

BISHOP'S FUND

FINANCIAL STATEMENTS
and
SUPPLMENTARY INFORMATION

December 31, 2018 and 2017

With Independent Auditors' Report

Blake Hurley McCallum & Conley, LLC • Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

The Bishop of the Protestant Episcopal
Church in the Diocese of Maine

We have audited the accompanying financial statements of the Bishop's Fund (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 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 from 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bishop's Fund as of December 31, 2018 and 2017, and the results of its 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of activity by fund are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Blake Hurley McCallen & Conley, LLC

Westbrook, Maine
September 19, 2019

BISHOP'S FUND

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 6,059	\$ 12,161
Accounts receivable	525	1,289
Vehicles	39,521	39,521
Note receivable	12,010	15,713
Office furnishings, equipment and improvements	115,546	115,546
Accumulated depreciation	<u>(139,726)</u>	<u>(125,345)</u>
Total assets	\$ <u>33,935</u>	\$ <u>58,885</u>
 Liabilities and net assets		
Liabilities		
Accrued expenses	\$ <u>74,271</u>	\$ <u>47,793</u>
Total liabilities	<u>74,271</u>	<u>47,793</u>
Net assets		
Without donor restrictions		
Available for general purposes	(64,921)	(13,493)
Designated	<u>22,562</u>	<u>22,562</u>
Total without donor restrictions	(42,359)	9,069
With donor restrictions	<u>2,023</u>	<u>2,023</u>
Total net assets	<u>(40,336)</u>	<u>11,092</u>
Total liabilities and net assets	\$ <u>33,935</u>	\$ <u>58,885</u>

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

BISHOP'S FUND

Statements of Activities

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Changes in unrestricted net assets		
Revenues and gains		
Unrestricted investment income	\$ 57,830	\$ 57,878
Other	<u>8,454</u>	<u>7,406</u>
Total unrestricted revenues and gains	66,284	65,284
Net assets released from restrictions	<u>700</u>	<u>3,004</u>
Total unrestricted support and reclassifications	<u>66,984</u>	<u>68,288</u>
Expenses and losses		
Clergy wellness	21,833	50,875
Conference groups	805	1,698
Education	-	3,622
Episcopate	42,386	28,970
Support operations	<u>53,388</u>	<u>47,313</u>
Total expenses and losses	<u>118,585</u>	<u>132,478</u>
Increase (decrease) in unrestricted net assets	<u>(51,428)</u>	<u>(64,190)</u>
Changes in temporarily restricted net assets		
Restricted investment income	700	731
Net assets released from restrictions	<u>(700)</u>	<u>(3,004)</u>
Increase (decrease) in temporarily restricted net assets	<u>-</u>	<u>(2,273)</u>
Increase (decrease) in net assets	(51,428)	(66,463)
Net assets, beginning of year	<u>11,092</u>	<u>77,555</u>
Net assets, end of year	<u><u>\$ (40,336)</u></u>	<u><u>\$ 11,092</u></u>

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

BISHOP'S FUND

Statements of Cash Flows

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Decrease in net assets	\$ (51,428)	\$ (66,463)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	14,381	14,383
(Increase) decrease in accounts receivable	764	(780)
Increase (decrease) in accrued expenses	<u>26,478</u>	<u>47,304</u>
Net cash used by operating activities	<u>(9,805)</u>	<u>(5,556)</u>
Cash flows from investing activities		
Issuance of note receivable	-	(18,900)
Payments on note receivable	<u>3,703</u>	<u>3,187</u>
Net cash provided (used) by investing activities	<u>3,703</u>	<u>(15,713)</u>
Net decrease in cash and cash equivalents	(6,102)	(21,269)
Cash and cash equivalents, beginning of year	<u>12,161</u>	<u>33,430</u>
Cash and cash equivalents, end of year	<u>\$ 6,059</u>	<u>\$ 12,161</u>

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

BISHOP'S FUND

Notes to Financial Statements

December 31, 2018 and 2017

Nature of Activities

The Bishop's Fund is a fund used by the Bishop of the Protestant Episcopal Church in the Diocese of Maine (A Corporation Sole), at his discretion, to further the work of the Diocese in its mission. The Fund is supported primarily through investment income received from temporarily and permanently restricted funds held and managed by the Trustees of Diocesan Funds, a related entity responsible for managing funds for the benefit of parishes and other organizations within the Diocese.

1. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Bishop's Funds have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statement presentation that follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958, "Not-for-Profit Entities." In 2018 the Organization adopted ASU 2016-14 that amended FASB ASC 958. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The 2017 balances have been reclassified to conform to the 2018 financial statement presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Bishop's Fund maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Fund has not experienced any losses in such accounts. Management believes the Fund is not exposed to any significant risk on cash and cash equivalents. All liquid investments with an original maturity of three months or less are considered cash equivalents.

BISHOP'S FUND

Notes to Financial Statements

December 31, 2018 and 2017

1. Summary of Significant Accounting Policies (Concluded)

Vehicles and Office Furnishings, Equipment and Improvements

Acquisitions of office equipment usually in excess of \$2,000 are capitalized. Vehicles and office furnishings, equipment and improvements are carried at cost and are depreciated using the straight-line method over five to ten years.

Income Taxes

The Bishop of the Protestant Episcopal Church in the Diocese of Maine is a Maine not-for-profit corporation and is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

2. Net Assets

Net assets without donor restrictions represent net assets of the Bishop's Fund that are not restricted by donor-imposed stipulations. Net assets without donor restriction include the main operating fund of the Bishop's Fund as well as those net assets that are restricted as to their use by actions of the Bishop. These designated funds include funds for equipment replacement and maintenance reserves and other obligations.

Net assets with donor restrictions represent that part of the net assets of the Bishop's Fund resulting from the revenues whose use by the Bishop is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Bishop pursuant to those stipulations. Temporarily restricted net assets include a memorial fund and a New Orleans Appeal fund.

3. Investment Income

Investment income is primarily received from certain temporarily and permanently restricted funds managed by the Trustees of Diocesan Funds. Some of the income from the funds is restricted, either by the instruments of donation, or by the determination of the Bishop at the time the funds were received and placed with the Trustees of Diocesan funds. The remaining income from funds held by the Trustees of Diocesan funds is considered to be unrestricted as to its use. The funds to benefit the Bishop's Fund managed by the Trustees of Diocesan Funds approximated \$2,571,000 and \$3,530,000 as of December 31, 2018 and 2017, respectively. In 2018 \$1,225,000 was contributed to the Loring House/Emmanuel Chapel Fund under the Central Diocesan Funds and used for extensive repairs to the exterior walls, skylights and roof of Emmanuel Chapel. Emmanuel Chapel is a Trustees owned section of the Loring House/Cathedral Church of St. Luke's complex utilized primarily as the Bishop's Chapel.

BISHOP'S FUND

Notes to Financial Statements

December 31, 2018 and 2017

4. Subsequent Events

Subsequent events have been evaluated through September 19, 2019, which is the date the financial statements were available to be issued.

BISHOP'S FUND

Schedule of Activity by Fund

Year Ended December 31, 2018

	<u>Operating Fund</u>	<u>Contingency Fund</u>	<u>Replacement/ Maintenance Reserves</u>	<u>Honduras Trip Fund</u>	<u>Other Designated Funds</u>	<u>Total Without Donor Restrictions</u>	<u>Operating Fund</u>	<u>New Orleans Appeal Fund</u>	<u>Bockus Memorial Fund</u>	<u>Total With Donor Restrictions</u>
Changes in net assets										
Revenues and gains										
Restricted investment income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 700	\$ 0	\$ 0	\$ 700
Unrestricted investment income	57,830	0	0	0	0	57,830	0	0	0	0
Other	8,454	0	0	0	0	8,454	0	0	0	0
Total revenues and gains	66,284	0	0	0	0	66,284	700	0	0	700
Expenses and losses										
Clergy wellness	21,833	0	0	0	0	21,833	0	0	0	0
Conference groups	805	0	0	0	0	805	0	0	0	0
Education	0	0	0	0	0	0	0	0	0	0
Episcopate	42,386	0	0	0	0	42,386	0	0	0	0
Support operations	53,388	0	0	0	0	53,388	0	0	0	0
Total expenses and losses	118,412	0	0	0	0	118,412	0	0	0	0
Increase (decrease)	(52,128)	0	0	0	0	(52,128)	700	0	0	700
Changes in temporarily restricted net assets										
Transfer to Trustees of Diocesan Funds	0	0	0	0	0	0	0	0	0	0
Net assets released from restrictions	700	0	0	0	0	700	(700)	0	0	(700)
Increase (decrease) in net assets	(51,428)	0	0	0	0	(51,428)	0	0	0	0
Net assets, beginning of year	(158,720)	145,227	21,397	1,049	116	9,069	0	1,598	425	2,023
Net assets, end of year	\$ (210,148)	\$ 145,227	\$ 21,397	\$ 1,049	\$ 116	\$ (42,359)	\$ 0	\$ 1,598	\$ 425	\$ 2,023

See accountants' report.

BISHOP'S FUND
Schedule of Activity by Fund
Year Ended December 31, 2017

	Operating Fund	Contingency Fund	Replacement/ Maintenance Reserves	Honduras Trip Fund	Other Designated Funds	Total Without Donor Restrictions	Operating Fund	DerBoghosian Memorial Fund	Knowlton Scholarship Fund	New Orleans Appeal Fund	Bockus Memorial Fund	Total With Donor Restrictions
Changes in net assets												
Revenues and gains												
Restricted investment income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 731	\$ 0	\$ 0	\$ 0	\$ 0	\$ 731
Unrestricted investment income	57,878	0	0	0	0	57,878	0	0	0	0	0	0
Other	7,406	0	0	0	0	7,406	0	0	0	0	0	0
Total revenues and gains	65,284	0	0	0	0	65,284	731	0	0	0	0	731
Expenses and losses												
Clergy wellness	50,875	0	0	0	0	50,875	0	0	0	0	0	0
Conference groups	1,698	0	0	0	0	1,698	0	0	0	0	0	0
Education	3,622	0	0	0	0	3,622	0	0	0	0	0	0
Episcopate	28,970	0	0	0	0	28,970	0	0	0	0	0	0
Support operations	47,313	0	0	0	0	47,313	0	0	0	0	0	0
Total expenses and losses	132,478	0	0	0	0	132,478	0	0	0	0	0	0
Increase (decrease)	(67,194)	0	0	0	0	(67,194)	731	0	0	0	0	731
Changes in temporarily restricted net assets												
Transfer to Trustees of Diocesan Funds	0	0	0	0	0	0	0	0	0	0	0	0
Net assets released from restrictions	3,004	0	0	0	0	3,004	(731)	(1,051)	(1,222)	0	0	(3,004)
Increase (decrease) in net assets	(64,190)	0	0	0	0	(64,190)	0	(1,051)	(1,222)	0	0	(2,273)
Net assets, beginning of year	(94,530)	145,227	21,397	1,049	116	73,259	0	1,051	1,222	1,598	425	4,296
Net assets, end of year	\$ (158,720)	\$ 145,227	\$ 21,397	\$ 1,049	\$ 116	\$ 9,069	\$ 0	\$ 0	\$ 0	\$ 1,598	\$ 425	\$ 2,023

See accountants' report.