

THE EPIPHANY SCHOOL FOUNDATION, INC.

Financial Statements

For The Years Ended
June 30, 2021 and 2020

THE EPIPHANY SCHOOL FOUNDATION, INC.

Financial Statements

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BERNSTEIN ROSEN & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Epiphany School Foundation, Inc.

We have audited the accompanying financial statements of The Epiphany School Foundation, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Epiphany School Foundation, Inc. as of June 30, 2021 and 2020, 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.

Bernstein Rosen & Company, CPAs, PC

NEW YORK, NEW YORK
January 14, 2022

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statements of Financial Position

June 30,

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 376,155	\$ 845,325
Marketable securities (Note 3)	2,497,933	1,592,311
Contributions receivable	4,163	8,699
Prepaid expenses	<u>67,116</u>	<u>72,282</u>
Total Current Assets	<u>2,945,367</u>	<u>2,518,617</u>
Total Assets	<u>\$ 2,945,367</u>	<u>\$ 2,518,617</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Grants payable	\$ 465,000	\$ 590,000
Accrued expenses	88	264
Deferred revenue	<u>-</u>	<u>1,700</u>
Total Liabilities	<u>465,088</u>	<u>591,964</u>
Net Assets:		
Without donor restrictions	2,434,082	1,880,456
With donor restrictions (Note 4)	<u>46,197</u>	<u>46,197</u>
Total Net Assets	<u>2,480,279</u>	<u>1,926,653</u>
Total Liabilities and Net Assets	<u>\$ 2,945,367</u>	<u>\$ 2,518,617</u>

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Operating Activities:			
<u>Revenues:</u>			
Contributions	\$ 248,565	\$ 71,500	\$ 320,065
Special events	325,489	-	325,489
Net assets released from restrictions (Note 4)	<u>71,500</u>	<u>(71,500)</u>	<u>-</u>
 Total Revenues	 <u>645,554</u>	 <u>-</u>	 <u>645,554</u>
<u>Expenses:</u>			
Program Services:			
Grants to the Epiphany School	<u>288,000</u>	<u>-</u>	<u>288,000</u>
 Total Program Services	 <u>288,000</u>	 <u>-</u>	 <u>288,000</u>
Supporting Services:			
Management and administrative	66,895	-	66,895
Fund raising	<u>236,304</u>	<u>-</u>	<u>236,304</u>
 Total Supporting Services	 <u>303,199</u>	 <u>-</u>	 <u>303,199</u>
 Total Expenses	 <u>591,199</u>	 <u>-</u>	 <u>591,199</u>
 Change in Net Assets from Operating Activities	 <u>54,355</u>	 <u>-</u>	 <u>54,355</u>
Nonoperating Activities:			
Investment income (Note 3)	<u>499,271</u>	<u>-</u>	<u>499,271</u>
 Change in Net Assets from Nonoperating Activities	 <u>499,271</u>	 <u>-</u>	 <u>499,271</u>
 Change in Net Assets	 553,626	 -	 553,626
Net Assets - beginning of year	<u>1,880,456</u>	<u>46,197</u>	<u>1,926,653</u>
Net Assets - end of year	<u>\$ 2,434,082</u>	<u>\$ 46,197</u>	<u>\$ 2,480,279</u>

See Independent Auditors' Report and accompanying notes to the financial statements

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Operating Activities:			
<u>Revenues:</u>			
Contributions	\$ 193,592	\$ 1,500	\$ 195,092
Special events	284,116	-	284,116
Net assets released from restrictions (Note 4)	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>
 Total Revenues	 <u>479,208</u>	 <u>-</u>	 <u>479,208</u>
<u>Expenses:</u>			
Program Services:			
Grants to the Epiphany School	<u>145,360</u>	<u>-</u>	<u>145,360</u>
 Total Program Services	 <u>145,360</u>	 <u>-</u>	 <u>145,360</u>
Supporting Services:			
Management and administrative	68,451	-	68,451
Fund raising	<u>220,928</u>	<u>-</u>	<u>220,928</u>
 Total Supporting Services	 <u>289,379</u>	 <u>-</u>	 <u>289,379</u>
 Total Expenses	 <u>434,739</u>	 <u>-</u>	 <u>434,739</u>
 Change in Net Assets from Operating Activities	 <u>44,469</u>	 <u>-</u>	 <u>44,469</u>
Nonoperating Activities:			
Investment income (Note 3)	<u>14,619</u>	<u>-</u>	<u>14,619</u>
 Change in Net Assets from Nonoperating Activities	 <u>14,619</u>	 <u>-</u>	 <u>14,619</u>
 Change in Net Assets	 59,088	 -	 59,088
Net Assets - beginning of year	<u>1,821,368</u>	<u>46,197</u>	<u>1,867,565</u>
Net Assets - end of year	<u>\$ 1,880,456</u>	<u>\$ 46,197</u>	<u>\$ 1,926,653</u>

See Independent Auditors' Report and accompanying notes to the financial statements

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services	Supporting Services			
	Grants to the Epiphany School	Management and Administrative	Fund raising	Total Supporting Services	Total Expenses
Grants awarded	\$ 288,000	\$ -	\$ -	\$ -	\$ 288,000
Special events	-	-	56,632	56,632	56,632
Salaries and related expenses	-	38,906	155,624	194,530	194,530
Professional fees	-	10,260	-	10,260	10,260
Office and other expenses	-	17,729	24,048	41,777	41,777
Totals	<u>\$ 288,000</u>	<u>\$ 66,895</u>	<u>\$ 236,304</u>	<u>\$ 303,199</u>	<u>\$ 591,199</u>

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Grants to the Epiphany School	Management and Administrative	Fund raising		
Grants awarded	\$ 145,360	\$ -	\$ -	\$ -	\$ 145,360
Special events	-	-	45,764	45,764	45,764
Salaries and related expenses	-	39,320	157,280	196,600	196,600
Professional fees	-	10,970	-	10,970	10,970
Office and other expenses	-	18,161	17,884	36,045	36,045
Totals	\$ 145,360	\$ 68,451	\$ 220,928	\$ 289,379	\$ 434,739

THE EPIPHANY SCHOOL FOUNDATION, INC.

Statements of Cash Flows

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 553,626	\$ 59,088
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	560
Donated marketable securities	(14,292)	(15,243)
Realized and unrealized (gain) loss from marketable securities	(441,393)	31,390
Changes in operating assets and liabilities:		
Decrease (increase) in contributions receivable	4,536	(3,348)
Decrease (increase) in prepaid expenses	5,166	(39,655)
(Decrease) increase in grants payable	(125,000)	125,000
(Decrease) in accrued expenses	(176)	(1,856)
(Decrease) increase in deferred revenue	<u>(1,700)</u>	<u>1,700</u>
Net Cash Flows (Used In) Provided By Operating Activities	<u>(19,233)</u>	<u>157,636</u>
<u>Cash Flows From Investing Activities:</u>		
Proceeds from sale of marketable securities	262,554	402,707
Purchase of marketable securities	<u>(712,491)</u>	<u>(615,323)</u>
Net Cash Flows (Used In) Investing Activities	<u>(449,937)</u>	<u>(212,616)</u>
Net (Decrease) In Cash and Cash Equivalents	(469,170)	(54,980)
Cash and Cash Equivalents - beginning of year	<u>845,325</u>	<u>900,305</u>
Cash and Cash Equivalents - end of year	<u>\$ 376,155</u>	<u>\$ 845,325</u>

See Independent Auditors' Report and accompanying notes to the financial statements

THE EPIPHANY SCHOOL FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2021 and 2020

Note 1. Formation and Description of Organization

The Epiphany School Foundation, Inc. (the "Foundation") was organized in 1999 in the State of New York.

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.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants ("AICPA") "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205, *Presentation of Financial Statements*, was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's Board of Directors ("Board") may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash consists of demand deposit accounts held at major financial institutions. The Foundation considers all highly liquid debt instruments with original maturities of three months or less when purchased to be cash equivalents. The cash balance was \$376,155 and \$845,325 for the years ended June 30, 2021 and 2020, respectively.

THE EPIPHANY SCHOOL FOUNDATION, INC.

Notes to the Financial Statements (Continued)

June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

Cash Credit Risk Concentration

The Foundation maintains balances in banks which may exceed the limits covered by Federal Deposit Insurance Corporation ("FDIC") at certain times during the year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment is recorded at cost or the fair market value on the date of purchase or donation. The Foundation capitalizes all acquisitions in excess of \$1,000. Depreciation has been provided in the financial statements utilizing the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed as incurred.

Computer equipment	5 years
Website	3 years

Contributions and Donor Restrictions

Contributions are recognized when pledged and are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the asset and the assets are placed in service.

Contributions of donated noncash assets and services that meet the criteria for recognition in the financial statements are reflected as in-kind donations and are recorded at their estimated fair values at the date of the receipt. In-kind donations are reflected as contributions on the statement of activities.

Contributions related to special events are recognized in the period that the event occurs.

THE EPIPHANY SCHOOL FOUNDATION, INC.

Notes to the Financial Statements (Continued)

June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable equity securities are carried at fair value. Donated investments are recorded at their fair market value at the date of donation. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on markets' fluctuations, and that such changes could materially affect the amounts reported in the Foundation's statement of activities and investment portfolio. Unrealized gains and losses are included in the change in net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Program Services

The Foundation's contributions are used by the School to strengthen academic programs, develop faculty, maintain and improve the School's facilities and other special projects.

Income Taxes and Uncertainties

The Foundation is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been recorded in the accompanying financial statements. However, any unrelated business income may be subject to taxation. Currently, the Foundation has no obligation for any unrelated business income tax. Management believes that they will continue to be exempted from tax.

The Foundation's policy is to record interest expense and penalties in operating expenses. For the years ended June 30, 2021 and 2020, there was no interest and penalties expense recorded and no accrued interest and penalties. The Foundation's federal and state exempt status tax returns are open for examination for the years ended June 30, 2018, 2019 and 2020.

The Foundation follows the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*, which addresses the accounting for, and disclosure of more likely than not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Nonoperating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

THE EPIPHANY SCHOOL FOUNDATION, INC.

Notes to the Financial Statements (Continued)

June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09 "Revenue from Contracts with Customers (Topic 606)" which requires an entity to recognize revenue when (or as) goods are transferred or services are provided to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. The Foundation adopted the new standard effective July 1, 2020, the first day of the fiscal year using the modified retrospective approach.

The adoption of Topic 606 does not result in changes to the manner in which the Foundation recognizes revenue.

New Accounting Pronouncement

On February 25, 2016, the FASB issued ASU Update 2016-02, "Leases (Topic 842)", which requires lessees to recognize an asset and liability associated with the right to use a given asset and obligations to make payments pursuant to the terms of the lease. This standard will be effective beginning December 15, 2021.

Note 3. Investments

In accordance with GAAP, the Foundation measures its investments at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The input levels used for valuing investments are not necessarily an indication of risk. The three levels in the fair value hierarchy are as follows:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 – Inputs are unobservable inputs based on the Foundation's own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Foundation's marketable securities are considered Level 1 as of June 30, 2021 and 2020. The common stock, fixed income and equity mutual funds were valued based on quoted prices in active markets plus accrued dividends, if any, which approximates fair value. The following table provides the Level 1 marketable securities as of June 30, 2021 and 2020, respectively:

THE EPIPHANY SCHOOL FOUNDATION, INC.

Notes to the Financial Statements (Continued)

June 30, 2021 and 2020

Note 3. Investments (Continued)

	June 30, 2021			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stock	\$ 1,124,362	\$ 1,124,362	\$ -	\$ -
Fixed income mutual funds	704,624	704,624	-	-
Equity mutual funds	<u>668,947</u>	<u>668,947</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,497,933</u>	<u>\$ 2,497,933</u>	<u>\$ -</u>	<u>\$ -</u>

	June 30, 2020			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stock	\$ 695,241	\$ 695,241	\$ -	\$ -
Fixed income mutual funds	510,046	510,046	-	-
Equity mutual funds	<u>387,024</u>	<u>387,024</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,592,311</u>	<u>\$ 1,592,311</u>	<u>\$ -</u>	<u>\$ -</u>

Fair market value of donated investments at the time of donation were \$14,292 and \$15,243 for the years ended June 30, 2021 and 2020, respectively.

The following schedule summarizes the components of investment return in the statements of activities for the years ended June 30,

	<u>2021</u>	<u>2020</u>
Interest Income	\$ 53	\$ 180
Dividend income	37,489	39,727
Capital gains	20,336	6,102
Realized gain (loss)	56,244	(44,152)
Unrealized gain	<u>385,149</u>	<u>12,762</u>
Total Investment Income	<u>\$ 499,271</u>	<u>\$ 14,619</u>

THE EPIPHANY SCHOOL FOUNDATION, INC.

Notes to the Financial Statements (Continued)

June 30, 2021 and 2020

Note 4. Net Assets - With Donor Restrictions

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>2021</u>	<u>2020</u>
Technology Infrastructure	\$ 70,000	\$ -
Financial Aid	<u>1,500</u>	<u>1,500</u>
Total Net Assets Released from Restrictions	<u>\$ 71,500</u>	<u>\$ 1,500</u>

The ending fund balances for all programs are as follows at June 30,

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Capital Campaign for School Facility Improvements	\$ 35,796	\$ 35,796
Power Lunch Program	10,000	10,000
STEAM	<u>401</u>	<u>401</u>
Total Net Assets - With Donor Restrictions	<u>\$ 46,197</u>	<u>\$ 46,197</u>

Note 5. Liquidity and Availability of Financial Assets

The Foundation regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Foundation's financial assets, as of June 30, 2021, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

THE EPIPHANY SCHOOL FOUNDATION, INC.

Notes to the Financial Statements (Continued)

June 30, 2021 and 2020

Note 5. Liquidity and Availability of Financial Assets (Continued)

Financial assets:	
Cash and cash equivalents	\$ 376,155
Marketable securities	2,497,933
Contributions receivable	<u>4,163</u>
Total financial assets	<u>2,878,251</u>
Less those unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,878,251</u>

Note 6. Subsequent Events

The Foundation has evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through January 14, 2022, the day the financial statements were available to be issued. No material subsequent events were identified.