

The Beacon of Downtown Houston
(an Outreach Ministry of Christ Church Cathedral)

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2018 and 2017

**The Beacon of Downtown Houston
(an Outreach Ministry of Christ Church Cathedral)**

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Independent Auditors' Report

To the Board of Directors of
The Beacon of Downtown Houston:

Report on the Financial Statements

We have audited the accompanying financial statements of The Beacon of Downtown Houston (The Beacon), an outreach ministry of Christ Church Cathedral, which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, of functional expenses, and of 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Beacon as of December 31, 2018 and 2017 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.

Adoption of New Accounting Standards

As discussed in Note 2 to the financial statements, The Beacon adopted two accounting standards updates during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2019, on our consideration of The Beacon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Beacon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Beacon's internal control over financial reporting and compliance.

Blazek & Vetterling

July 29, 2019

The Beacon of Downtown Houston
(an Outreach Ministry of Christ Church Cathedral)

Statements of Financial Position as of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 535,511	\$ 384,383
Contributions and grants receivable	319,477	657,862
Prepaid expenses and other assets	24,841	28,756
Property, net (<i>Note 6</i>)	<u>746,565</u>	<u>762,103</u>
TOTAL ASSETS	<u>\$ 1,626,394</u>	<u>\$ 1,833,104</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable (<i>Note 4</i>)	\$ 59,868	\$ 43,925
Refundable contributions and grants	<u>11,336</u>	<u> </u>
Total liabilities	<u>71,204</u>	<u>43,925</u>
Commitments and contingencies (<i>Note 5</i>)		
Net assets:		
Without donor restrictions	1,272,712	1,328,337
With donor restrictions (<i>Note 7</i>)	<u>282,478</u>	<u>460,842</u>
Total net assets	<u>1,555,190</u>	<u>1,789,179</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,626,394</u>	<u>\$ 1,833,104</u>

See accompanying notes to financial statements.

The Beacon of Downtown Houston
(an Outreach Ministry of Christ Church Cathedral)

Statement of Activities for the year ended December 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions and grants <i>(Notes 8 and 9)</i>	\$ 940,861	\$ 994,466	\$ 1,935,327
Support from related parties <i>(Note 4)</i>	666,267		666,267
Special event revenue	404,690	193,551	598,241
Cost of donor benefits provided at special event	(34,512)		(34,512)
Other revenue	<u>21,853</u>		<u>21,853</u>
Total revenue	1,999,159	1,188,017	3,187,176
Net assets released from restrictions:			
Expended for program purposes	1,266,381	(1,266,381)	
Release of time restriction	<u>100,000</u>	<u>(100,000)</u>	
Total	<u>3,365,540</u>	<u>(178,364)</u>	<u>3,187,176</u>
EXPENSES:			
Program expenses:			
Day Center	1,388,800		1,388,800
Beacon Law	842,626		842,626
Coordinated Access	302,812		302,812
Brigid's Hope	<u>236,999</u>		<u>236,999</u>
Total program expenses	2,771,237		2,771,237
Management and general	355,088		355,088
Fundraising	<u>294,840</u>		<u>294,840</u>
Total expenses	<u>3,421,165</u>		<u>3,421,165</u>
CHANGES IN NET ASSETS	(55,625)	(178,364)	(233,989)
Net assets, beginning of year	<u>1,328,337</u>	<u>460,842</u>	<u>1,789,179</u>
Net assets, end of year	<u>\$ 1,272,712</u>	<u>\$ 282,478</u>	<u>\$ 1,555,190</u>

See accompanying notes to financial statements.

The Beacon of Downtown Houston
(an Outreach Ministry of Christ Church Cathedral)

Statement of Activities for the year ended December 31, 2017

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions and grants <i>(Notes 8 and 9)</i>	\$ 934,385	\$ 1,206,713	\$ 2,141,098
Support from related parties <i>(Note 4)</i>	635,039		635,039
Special event revenue	623,315		623,315
Cost of donor benefits provided at special event	(37,848)		(37,848)
Other revenue	<u>14,792</u>		<u>14,792</u>
Total revenue	2,169,683	1,206,713	3,376,396
Net assets released from restrictions:			
Expended for program purposes	951,781	(951,781)	
Release of time restriction	<u>100,000</u>	<u>(100,000)</u>	
Total	<u>3,221,464</u>	<u>154,932</u>	<u>3,376,396</u>
EXPENSES:			
Program expenses:			
Day Center	1,363,616		1,363,616
Beacon Law	726,118		726,118
Coordinated Access	122,361		122,361
Brigid's Hope	<u>217,302</u>		<u>217,302</u>
Total program expenses	2,429,397		2,429,397
Management and general	394,589		394,589
Fundraising	<u>229,117</u>		<u>229,117</u>
Total expenses	<u>3,053,103</u>		<u>3,053,103</u>
CHANGES IN NET ASSETS	168,361	154,932	323,293
Net assets, beginning of year <i>(Note 2)</i>	<u>1,159,976</u>	<u>305,910</u>	<u>1,465,886</u>
Net assets, end of year	<u>\$ 1,328,337</u>	<u>\$ 460,842</u>	<u>\$ 1,789,179</u>

See accompanying notes to financial statements.

The Beacon of Downtown Houston
(an Outreach Ministry of Christ Church Cathedral)

Statement of Functional Expenses for the year ended December 31, 2018

<u>EXPENSES</u>	<u>DAY CENTER</u>	<u>BEACON LAW</u>	<u>COORDINATED ACCESS</u>	<u>BRIGID'S HOPE</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related expenses	\$ 298,509	\$ 736,983	\$ 270,041	\$ 100,894	\$ 183,100	\$ 226,105	\$ 1,815,632
In-kind rent	353,780		10,920		27,577	13,423	405,700
Security services	193,427						193,427
Client laundry, personal hygiene, clothing and food supplies	177,906			190			178,096
Occupancy	113,791	31,020	3,510		8,874	4,319	161,514
In-kind parking	100,536	25,777	7,266	4,152	18,684	4,152	160,567
Professional services	500			14,604	87,612	11,461	114,177
Client housing rent				85,837			85,837
Repairs and maintenance	55,157		1,700		2,309		59,166
Other client assistance	7,946	7,401	1,128	29,173			45,648
Depreciation	35,162		1,085		2,742	1,334	40,323
Insurance	26,693		823		8,357	1,013	36,886
Other supplies	2,975	19,002	3,108	932	8,710	1,257	35,984
Telephone and technology	21,568	1,549	665	103	1,682	819	26,386
Dues and fees	396	6,002			2,618	11,019	20,035
Printing and copying	140	90			222	11,376	11,828
Other	314	14,802	2,566	1,114	2,601	8,562	29,959
Total expenses	<u>\$ 1,388,800</u>	<u>\$ 842,626</u>	<u>\$ 302,812</u>	<u>\$ 236,999</u>	<u>\$ 355,088</u>	<u>\$ 294,840</u>	3,421,165
Cost of donor benefits provided at special event							<u>34,512</u>
Total							<u>\$ 3,455,677</u>

See accompanying notes to financial statements.

The Beacon of Downtown Houston
(an Outreach Ministry of Christ Church Cathedral)

Statement of Functional Expenses for the year ended December 31, 2017

<u>EXPENSES</u>	<u>DAY CENTER</u>	<u>BEACON LAW</u>	<u>COORDINATED ACCESS</u>	<u>BRIGID'S HOPE</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related expenses	\$ 285,550	\$ 635,901	\$ 100,221	\$ 95,508	\$ 217,701	\$ 183,174	\$ 1,518,055
In-kind rent	353,780		10,920		41,000		405,700
Security services	186,323						186,323
Client laundry, personal hygiene, clothing and food supplies	138,400			512			138,912
Occupancy	116,563	32,550	3,280		8,283	4,031	164,707
In-kind parking	94,767	14,310	2,700	1,632	15,930		129,339
Professional services		750		16,200	81,432	7,149	105,531
Client housing rent				76,895			76,895
Repairs and maintenance	55,738			953	2,345		59,036
Other client assistance	47,566	6,349	1,000	23,459			78,374
Depreciation	34,473		970		2,450	1,192	39,085
Insurance	23,541		662		9,180	814	34,197
Other supplies	3,120	17,243	919	414	9,100	1,366	32,162
Telephone and technology	23,385	880	658	103	1,662	809	27,497
Dues and fees	310	2,366		341	2,956	13,436	19,409
Printing and copying		136			82	7,878	8,096
Other	100	15,633	1,031	1,285	2,468	9,268	29,785
Total expenses	<u>\$ 1,363,616</u>	<u>\$ 726,118</u>	<u>\$ 122,361</u>	<u>\$ 217,302</u>	<u>\$ 394,589</u>	<u>\$ 229,117</u>	3,053,103
Cost of donor benefits provided at special event							<u>37,848</u>
Total							<u>\$ 3,090,951</u>

See accompanying notes to financial statements.

The Beacon of Downtown Houston
(an Outreach Ministry of Christ Church Cathedral)

Statements of Cash Flows for the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (233,989)	\$ 323,293
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	40,323	39,086
Changes in operating assets and liabilities:		
Contributions and grants receivable	338,385	(207,927)
Prepaid expenses and other assets	3,915	6,228
Accounts payable	15,943	(169)
Refundable contributions and grants	<u>11,336</u>	<u> </u>
Net cash provided by operating activities	<u>175,913</u>	<u>160,511</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	<u>(24,785)</u>	
NET CHANGE IN CASH	151,128	160,511
Cash, beginning of year	<u>384,383</u>	<u>223,872</u>
Cash, end of year	<u>\$ 535,511</u>	<u>\$ 384,383</u>

See accompanying notes to financial statements.

The Beacon of Downtown Houston (an Outreach Ministry of Christ Church Cathedral)

Notes to Financial Statements for the years ended December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – The Beacon of Downtown Houston (The Beacon) operated as Cathedral Health and Outreach Ministries until April 2017 when the name was formally changed. The Beacon was established by Christ Church Cathedral (the Cathedral) to provide outreach services to the community on behalf of the Cathedral. The Beacon's Board of Directors is appointed by the Vestry of the Cathedral.

The Beacon provides social and health services to poor and homeless men, women, children and youth living primarily in downtown and mid-town Houston through the following programs:

- Day Center offers hot meals, private shower and lavatory facilities, laundry services, case management, and pastoral outreach and care.
- Beacon Law provides pro-bono legal services to low-income individuals.
- Coordinated Access is part of The Way Home Coordinated Access system that provides housing assessments and navigation for homeless men and women.
- Brigid's Hope provides support and assistance for homeless women in transition from Texas prisons and jails. This intensive year-long program includes single-room occupancy housing, case management, material support, licensed counseling, volunteer mentor support, and supportive service coordination.

Federal income tax status – The Beacon is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash – At times, bank deposits exceed the federally insured limit per depositor per institution.

Contributions and grants receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, if material, to the present value of their estimated future cash flows. An allowance for contributions and grants receivable is provided when it is believed balances may not be collected in full. The Beacon's policy is to write off receivables against the allowance when management determines the receivable will not be collected. Contributions and grants receivable at December 31, 2018 are expected to be collected within one year.

Property with an original cost or fair value, if contributed, of \$5,000 or more and an estimated useful life of more than one year is capitalized. Depreciation is provided on a straight-line basis over estimated useful lives of 30 years for leasehold improvements and 5 years for furniture, fixtures and equipment.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Contributions and grants are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions and grants received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions and grants are subject to one or more barriers that must be overcome before The Beacon is entitled to receive or retain funding and are recognized when the conditions are met. Funding received before conditions are met is reported as refundable contributions and grants.

In-kind contributions are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as materials and facilities are used. Contributions of services are recognized when services received a) create or enhance nonfinancial assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special event revenue is recognized when the event occurs. Direct donor benefits represent the cost of goods and services provided to attendees of special events.

Functional allocation of expenses – Expenses are reported by their functional classification as program services or supporting activities. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation, interest expense, insurance, the majority of information technology and occupancy costs are allocated based on square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATES

The Beacon adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2017, except that information regarding liquidity and availability of resources has been omitted as permitted by the ASU. Adoption of this ASU resulted in reclassification of previously reported activities and net assets to conform to the 2018 presentation but had no impact on total net assets or total changes in net assets for 2017.

The Beacon adopted the amendments of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective January 1, 2018. The amendments in this ASU clarify and improve guidance about whether an agreement is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. These amendments have been applied on a modified prospective basis to agreements that were not completed as of the effective date or were entered into after the effective date. No changes were made to the 2017 financial statements as a result of adoption and there is no cumulative effect on net assets at the effective date. Guidance in the ASU resulted in approximately \$327,000 of contributions and grants being disclosed as conditional at December 31, 2018 that would otherwise have been recognized during 2018.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year comprise the following:

Financial assets at December 31, 2018:

Cash	\$ 535,511
Contributions and grants receivable	319,477
Other assets	<u>16,037</u>

Total financial assets available for general expenditure \$ 871,025

For purposes of analyzing resources available to meet general expenditures over a 12-month period, The Beacon considers all expenditures related to its ongoing activities to be general expenditures. The Beacon expects to collect all receivables within one year. The Beacon expects to fund future general expenditures in excess of financial assets available from future revenue. There also is a \$1 million line of credit from the Cathedral which is available to The Beacon.

NOTE 4 – TRANSACTIONS WITH RELATED PARTIES

The Beacon operates in the John S. Dunn Outreach Center (the Dunn Center), which is owned by the Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation).

The Beacon recognized contributed support from the Cathedral and Church Corporation as follows:

	<u>2018</u>	<u>2017</u>
Facility rental and parking provided at no cost	\$ 566,267	\$ 535,039
Financial support	<u>100,000</u>	<u>100,000</u>
Total support from related parties	<u>\$ 666,267</u>	<u>\$ 635,039</u>

The Beacon pays the Cathedral for the following expenses:

	<u>2018</u>	<u>2017</u>
Facility operating costs	\$ 186,036	\$ 207,000
Accounting services	<u>59,775</u>	<u>60,000</u>
Total expenses paid to the Cathedral	<u>\$ 245,811</u>	<u>\$ 267,000</u>

The Beacon owed the following balances to the Cathedral:

Accounts payable	<u>\$ 23,089</u>	<u>\$ 20,412</u>
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NOTE 5 – COMMITMENTS AND CONTINGENCIES

Grants – The Beacon receives grants from government and other funding sources that require fulfillment of certain conditions as set forth in the grant documents and are subject to review and audit by the awarding entities. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request a return of funds as a result of non-compliance by The Beacon with the terms of the grants. Management believes it has met the required conditions and such disallowances, if any, would not be material to The Beacon’s financial position or changes in net assets.

Property-use commitments – The City of Houston (the City) awarded a grant to The Beacon for approximately \$857,000 for the renovation of the facility and to acquire furniture and fixtures to be located at the facility. Under

this agreement, The Beacon agrees to repay the City all or a portion of the respective grant if The Beacon ceases to use the facility as a homeless support center prior to 2022 or if The Beacon sells or transfers the facility without written approval of the City. The Beacon has no plans to cease using the facility for the required purpose or to sell or transfer the property.

NOTE 6 – PROPERTY

Property consists of the following:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 762,868	\$ 762,868
Furniture, fixtures, and equipment	<u>93,060</u>	<u>68,275</u>
Total property, at cost	855,928	831,143
Accumulated depreciation	<u>(109,363)</u>	<u>(69,040)</u>
Property, net	<u>\$ 746,565</u>	<u>\$ 762,103</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Beacon Law	\$ 134,858	\$ 134,561
Day Center	30,869	124,365
Brigid’s Hope	<u>16,751</u>	<u>1,916</u>
Total subject to expenditure for specified purpose	182,478	260,842
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	<u>100,000</u>	<u>200,000</u>
Total net assets with donor restrictions	<u>\$ 282,478</u>	<u>\$ 460,842</u>

NOTE 8 – VOLUNTEER SERVICES

Approximately 65% of the hours necessary to operate the Day Center’s program services are provided by volunteers. Approximately 27,000 volunteer hours were donated to the Day Center in 2018 and 24,000 in 2017. Additionally, mentor support is provided by volunteers to participants in the Brigid’s Hope program. While no amount has been recognized in the financial statements for these volunteer services because they do not meet the criteria for recognition under generally accepted accounting principles, these services are indispensable to The Beacon in providing services to the community.

NOTE 9 – CONDITIONAL CONTRIBUTIONS AND GRANTS

At December 31, 2018, The Beacon had received conditional contributions and grants of approximately \$429,000 that require The Beacon to provide certain legal services to the homeless community before The Beacon is entitled to receive or retain funding.

NOTE 10 – RETIREMENT PLAN

The Beacon is a participating employer in a pension plan sponsored and administered by The Church Pension Fund (the Fund). The Fund, a corporation chartered in 1914 by the Legislature of the State of New York, was established by the General Convention of the Episcopal Church. The Fund and its affiliates are official agencies of the Episcopal Church and operate under the Canons of the Episcopal Church.

The Episcopal Church Lay Employees' Retirement Plan (the Plan) is a defined benefit plan providing retirement, death and disability benefits to eligible lay employees of participating employers of the Episcopal Church. The Plan is exempt from federal income taxes and, as a church plan, is exempt from the Employee Retirement Income Security Act of 1974 and is not subject to Pension Benefit Guaranty Corporation requirements.

The assets of the Plan are pooled along with other assets of the Fund solely for investment purposes for the benefit of all participants. The Fund may amend, terminate or modify the terms of the Plan, including the employer assessment rate, at any time, without notice and for any reason. Should the Plan terminate, the Fund has the authority to distribute assets in accordance with the terms of the plan documents.

Lay employees of any domestic diocese, parish, mission or other ecclesiastical organization or body subject to the authority of the Episcopal Church scheduled for 1,000 hours or more of compensated work annually must be provided with a lay pension plan benefit.

Participating employers pay assessments to the Plan on behalf of eligible participants. Assessments for the Plan are equal to 9% of the participants' compensation. Assessments fund benefits are provided by the Plan. Assessments are not held in individual accounts, but are invested in a general fund of pooled contributions for all participants in the Plan.

The Beacon recognizes expenses related to Plan assessments in the period that the related services are provided by the lay employees; such assessments totaled approximately \$120,000 in 2018 and \$99,000 in 2017.

The funding positions of the Plan as of March 31, as reported in the Fund's latest audited financial statements, are summarized below:

	<u>2018</u>	<u>2017</u>
Net assets available for pension benefits after amount designated for assessment deficiencies	\$ 178,659,000	\$ 164,626,000
Less: Actuarial present value of accumulated plan benefit obligations	<u>(215,473,000)</u>	<u>(200,054,000)</u>
Deficit	<u>\$ (36,814,000)</u>	<u>\$ (35,428,000)</u>
Funding percentage	83%	82%

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 29, 2019, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.