Emmanuel Gospel Center, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2023

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Emmanuel Gospel Center, Inc.

Index

Independent Auditor's Report

To the Board of Directors of
Emmanuel Gospel Center, Inc.

Opinion

We have audited the financial statements of Emmanuel Gospel Center, Inc. (a nonprofit organization), ("EGC"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of EGC as of June 30, 2023, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EGC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EGC'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 EGC'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 Summarized Comparative Information

We have previously audited EGC's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CohnReznick LLP

Braintree, Massachusetts
March 14, 2024

Emmanuel Gospel Center, Inc.

Statement of Financial Position
With Comparative Totals as of June 30, 2022

Assets

	2023	2022
Current assets		
Cash and cash equivalents	$ 1,291,506	$ 1,544,796
Promises to give, current	258,833	266,105
Accounts receivable	1,850	-
Prepaid expenses	13,481	28,440
Total current assets	1,565,670	1,839,341
Fixed assets		
Leasehold improvements	349,888	332,128
Furniture and fixtures	109,551	99,229
Total fixed assets	459,439	431,357
Less accumulated depreciation	(175,634)	(131,472)
Total net fixed assets	283,805	299,885
Other assets		
Promises to give, net of current	35,000	270,000
Cash and cash equivalents, restricted	135,998	164,736
Investments	3,271,304	3,053,590
Operating right-of-use asset	129,166	-
Total other assets	3,571,468	3,488,326
Total assets	$ 5,420,943	$ 5,627,552

Emmanuel Gospel Center, Inc.

Statement of Financial Position
With Comparative Totals as of June 30, 2022

Liabilities and Net Assets

	2023	2022
Current liabilities		
Accounts payable	$ 35,944	$ 41,908
Accrued expenses	213,978	98,597
Operating lease liability, current	23,129	-
Total current liabilities	273,051	140,505
Long-term liabilities		
Operating lease liability, net of current portion	106,037	-
Total long-term liabilities	106,037	-
Total liabilities	379,088	140,505
Net assets		
Net assets without donor restrictions	4,024,213	3,833,510
Net assets with donor restrictions	1,017,642	1,653,537
Total net assets	5,041,855	5,487,047
Total liabilities and net assets	$ 5,420,943	$ 5,627,552

See Notes to Financial Statements.

Emmanuel Gospel Center, Inc.

Statement of Activities
With Comparative Totals for the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Operating revenue and support				
Contributions and grants				
Foundation grants	$ 45,179	$ 151,344	$ 196,523	$ 1,024,647
Individual support	512,650	188,510	701,160	1,254,865
Churches and organization support	137,676	56,680	194,356	261,594
Program service fees	43,684	-	43,684	27,382
In-kind support	83,750	-	83,750	93,700
Released from restrictions	1,032,429	(1,032,429)	-	-
Total operating revenue and support	1,855,368	(635,895)	1,219,473	2,662,198
Operating expenses				
Program services	1,468,866	-	1,468,866	1,282,332
General and administrative	833,550	-	833,550	762,533
Fundraising	197,886	-	197,886	202,003
Total operating expenses	2,500,302	-	2,500,302	2,246,868
Change in net assets from operations	(644,934)	(635,895)	(1,280,829)	415,330
Non operating revenue				
Investment return, net of fees	330,904	-	330,904	(456,077)
Other expense	(100,000)	-	(100,000)	-
Employee retention credit	604,733	-	604,733	-
Total non operating revenue	835,637	-	835,637	(456,077)
Change in net assets	190,703	(635,895)	(445,192)	(40,747)
Net assets, beginning	3,833,510	1,653,537	5,487,047	5,527,794
Net assets, ending	$ 4,024,213	$ 1,017,642	$ 5,041,855	$ 5,487,047

See Notes to Financial Statements.

Emmanuel Gospel Center, Inc.

Statement of Functional Expenses
With Comparative Totals for the Year Ended June 30, 2022

	2023						2022
	Issue based	Ministry development	Total program services	General and administrative	Fundraising	Total	Total
Salaries	$ 265,557	$ 516,288	$ 781,845	$ 443,074	$ 133,221	$ 1,358,140	$ 1,292,820
Fringe benefits	72,065	53,607	125,672	55,371	13,152	194,195	207,847
Payroll taxes	18,858	38,755	57,613	33,040	10,369	101,022	97,192
Subtotal	356,480	608,650	965,130	531,485	156,742	1,653,357	1,597,859
Consultants	97,987	152,600	250,587	106,502	13,683	370,772	278,191
In-kind expense	-	-	-	83,750	-	83,750	93,700
Hospitality	1,785	3,330	5,115	6,393	117	11,625	10,935
Outreach and office supplies	37,388	16,256	53,644	12,685	10,101	76,430	69,971
Occupancy	6,126	14,829	20,955	28,234	3,540	52,729	40,447
Special community events	18,110	14,140	32,250	2,439	9,896	44,585	22,575
Depreciation	10,214	15,987	26,201	14,655	3,553	44,409	51,549
Repairs and maintenance	-	32,000	32,000	1,404	-	33,404	-
Finance assistance	33,259	-	33,259	-	-	33,259	-
Travel	15,291	10,984	26,275	996	254	27,525	12,043
Ministry grants	4,778	7,071	11,849	15,671	-	27,520	42,396
Insurance	-	1,616	1,616	17,331	-	18,947	13,697
Dues and subscriptions	2,298	7,344	9,642	4,001	-	13,643	4,567
Utilities	343	-	343	8,004	-	8,347	8,938
Total	$ 584,059	$ 884,807	$ 1,468,866	$ 833,550	$ 197,886	$ 2,500,302	$ 2,246,868

See Notes to Financial Statements.

Emmanuel Gospel Center, Inc.

Statement of Cash Flows
With Comparative Totals for the Year Ended June 30, 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (445,192)	$ (40,747)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	44,409	51,549
Operating right-of-use asset amortization	18,413	-
Realized gains on investments	(46,703)	(135,055)
Unrealized (gains) losses on investments	(224,527)	630,927
Interest and dividends reinvested, net of fees	(59,893)	(30,197)
Loss on disposal of assets	443	485
Decrease (increase) in assets		
Promises to give	242,272	(441,947)
Accounts receivable	(1,850)	30,425
Prepaid expenses	14,959	(14,577)
(Decrease) increase in liabilities		
Accounts payable	(5,964)	10,396
Accrued expenses	115,381	(66,238)
Operating lease liability	(18,413)	-
Net cash used in operating activities	(366,665)	(4,979)
Cash flows from investing activities		
Purchase of fixed assets	(28,772)	(49,778)
Sale of investments	586,743	1,037,408
Purchase of investments	(473,334)	(669,221)
Net cash provided by investing activities	84,637	318,409
Net (decrease) increase in cash and cash equivalents, unrestricted and restricted	(282,028)	313,430
Cash and cash equivalents, unrestricted and restricted, beginning	1,709,532	1,396,102
Cash and cash equivalents, unrestricted and restricted, end	$ 1,427,504	$ 1,709,532
Cash and cash equivalents	$ 1,291,506	$ 1,544,796
Cash and cash equivalents, restricted	135,998	164,736
Total cash and cash equivalents, unrestricted and restricted	$ 1,427,504	$ 1,709,532

Supplemental Disclosure of Cash Flow Information

	2023	2022
Operating right-of-use assets obtained in exchange for lease liabilities	$ 147,579	$ -
Cash paid for amounts included in the measurement of lease liabilities	$ 25,047	$ -

See Notes to Financial Statements.

Note 1 - Summary of significant accounting policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The significant accounting policies followed by the Emmanuel Gospel Center, Inc. ("EGC") are described below to enhance the usefulness of the financial statements to the reader.

Nature of activities

EGC is a faith-based nonprofit organization. EGC's mission is to strengthen Christian leaders to serve urban communities.

EGC believes the Church is God's chosen instrument to bring His life and presence into our communities. Therefore, our work is designed to support what God is doing through His Church in urban Greater Boston. We take time to learn how the city, the Church and their related systems are changing; we connect with the people involved to build strong working relationships; and we equip where it is most strategic, providing teaching, training, tools and resources for effective ministry. As we invest in Christian leaders, we strengthen the Church's ability to leverage healthy change that helps build urban communities that support and care for everyone.

A brief outline of EGC's history, living system ministry approach, and activities is given here. You can find much more on EGC's website, www.egc.org.

Brief history

EGC began in 1938 as a neighborhood mission to address spiritual and physical needs of poor residents in Boston's South End. EGC offered programs for youth, fed people who were hungry, cared for people who struggled with alcoholism or mental illness, advocated for more affordable housing, encouraged racial reconciliation and economic justice, and befriended people who lived in the single-room occupancy tenements that surrounded our building. And for those who were interested, EGC offered Bible studies and worship services.

In the early 1970s, EGC realized local churches, serving their communities, would have a greater impact than what EGC could do on its own. As EGC began to discover growing churches all over the city, EGC changed its strategy to supporting urban churches and their programs. We started helping churches begin or strengthen programs for youth in their neighborhood, or people affected by homelessness, or people in their own ethnic community (such as Brazilians or Haitians) or other target populations we identified. When we discovered many of the Latino pastors were driving to New York City for materials, we started a bookstore to provide resources in many different languages. EGC started a separate church, the South End Neighborhood Church, to serve the spiritual needs of our South End neighbors.

In 2018, EGC sold its buildings in the South End and in 2019 EGC moved its offices to rented space at The Meeting House in Codman Square (in the Dorchester neighborhood of Boston).

As EGC began focusing on building the capacity of urban churches, the staff became familiar with the emerging field of systems thinking. The more we learned, the more we realized how important it is to look at urban social issues systemically - to see the bigger picture, to discover how the different parts of the system interrelate with each other, to understand that good intentions can be counterproductive if you ignore the interactions within the larger system and to look for leverage points. So almost 40 years ago, EGC began helping pastors and other leaders to understand complex urban issues systemically.

Today, EGC helps leaders understand complex social systems (such as homelessness, urban education, racial equity and intercultural relationships), build fruitful relationships and take responsible action within their community. We strengthen leaders through teaching, training, tools and resources for effective work. EGC also conducts demographic and community-based participatory research that informs and supports long-term positive growth.

EGC helps develop programs that serve urban residents well, build capacity, and operate effectively at the grassroots level, particularly in low-income and immigrant communities. By working with and through churches and community partners, EGC seeks to build a community that supports and cares for everyone throughout the city.

EGC's Living System Ministry approach
EGC has learned a lot over these decades about how to do urban ministry well, and we have poured what we are learning into an approach to Christian ministry called Living System Ministry. It is this approach that will provide the foundation for EGC's work in the decades to come.

Central to Living System Ministry is the conviction that God is at work in the layers of social systems in which we live our lives. These systems include families, communities, neighborhoods, organizations, churches, networks, the whole city and more. EGC believes our job is not to bring God to these systems, but to discover how God is already active in them, and then to join in and cooperate with this work.

EGC's Living System Ministry approach can be simply described using three words: Learn, Connect and Equip.

- Learn: understanding the dynamics of key systems through relationships, ministry experience and intentional applied research.

- Connect: "connecting the dots" of ministry stories, issues, people and systems, and identifying places (leverage points) in those systems where the church (broadly defined) can make a difference.

- Equip: teaching, training and investing in leaders (anyone, whether they have a title or not, who is committed to making a change and leading others in this change) associated with these systems and leverage points.

EGC's program activities
EGC invests in Christian leaders through various programs, each of which includes some combination of teaching, training, consulting, connecting and partnering. EGC's programs fall into two broad groups:

- Issue areas: Programs that work in a particular issue area

  - Boston Education Collaborative (urban education)
  - Intercultural Ministries (intercultural partnerships)
  - Race and Christian Community Initiative (racial equity)
  - Boston Black Church Vitality Project

- Ministry Development: Programs that develop or strengthen other ministries

  - Applied Research and Consulting
  - Teaching and Training
  - Living System Ministry Development
  - Fiscal Sponsor Programs and Other Ministry Development

Basis of presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating and nonoperating activities. Operating revenues consist of those monies received and other contributions attributable to EGC's ongoing efforts. Investment income, realized and unrealized gains and losses on investments, net of related management fees are reported as nonoperating revenue because such assets are managed for long-term stabilization of EGC's activities. Nonoperating revenue also consists of employee retention tax credit revenue, see Note 11.

EGC's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to EGC are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of EGC and/or passage of time. When a restriction expires, 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. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

Net assets with donor restrictions also includes the original amounts of gifts and investments required by the donor to be permanently retained. Generally, the donors of these assets permit EGC to use all or part of the income earned on related investments for general or specific purposes.

Cash and cash equivalents

EGC considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

EGC maintains its cash balances at three financial institutions. The cash balances are secured by the Federal Deposit Insurance Corporation (FDIC). In addition, cash balances at brokerage accounts are protected by the Securities Investor Protection Corporation ("SIPC") up to $250,000.

Cash and cash equivalent balances maintained with one financial institution amounted to $1,394,980 as of June 30, 2023.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Investments for EGC are professionally managed in a portfolio that is mainly consisted of equities and bonds of publicly traded companies and mutual funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to level of risk associated with such investments and uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investments balances and the amounts reported in the accompanying financial statements. Unrealized gains and losses are included in the statement of activities.

Revenue recognition

EGC earns revenue as follows:

Grants - EGC receives funding from various grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from restriction when the restriction has been met.

Contributions - In accordance with ASC Subtopic 958-605, *Revenue Recognition*, EGC must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that EGC should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions and conditions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Program Service Fees - Program service fee revenue is earned and recognized by EGC when units or services are provided, and the performance obligation has been met. There were no contract assets or liabilities as of June 30, 2022. As of June 30, 2023, there were no contract liabilities. Contract assets were included in the accounts receivable balance of $1,850 as of June 30, 2023.

ECG recognized $604,733 in Employee Retention Tax Credit revenue during the year ended June 30, 2023. Revenue was recognized in accordance with ASC Sub-Topic 958-605. See Note 11 for further details.

Substantially all of EGC's operating revenue is derived from its activities in Massachusetts.

Promises to give
Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. As of June 30, 2023, management has determined that any discount is immaterial. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. As of June 30, 2023, pledges receivable totaled $293,833, of which $258,833 and $35,000 are expected to be received during the years ended June 30, 2024 and 2025, respectively.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2023, management has determined any allowance would be immaterial.

As of June 30, 2023, 92% of the EGC's promises to give is due from one grantor.

Accounts receivable
Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2023, management has determined any allowance would be immaterial.

EGC does not have a policy to accrue interest on receivables or requiring collateral or other security to secure the accounts receivable.

Fixed assets
Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

EGC computes depreciation using the straight-line method over the following estimated useful lives:

Furniture and fixtures	3 - 10 years
Leasehold improvements	10 years

Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Contributed services and gifts in kind
Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by EGC personnel.

Many individuals volunteer their time and perform a variety of tasks that assist EGC with specific educational programs, administrative, clerical, and maintenance functions as well as various committee assignments. EGC would not have paid for these volunteered services if they had not been donated and therefore, they have not been reflected in the financial statements.

Designation of net assets without donor restrictions
It is the policy of the Board of Directors of EGC to review its plans from time to time and to designate appropriate sums of net assets without donor restrictions to assure a stable source of liquidity and financial support for the mission of EGC and organization requirements (see Note 5).

Fair value measurements
GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities EGC has the ability to access.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following table summarizes assets measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments, see Note 2	$ 3,271,304	$ -	$ -	$ 3,271,304
	$ 3,271,304	$ -	$ -	$ 3,271,304

Fundraising
Fundraising relates to the activities of raising general and specific contributions to EGC. Fundraising expenses as a percentage of total contributions, excluding in-kind support, was 18% for the year ended June 30, 2023. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

Functional allocation of expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of EGC.

Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon percentage of salary.

Use of estimates
In preparing EGC's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Income taxes
EGC qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is generally not subject to income tax. However, income from certain activities not directly related to EGC's tax-exempt purpose is subject to taxation as unrelated business income. In addition, EGC is not a private foundation under Section 509(a)(1) of the IRC.

Management has analyzed the tax positions taken by EGC and has concluded that, as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosures in the financial statements.

Generally, EGC's information or tax returns remain open for possible federal income tax examination for three years after the filing date. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2020 remain open.

Summarized financial information for 2022
The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification.

In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with EGC's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

New accounting pronouncements
EGC adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on July 1, 2022 ("Adoption Date"). Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for virtually all leases. EGC elected and applied the following practical expedients on the Adoption Date:

- The package of practical expedients permitting EGC to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.
- The election to use an appropriate risk-free discount rate to measure the operating lease liability for the property lease.
- The election to not record a right-of-use asset or liability for short-term leases.

EGC made the following adjustments to its balance sheet as of the Adoption Date in connection with transitioning to Topic 842:

	Increase (decrease)
Right-of-use asset - operating lease	$ 129,170
Lease liability - operating lease	129,170

EGC accounted for its existing property and equipment leases as operating leases. The Adoption of Topic 842 did not have a material impact on EGC's change in net assets for the year ended June 30, 2023.

EGC includes its right-of-use assets for operating leases within other assets and the corresponding lease liabilities within current and long-term liabilities in the accompanying statements of financial position. See Note 3 regarding EGC's right-of-use assets and lease liabilities.

Finally, EGC has elected and applied the practical expedient to combine non lease components with their related lease components and account for them as a single combined lease.

Note 2 - Investments

The Board of Directors designated funds to be set aside for a stable source of liquidity and financial support for the mission of EGC and organization requirements. As of June 30, 2023, all investments are classified as long-term, as either the Leta and Stewart Gray Trust or Board of Directors designated assets.

Investments are held at a SIPC member brokerage firm. SIPC protects against the loss of cash and securities with limit of $500,000 for securities, which includes a $250,000 limit for cash. SIPC does not protect against the decline in value of these securities. As of June 30, 2023, all investments related to the endowment (see Note 6) are classified as long-term.

Investments are comprised of the following as of June 30, 2023:

		Fair value
Debt securities		
Domestic	$	273,562
International		720,763
Equity securities		
Domestic		1,610,526
International		126,910
Exchange traded funds		
Domestic		539,543
Total	$	3,271,304

The marketable equity securities and corporate fixed income debt securities primarily consist of common stock and bonds, respectively, of companies traded on the New York Stock Exchange.

Note 3 - Operating lease commitment

Lessee
EGC occupies office and program space under noncancelable, operating lease agreements with various expiration dates through fiscal year 2029. EGC is also liable for certain real estate tax increases and operating cost adjustments under the office lease terms. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, EGC recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. EGC has elected and applies the practical expedient to combine non lease components with their related lease components and account for them as a single combined lease component for all its leases.

EGC remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

EGC determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, EGC has elected, as a practical expedient, to use an appropriate risk-free rate as its discount rate for each class of underlying asset. EGC's risk-free rate, which is determined at either lease commencement or when a lease liability is measured, is the rate on U.S. government securities over a period commensurate with the lease term.

For accounting purposes, EGC leases commence on the earlier of (i) the date upon which EGC obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of EGC's leases coincides with the contractual effective date. EGC's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of EGC and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless EGC determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

Lease payments
Lease expense for the years ended June 30, 2023 was $37,830. During the year ended June 30, 2023, EGC entered into new leases for property and equipment with expiration dates through fiscal year 2029 and has monthly lease payments ranging from $249 – $2,500.

Lease liability
The lease liability at June 30, 2023 was $129,166, and is calculated as the present value of remaining lease payments discounted using EGC's risk-free discount rate of 5.5%. Future remaining scheduled lease payments during the lease term are shown in the table below, and are presented on an undiscounted basis along with a reconciliation to EGC's operating lease liability as of June 30, 2023. The minimum annual operating non cancelable lease commitments on property for EGC are as follows:

Year	
2024	$ 32,188
2025	34,188
2026	34,188
2027	34,188
2028	33,141
Thereafter	10,000
	177,893
Less: discount on lease liability	(48,727)
Total lease liability	$ 129,166

Note 4 - Commitments and contingencies

Leasehold improvements
In connection with the operating lease for office space (see Note 3) in Dorchester, Massachusetts entered into during the year ended June 30, 2019, EGC agreed to spend $400,000 in facility improvements by December 31, 2019. Per the lease agreement, these improvements are expected to improve the conditions of the leased space such as HVAC improvements, a new roof on the Parish House, office space improvements (floors, light fixtures), etc. As of June 30, 2023, approximately $349,888 of costs related to these improvements had been incurred and are included with leasehold improvements on the accompanying statement of financial position.

Note 5 - Net assets

Net assets with donor restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2023, net assets with donor restrictions are restricted for the following purposes or periods:

Lilly fund (purpose)	$	422,179
Haitian Ministries-Haiti Relief (purpose)		231,961
Promises to give (timing)		292,500
Leta and Stewart Gray Trust		71,002
Total	$	1,017,642

Leta and Stewart Gray Trust

EGC's interest in the original principal of the Leta and Stewart Gray Trust (the "Trust") is donor-restricted. EGC is the sole income beneficiary of the Trust. The principal of the Trust, $71,002, shall remain intact and all income of the Trust shall be paid to EGC. The sole purpose of the Trust is to provide financial assistance to EGC and its employees in carrying out its mission with stipulations that they be invested to provide a permanent source of income to defray costs. The donor-restricted assets are permanently held in investments consisting of marketable securities and have been classified as long-term investments on the accompanying statement of financial position. Consistent with donor restrictions, returns on these investments follow the treatment of investment income.

Net assets without donor restrictions

EGC's net assets without donor restrictions is comprised of undesignated and Board-designated amounts. The Board has designated specific proceeds from the sale of property and other funds (the "Fund"). The Fund is for the purpose of a stable source of liquidity and financial support for the mission of EGC and organization requirements. EGC's Finance Committee (a sub-committee of the Board) oversees the establishment and revision of goals, spending plans, and asset allocations for the Fund.

Undesignated	$	616,911
Board-designated for quasi-endowment (the Fund)		3,407,302
Total	$	4,024,213

Note 6 - Endowment (the "Trust")

EGC accepted the Trust under the stipulation that the funds are invested in perpetuity. Unless otherwise restricted by the donor, the investment income is to be used in accordance with EGC's spending policy. EGC's Executive Board (the "Board") oversees the establishment and revision of goals, spending plans, and asset allocations for the Trust.

Uniform Prudent Management of Institutional Funds Act

EGC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, EGC retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the permanent endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

EGC's endowment consists of those amounts further described in Note 5 and referred to as the Trust. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with state law, EGC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the Trust
- The purposes of the donor-restricted endowment Trust
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of EGC
- The investment policies of EGC

Accordingly, EGC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

As of June 30, 2023 there was no unexpended appreciation on the endowment. Current year endowment gains were used to replenish prior year losses. As of June 30, 2023, there remains a prior cumulative loss of $3,167 that will be replenished with future gains.

Note 7 - Employee benefits

Defined contribution plan

EGC has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the IRC for the benefit of eligible employees. Employees with 1,000 hours or more of service during any consecutive 12-month period commencing with date of employment, or anniversary date, are eligible to participate in this plan. Under the plan, benefit-eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. EGC's contributions under this plan amounted to $49,867 for the year ended June 30, 2023.

Note 8 - Liquidity and availability of resources

The following reflects EGC's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date:

Financial assets at year end	
Cash and cash equivalents	$ 1,291,506
Promises to give, current	258,833
Accounts receivable	1,850
Total	1,552,189
Less amounts unavailable for general expenditures	
Within one year, due to	
Restricted due to purpose	725,142
Total	725,142
Financial assets available to meet cash needs for general expenditures within one year	$ 827,047

EGC is supported by certain restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, EGC must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of EGC'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. In addition, EGC may invest cash in excess of daily requirements in no-risk short-term investments.

Note 9 - In-kind support

During the year ended June 30, 2023, employees of an attorney office provided in-kind legal services to EGC related to certain claims and litigation matters that arose in the normal course of business. Total in-kind legal services received for the year ended June 30, 2023, which were valued based on time and benefits for legal services performed, amounted to $83,750 and are reported as in-kind support in the accompanying statement of activities. All donated legal services were utilized by EGC as general and administrative services.

Note 10 - Legal

EGC is involved with certain claims and other routine litigation matters that arose in the normal course of business. For the year ended June 30, 2023, EGC has accrued $100,000 of expense related to proposed claims for such legal matters. In the opinion of management, the outcome of these matters is not expected to have a material effect on EGC's financial position or results of operations above and beyond the accrued amount.

Note 11 - Employee Retention Tax Credit

ECG qualified for the Employee Retention Tax Credit ("ERTC"), a refundable tax credit against certain employment taxes equal to 50% or 70% of the qualified wages an eligible employer pays during a specified period. As described in Note 1, ECG is accounting for the ERTC in accordance with ASC Sub-Topic 958-605. EGC believes that all conditions of the contribution have been met as of June 30, 2023 and has recorded the revenue in the amount of $604,733 which is included in non operating revenue on the accompanying statement of activities.

Note 12 - Subsequent events

EGC has performed an evaluation of subsequent events through March 14, 2024, which is the date EGC's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in these financial statements.

CohnReznick

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