 2008 and 2007

(2) Marketable Securities (continued)

The following schedule summarizes the components of investment return in the Statement of Activities for the year ended June 30,:

	<u>2008</u>	<u>2007</u>
Interest income	\$ 2,037	\$ 1,081
Dividend income	17,199	10,269
Realized gains	28,312	23,358
Unrealized gains (losses)	<u>(30,635)</u>	<u>20,073</u>
Total investment return	<u>\$16,913</u>	<u>\$54,781</u>

(3) Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows at June 30,:

	<u>2008</u>	<u>2007</u>
Capital Campaign for School Facilities Improvements	\$ 188,802	\$ 184,503
Teacher Development and Computer Classes	75,000	100,000
Financial Aid	50,000	-
Technology	<u>26,300</u>	<u>-</u>
Total Restrictions Released	<u>\$ 340,102</u>	<u>\$ 284,503</u>

Temporarily Restricted Net Assets are as follows at June 30,:

	<u>2008</u>	<u>2007</u>
Capital Campaign for School Facilities Improvements	\$ 82,321	\$ 45,713
Teacher Development and Computer Classes	75,000	75,000
Financial Aid	50,000	50,000
Technology	<u>25,000</u>	<u>25,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 232,321</u>	<u>\$ 195,713</u>

THE EPIPHANY SCHOOL FOUNDATION, INC.

Schedule of Functional Expenses

For the Year Ended June 30, 2008

	Management and General	General Fund Raising	Capital Campaign Fund Raising	Total Fund Raising	Total
Salaries and related expenses	\$ 39,276	\$ 91,577	\$ 2,020	\$ 93,597	\$ 132,873
Professional fees	6,050	-	-	-	6,050
Office and other expenses	11,803	34,868	3,802	38,670	50,473
	<u>\$ 57,129</u>	<u>\$ 126,445</u>	<u>\$ 5,822</u>	<u>\$ 132,267</u>	189,396
Special Events					<u>139,158</u>
Total supporting services					328,554
<u>Program Services</u>					
Grants to the Epiphany School					<u>691,550</u>
Total Expenses					<u>\$ 1,020,104</u>

THE EPIPHANY SCHOOL FOUNDATION, INC.

Schedule of Functional Expenses

For the Year Ended June 30, 2007

	Management and General	General Fund Raising	Capital Campaign Fund Raising	Total Fund Raising	Total
Salaries and related expenses	\$ 27,149	\$ 72,014	\$ 8,002	\$ 80,016	\$ 107,165
Professional fees	8,220	-	-	-	8,220
Office and other expenses	10,741	38,874	354	39,228	49,969
	<u>\$ 46,110</u>	<u>\$ 110,888</u>	<u>\$ 8,356</u>	<u>\$ 119,244</u>	<u>165,354</u>
Special Events					<u>96,836</u>
Total supporting services					262,190
<u>Program Services</u>					
Grants to the Epiphany School					<u>637,460</u>
Total Expenses					<u>\$ 899,650</u>