



Central Administrative Office of The Diocese of Western North Carolina

Financial Statements and Supplementary Information

Years Ended December 31, 2020 and 2019



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Independent Auditors' Report

Board of Trustees
Central Administrative Office of The Diocese of Western North Carolina
Asheville, North Carolina

We have audited the accompanying financial statements of the Central Administrative Office of The Diocese of Western North Carolina (a non-profit organization) (the "Diocese"), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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. Those standards require that we plan and perform the audit 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 Diocese as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information referred to in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, was derived from, and relates to the underlying accounts and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit 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 supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dixon Hughes Goodman LLP

Asheville, North Carolina
August 3, 2021

Central Administrative Office of The Diocese of Western North Carolina
 Statements of Financial Position
 December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,843,666	\$ 813,532
Pledges receivable from churches	5,612	19,155
Accounts and other receivables	2,869	10,446
Accounts receivable--Lake Logan		
Episcopal Conference Center, Inc.	-	227,233
Investments, current	4,330,599	3,657,144
Prepaid expenses	32,277	42,918
Loans receivable, current	38,853	39,600
	<u>6,253,876</u>	<u>4,810,028</u>
Total current assets		
Property and equipment, net of accumulated depreciation	5,185,825	5,365,707
Other assets:		
Loans receivable, net of current portion	75,588	83,091
Investments, net of current portion	10,328,250	9,841,213
Beneficial interest in perpetual trust	88,637	80,621
Total other assets	<u>10,492,475</u>	<u>10,004,925</u>
Total assets	<u>\$ 21,932,176</u>	<u>\$ 20,180,660</u>

Central Administrative Office of The Diocese of Western North Carolina
 Statements of Financial Position
 December 31, 2020 and 2019

(Continued)

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of notes payable	\$ 6,568	\$ 55,701
Lines of credit	-	122,906
Accounts payable and other accrued expenses	48,961	163,317
Current portion of annuity payable	12,000	12,000
Current portion of postretirement benefit obligation	14,940	14,664
Fiduciary funds - held for others	<u>4,334,482</u>	<u>3,659,631</u>
Total current liabilities	<u>4,416,951</u>	<u>4,028,219</u>
Long-term liabilities:		
Postretirement benefit obligation, net of current portion	123,502	125,943
Annuity payable, net of current portion	27,903	30,127
Notes payable, net of current portion	<u>29,302</u>	<u>86,402</u>
Total long-term liabilities	<u>180,707</u>	<u>242,472</u>
Total liabilities	<u>4,597,658</u>	<u>4,270,691</u>
Net assets:		
Net assets without donor restrictions	8,728,878	8,279,506
Net assets with donor restrictions	<u>8,605,640</u>	<u>7,630,463</u>
Total net assets	<u>17,334,518</u>	<u>15,909,969</u>
Total liabilities and net assets	<u>\$ 21,932,176</u>	<u>\$ 20,180,660</u>

Central Administrative Office of The Diocese of Western North Carolina
 Statements of Activities and Changes in Net Assets
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions:		
Operating revenues:		
Pledges from churches	\$ 1,545,063	\$ 1,512,781
Contributions and bequests	364,639	3,132
Trust income	33,796	33,103
Mission outreach	34,022	51,065
Other	47,053	18,469
Net assets released from restriction for operations	<u>594,945</u>	<u>550,298</u>
Total operating revenues	<u>2,619,518</u>	<u>2,168,848</u>
Expenses:		
Education and support to ministries	1,885,169	1,711,529
Administrative expenses	<u>774,851</u>	<u>811,400</u>
Total expenses	<u>2,660,020</u>	<u>2,522,929</u>
Operating loss	(40,502)	(354,081)
Nonoperating income (expenses):		
Investment income, net of fees	40,098	54,512
Realized gains	61,996	17,713
Unrealized gains	385,953	376,134
Change in value of split-interest agreements	<u>1,827</u>	<u>(16,946)</u>
	<u>489,874</u>	<u>431,413</u>
Change in net assets without donor restrictions	<u>449,372</u>	<u>77,332</u>
Changes in net assets with donor restrictions:		
Contributions and bequests	342,133	797,775
Investment income, net of fees	128,170	102,268
Realized gains	156,638	47,186
Unrealized gains	935,165	889,384
Change in value of perpetual trust	8,016	981
Net assets released from restriction for operations included in operating revenues	<u>(594,945)</u>	<u>(550,298)</u>
Change in net assets with donor restrictions	<u>975,177</u>	<u>1,287,296</u>
Change in net assets	1,424,549	1,364,628
Beginning net assets	<u>15,909,969</u>	<u>14,545,341</u>
Ending net assets	<u>\$ 17,334,518</u>	<u>\$ 15,909,969</u>

See accompanying notes.

Central Administrative Office of The Diocese of Western North Carolina
 Statements of Functional Expenses
 Year Ended December 31, 2020

	<u>Mission Support</u>	<u>Salaries & Benefits</u>	<u>Travel & Education</u>	<u>Property & Supply Costs</u>	<u>Purchased Services</u>	<u>Other Operating Expenses</u>	<u>Totals</u>
Expenses:							
Bishop's Office	\$ -	\$ 267,460	\$ 11,807	\$ -	\$ -	\$ -	\$ 279,267
Canon to the Ordinary Office	-	166,944	5,061	-	-	-	172,005
CFO Office	-	131,200	2,200	-	-	-	133,400
Communications and Development	420	7,297	-	-	-	-	7,717
Office Administration Costs	189,795	-	2,184	73,375	57,791	49,532	372,677
Diocesan Services	11,889	-	-	-	-	-	11,889
Grants and Income Distribution	580,780	-	-	-	-	-	580,780
National & Provincial Church	238,252	-	-	-	-	-	238,252
Commission on Ministry	63,313	-	-	-	-	-	63,313
Youth & College Ministries	304,443	-	-	-	-	-	304,443
Justice & Outreach Ministries	41,029	-	-	-	-	-	41,029
Christian Formation Ministries	119,674	-	-	-	-	-	119,674
Congregational Vitality Ministry	160,770	-	-	-	-	-	160,770
Latino Ministries	174,804	-	-	-	-	-	174,804
	<u>\$ 1,885,169</u>	<u>\$ 572,901</u>	<u>\$ 21,252</u>	<u>\$ 73,375</u>	<u>\$ 57,791</u>	<u>\$ 49,532</u>	<u>\$ 2,660,020</u>

See accompanying notes.

Central Administrative Office of The Diocese of Western North Carolina
 Statements of Functional Expenses
 Year Ended December 31, 2019

(Continued)

	<u>Mission Support</u>	<u>Salaries & Benefits</u>	<u>Travel & Education</u>	<u>Property & Supply Costs</u>	<u>Purchased Services</u>	<u>Other Operating Expenses</u>	<u>Totals</u>
Expenses:							
Bishop's Office	\$ -	\$ 258,454	\$ 37,344	\$ -	\$ -	\$ -	\$ 295,798
Canon to the Ordinary Office	-	169,036	8,580	-	-	-	177,616
CFO Office	-	135,215	4,307	-	-	-	139,522
Communications and Development	6,399	26,840	-	-	-	-	33,239
Office Administration Costs	143,433	10,080	2,000	62,600	61,847	35,097	315,057
Diocesan Services	10,064	-	-	-	-	-	10,064
Grants and Income Distribution	494,893	-	-	-	-	-	494,893
National & Provincial Church	223,041	-	-	-	-	-	223,041
Commission on Ministry	63,235	-	-	-	-	-	63,235
Youth & College Ministries	278,353	-	-	-	-	-	278,353
Justice & Outreach Ministries	35,575	-	-	-	-	-	35,575
Christian Formation Ministries	148,117	-	-	-	-	-	148,117
Congregational Vitality Ministry	110,131	-	-	-	-	-	110,131
Latino Ministries	198,288	-	-	-	-	-	198,288
	<u>\$ 1,711,529</u>	<u>\$ 599,625</u>	<u>\$ 52,231</u>	<u>\$ 62,600</u>	<u>\$ 61,847</u>	<u>\$ 35,097</u>	<u>\$ 2,522,929</u>

See accompanying notes.

Central Administrative Office of The Diocese of Western North Carolina
 Statements of Cash Flows
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,424,549	\$ 1,364,628
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on sale of assets	-	1,370
Realized gains on sale of investments	(218,634)	(64,899)
Unrealized gains on investments	(1,321,118)	(1,265,518)
Depreciation	186,444	181,136
Gain from perpetual trust	(8,016)	(981)
Decrease (increase) in operating assets:		
Pledges, accounts, and other receivables	248,353	28,430
Prepaid expenses	10,641	8
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(114,356)	63,077
Annuity payable	(2,224)	16,946
Postretirement benefit obligation	(2,165)	(3,854)
Net cash provided by operating activities	<u>203,474</u>	<u>320,343</u>
Cash flows from investing activities:		
Purchase of investments	(3,910,633)	(6,457,890)
Proceeds from sale of investments	4,964,744	6,194,409
Purchase of property and equipment	(6,562)	(74,788)
Proceeds from sale of property and equipment	-	125,560
Issuance of loans receivable	(60,500)	(25,000)
Collection of loans receivable	68,750	70,420
Net cash provided (used) by investing activities	<u>1,055,799</u>	<u>(167,289)</u>
Cash flows from financing activities:		
Borrowings (repayments) on lines of credit	(122,906)	138,753
Payments on long-term debt	(106,233)	(120,944)
Net cash provided (used) by financing activities	<u>(229,139)</u>	<u>17,809</u>
Change in cash and cash equivalents	1,030,134	170,863
Cash and cash equivalents, beginning of year	<u>813,532</u>	<u>642,669</u>
Cash and cash equivalents, end of year	<u>\$ 1,843,666</u>	<u>\$ 813,532</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 2,058</u>	<u>\$ 297</u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of operations

The Episcopal Diocese of Western North Carolina is a religious organization which provides education and support programs, through the use of pledges and other contributions, to all member churches within the Diocese. The primary source of revenue is pledges from churches. Its members are located in and west of Alleghany, Wilkes, Alexander, Catawba, Lincoln and Gaston counties of North Carolina.

Basis of presentation

The accompanying financial statements include only those assets, liabilities, and operations for which the Central Administrative Office of The Diocese of Western North Carolina (the "Diocese") maintains direct operational control. These financial statements do not include assets, liabilities, and operations of the parish churches, Valle Crucis Conference Center, Lake Logan Episcopal Conference Center, Inc., Christ School, Inc., or any other affiliated organizations under the jurisdiction of the Diocese, except for transactions with the Central Administrative Office as reflected on the books and records of the Central Administrative Office.

Contributions

Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Pledges from churches are recorded as receivables in the year made, less an allowance for uncollectible amounts. Pledges for support of current operations are recorded as unrestricted support. Pledges for support of future operations or for the acquisition of property and equipment are recorded as temporarily restricted support. Pledges that are expected to be paid over multiple years are reported at their estimated present value.

Pledges by parishes and missions in the Operating Fund are recorded as revenue in the year made at their estimated net realizable value. The Diocese has estimated that pledges receivable from churches will be fully collectible in the following year. Therefore, no allowance for pledges receivable was made during 2020 and 2019.

Net assets

The Diocese 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.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Through action of the Executive Council, certain net assets within net assets without donor restrictions have been designated for a specific purpose and are identified as "Board Designated".

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fiduciary funds – held for others

Funds held for others result mostly from fiduciary funds received from member parishes that participate in the managed investment account of the Diocese. The Board of Trustees, serving in a fiduciary capacity as it relates to these funds, has developed the following policies regarding parish investments:

- Parishes must make an initial minimum investment of \$20,000;
- Parishes and Conference Centers are eligible to participate;
- Initial amount must remain invested for five years prior to withdrawal unless approved by CFO;
- Withdrawal of funds may require a written notice three months prior to withdrawal;
- Investment earnings will be distributed annually by June 1.

Property and equipment

Property and equipment are carried at cost for properties purchased or constructed and market value at date of gift for donated properties. Depreciation is computed using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful life. Major renewals and improvements are charged to the property accounts while replacements, maintenance and repairs, which do not improve or extend the life of the asset, are expensed currently.

Cash and cash equivalents

Cash includes cash on hand and deposits at financial institutions with an initial maturity of three months or less. At times, cash balances may exceed federally insured amounts. The Diocese has not experienced any losses on such accounts and management does not believe the Diocese is exposed to any significant credit risk on cash and cash equivalents.

Loans receivable

The Diocese regularly makes unsecured loans to parishes located within the Diocese for various purposes. All loans granted out of these funds are interest-free and the loan term is generally five years.

Investments and related income

Investments are valued at fair value using quoted market prices. Investment income is recorded when earned. Income and realized and unrealized gains or losses are allocated among the various funds based on their average fund balance.

Fair value measurements

The Financial Accounting Standards Board (“FASB”) has issued authoritative guidance regarding fair value measurements, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (“GAAP”) and expands disclosures about fair value measurements. Fair value as defined under GAAP is an exit price, representing 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. The Diocese utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Split-interest agreements

Gift annuity trust: The Diocese administers a gift annuity trust. A gift annuity trust provides for the payment of a prescribed amount to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Diocese's use. Upon termination, the principal of the annuity is transferred to the net asset group designated by the grantor. In the period the trust is established, the portion of the trust attributable to the future interest of the Diocese is recorded in the Statements of Activities and Changes in Net Assets as a contribution in the net assets class in which the assets will be placed at end of the trust. Assets held in the gift annuity trust are recorded at fair market value in the Diocese's Statements of Financial Position. On an annual basis, the Diocese revalues the annuity liability based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate based on the prevailing federal mid-term rate for all annuities and applicable mortality tables.

Beneficial interest in perpetual trust: The Diocese is the beneficiary of a perpetual trust. The assets are to be held indefinitely in trust. Upon the Diocese's notification of such a trust, permanently restricted contribution revenue is recorded at the present value of the estimated future cash receipts from the Diocese's share of the trust's assets.

Income taxes

The Diocese is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the statutes of the State of North Carolina. Accordingly, no provision for income taxes is provided in the financial statements.

The Diocese's policy is to record a liability for any tax position taken that is beneficial to the Diocese, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2020, and accordingly, no liability has been accrued.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional expenses

The Diocese allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program and support service are allocated directly according to their nature and expense classification. Other expenses that are common to several functions are allocated based upon management's best estimates of time spent or facilities used.

Adoption of new accounting pronouncements

The Diocese adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* effective January 1, 2020. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Adoption of this ASU did not have a material impact on the financial statements or timing of revenue recognition by the Diocese and there was no cumulative effect adjustment recorded to opening net assets as of January 1, 2020 upon adoption of the standard.

Central Administrative Office of The Diocese of Western North Carolina
Notes to Financial Statements

The Diocese also adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* effective January 1, 2020. This standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The adoption did not result in a material change to how the Diocese accounts for revenue from contributions and bequests and therefore no change to previously issued audited financial statements was required as a result of implementation of this standard.

Reclassifications

Certain reclassifications have been made to the 2019 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent events

Subsequent events have been evaluated by the Diocese through August 3, 2021, the date the financial statements were available to be issued.

2. Liquidity and Availability

As part of its liquidity management, the Diocese has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. The following schedule reflects the Diocese's financial assets to meet cash needs for general expenses within one year as of December 31, 2020:

Total cash and cash equivalents	\$ 1,843,666
Investments	14,658,849
Less fiduciary funds held for others	(4,334,482)
Less donor restricted cash and cash equivalents and investments	<u>(8,605,640)</u>
Total	<u>\$ 3,562,393</u>

3. Investments

Investments at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Certificate of deposit	\$ 100,000	\$ 100,000
Equity securities	12,080,661	10,480,318
Mutual funds	245,461	97,359
CMO & Asset backed securities	-	95,938
U.S. government and agency securities	182,623	172,619
Corporate debt obligation	2,039,779	2,425,663
Real estate asset funds	5,356	4,187
Other	<u>4,969</u>	<u>122,273</u>
	<u>\$ 14,658,849</u>	<u>\$ 13,498,357</u>

Central Administrative Office of The Diocese of Western North Carolina
Notes to Financial Statements

The following schedule summarizes the investment return and its classification in the Statements of Activities and Changes in Net Assets for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investment income, net of fees	\$ 168,268	\$ 156,780
Realized gains	218,634	64,899
Unrealized gains	<u>1,321,118</u>	<u>1,265,518</u>
	<u>\$ 1,708,020</u>	<u>\$ 1,487,197</u>
Investment income included in funds held for others:		
Investment income, net of fees	\$ 49,329	\$ 52,154
Realized gains	78,142	23,448
Unrealized gains	<u>495,060</u>	<u>461,334</u>
	<u>\$ 622,531</u>	<u>\$ 536,936</u>

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounted to \$68,302 and \$64,482 for the years ended December 31, 2020 and 2019, respectively.

4. Property and Equipment

Property and equipment at December 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,521,958	\$ 1,521,958
Land improvements	1,147,488	1,147,488
Buildings and building improvements	6,784,886	6,784,886
Furniture, fixtures and equipment	368,048	368,048
Computer equipment	75,946	69,385
Vehicles	<u>69,763</u>	<u>69,763</u>
	9,968,089	9,961,528
Accumulated depreciation	<u>(4,782,264)</u>	<u>(4,595,821)</u>
	<u>\$ 5,185,825</u>	<u>\$ 5,365,707</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$186,444 and \$181,136, respectively.

5. Lines of Credit

The Diocese has an unsecured line of credit payable to a bank. The line of credit bears interest at the greater of prime rate plus 0.7% or 3.95%, and has a maximum borrowing amount of \$300,000. The line of credit matures in September 2021. At December 31, 2020 and 2019, this line of credit did not have any outstanding borrowings.

The Diocese is also a co-borrower on an unsecured line of credit payable to a bank along with Lake Logan Episcopal Conference Center, Inc., (“Lake Logan”) and Camp Henry, Inc. (“Camp Henry”). The line of credit bears interest at the greater of prime rate plus 0.7% or 3.95% and has a maximum borrowing amount of \$200,000. The line of credit matures in September 2021. The Diocese carries the full outstanding balance of the line of credit on its books along with any offsetting receivable from other co-borrowers for their portion of the liability. At December 31, 2020 and 2019, this line of credit had outstanding borrowings of \$- and \$122,906, respectively, and the Diocese had an offsetting receivable from Lake Logan of \$- and \$122,906, respectively.

6. Notes Payable

Notes payable at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Note payable to a bank along with co-borrowers Lake Logan and Camp Henry. This note is accounted for similarly to the co-borrower line of credit discussed above. The note is secured by property, has an interest rate of 5.06% and was paid off during 2020. At December 31, 2019, the Diocese had an offsetting receivable from Lake Logan of \$100,000.	\$ -	\$ 100,000
Vehicle financing payable to bank that is due November 2025 and has an interest rate of 5.24%.	<u>35,870</u>	<u>42,103</u>
Total notes payable	35,870	142,103
Less current portion	<u>(6,568)</u>	<u>(55,701)</u>
Notes payable, net of current portion	<u>\$ 29,302</u>	<u>\$ 86,402</u>

Maturities of long-term debt at December 31, 2020 are as follows:

2021	\$ 6,568
2022	6,921
2023	7,292
2024	7,684
2025	<u>7,405</u>
	<u>\$ 35,870</u>

7. Operating Leases

In June 2017, the Diocese entered into a new operating lease for a copier, with a term through May 2022. The contract requires monthly lease payments of \$584 plus overage fees.

Future minimum lease payments for the year ended December 31, are as follows:

2021	\$	7,010
2022		<u>2,921</u>
	\$	<u>9,931</u>

Rent expense totaled \$7,448 and \$8,031 in December 31, 2020 and 2019, respectively.

8. Endowment Funds

As of December 31, 2020, the Diocese's endowment consists of approximately 18 individual funds established for a variety of purposes. The endowment includes donor-restricted funds and board-designated funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Trustees of the Diocese 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 gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for the expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Diocese, and (7) the Diocese's investment policies.

Endowment investment and spending policies

The Diocese has adopted investment and spending policies, approved by the Board of Trustees, 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 these endowment assets over the long-term. The Diocese's spending and investment policies work together to achieve this objective. This investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places an emphasis on equity investments.

Central Administrative Office of The Diocese of Western North Carolina
Notes to Financial Statements

The spending policy calculates the disbursement from the endowment funds based on a percentage of the average of the trailing three years' ending market value of the endowment fund. The Board of Trustees determines the spending level on an annual basis. For 2020 and 2019, this spending level was 4.00%. This spending policy allows for preservation of principal as well as capital appreciation. This is consistent with the Diocese's objective to maintain the purchasing power of endowment as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of December 31, 2020 and 2019 is as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 6,260,115	\$ 6,260,115
Board-designated endowment funds	<u>1,759,773</u>	<u>-</u>	<u>1,759,773</u>
Total	<u>\$ 1,759,773</u>	<u>\$ 6,260,115</u>	<u>\$ 8,019,888</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 5,581,819	\$ 5,581,819
Board-designated endowment funds	<u>1,590,740</u>	<u>-</u>	<u>1,590,740</u>
Total	<u>\$ 1,590,740</u>	<u>\$ 5,581,819</u>	<u>\$ 7,172,559</u>

Changes in endowment net assets as of December 31, 2020 and 2019 are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,590,740	\$ 5,581,819	\$ 7,172,559
Contributions	3,944	16,490	20,434
Investment income, net of fees	19,972	76,802	96,774
Net gain on investments	227,836	819,042	1,046,878
Net gain on perpetual trust	-	8,016	8,016
Amounts appropriated for expenditure	<u>(82,719)</u>	<u>(242,054)</u>	<u>(324,773)</u>
Endowment net assets, end of year	<u>\$ 1,759,773</u>	<u>\$ 6,260,115</u>	<u>\$ 8,019,888</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,420,172	\$ 4,519,013	\$ 5,939,185
Contributions	-	478,014	478,014
Investment income, net of fees	23,542	73,649	97,191
Net gain on investments	210,525	684,911	895,436
Net gain on perpetual trust	-	981	981
Amounts appropriated for expenditure	<u>(63,499)</u>	<u>(174,749)</u>	<u>(238,248)</u>
Endowment net assets, end of year	<u>\$ 1,590,740</u>	<u>\$ 5,581,819</u>	<u>\$ 7,172,559</u>

9. Net Assets Without Donor Restrictions

Net assets without donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 5,071,655	\$ 5,273,995
Board designated for future expenditures	1,897,450	1,414,771
Board designated for endowment	<u>1,759,773</u>	<u>1,590,740</u>
	<u>\$ 8,728,878</u>	<u>\$ 8,279,506</u>

10. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2020 and 2019 are as follows:

	<u>2020</u>			
	<u>Fair Value</u>	<u>Quoted In Active Markets for Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Certificates of deposit	\$ 100,000	\$ 100,000	\$ -	\$ -
Equity securities	12,080,661	12,080,661	-	-
Mutual funds	245,461	245,461	-	-
U.S. government and agency securities	182,623	-	182,623	-
Corporate debt obligation	2,039,779	-	2,039,779	-
Real estate asset funds	5,356	5,356	-	-
Other	4,969	4,969	-	-
Beneficial interest in perpetual trust	<u>88,637</u>	<u>88,637</u>	-	-
	<u>\$ 14,747,486</u>	<u>\$ 12,525,084</u>	<u>\$ 2,222,402</u>	<u>\$ -</u>

Central Administrative Office of The Diocese of Western North Carolina
Notes to Financial Statements

	2019			
	Fair Value	Quoted In Active Markets for Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Certificates of deposit	\$ 100,000	\$ 100,000	\$ -	\$ -
Equity securities	10,480,318	10,480,318	-	-
Mutual funds	97,359	97,359	-	-
U.S. government and agency securities	172,619	-	172,619	-
Corporate debt obligation	2,425,663	-	2,425,663	-
Real estate asset funds	4,187	4,187	-	-
CMOs and asset backed securities	95,938	95,938	-	-
Other	122,273	122,273	-	-
Beneficial interest in perpetual trust	80,621	80,621	-	-
	<u>\$ 13,578,978</u>	<u>\$ 10,980,696</u>	<u>\$ 2,598,282</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for a beneficial interest is determined by the fair values of the assets in the trust, which are determined by reference to quoted market prices and other relevant information generated by market transactions.

11. Pension Plan

The Diocese participates in the Church Pension Fund, a defined benefit pension plan. The Clergy pension plan covers employees who have been ordained to the Diaconate. Lay employees can participate in either a defined benefit plan or a defined contribution plan and are eligible upon employment.

The plan is held and maintained by The Church Pension Group. For ordained employees, the Diocese funds the plan at a rate of 18% of eligible compensation. The Church Pension Group is responsible for the payment of benefits. Contributions to the fund by the Diocese for December 31, 2020 and 2019 were \$60,703 and \$56,976, respectively.

The Diocese funds the pension costs for lay employees in the defined benefit plan at 9% of the employee's salary. Employees are fully vested in the plan after five years of employment. For lay employees that participate in the Defined Contribution Plan, the Diocese contributes 5% and will match an additional 4% for a total potential of 9%. Contributions to the fund for lay employees for December 31, 2020 and 2019 were \$25,894 and \$23,766, respectively. Employees are fully vested in the plan after five years of employment.

12. Postretirement Benefit Plan

The Diocese approved a benefit plan for eligible retired Bishops and their spouses in April 2004. Under the plan, the Diocese furnishes medical insurance upon retirement. The plan is unfunded and has a benefit obligation of \$138,442 and \$140,607 at December 31, 2020 and 2019, respectively. In determining the benefit obligation, a discount rate of 5% has been assumed. Benefits paid under the plan in 2020 and 2019 were \$7,571 and \$14,208, respectively.

Central Administrative Office of The Diocese of Western North Carolina
Notes to Financial Statements

Benefits expected to be paid in the next ten years as of the year ended December 31, are as follows:

2021	\$	14,940
2022		15,401
2023		15,865
2024		16,329
2025		16,793
Thereafter		<u>59,114</u>
	\$	<u>138,442</u>

13. Split-interest trust

At December 31, 2020 and 2019, assets of \$36,353 and \$44,215, respectively, belonging to the gift annuity trust were included in the assets of the Diocese in the Statements of Financial Position.

14. Related Party Transactions

The Diocese provides financial support to Lake Logan Episcopal Conference Center, Inc. The Diocese's Executive Council has approval powers for the appointment of Lake Logan Episcopal Conference Center, Inc.'s board members, and the Executive Council is represented on the Lake Logan board by three members. In prior years, the Diocese has been financially responsible for Lake Logan's payroll, payroll taxes, and various other expenses, including the payoff of a line of credit, and is reimbursed by Lake Logan. At December 31, 2020 and 2019, Lake Logan owes the Diocese \$-0- and \$4,128, respectively, for these various expenses.



Supplementary Information

Central Administrative Office of The Diocese of Western North Carolina
Board Designated Funds – Summary of Fund Transactions
Year Ended December 31, 2020

Schedule "1"

	<u>Balances 1/1/20</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/20</u>
Clergy Sabbatical				
Investment income, net of fees		\$ 152	\$ -	
Realized gain on investments		246	-	
Unrealized loss on investments		1,535	-	
	<u>\$ 11,566</u>	<u>1,933</u>	<u>-</u>	<u>\$ 13,499</u>
Property Maintenance Reserve				
Transfer from Operating Fund		3,500	-	
Investment income, net of fees		145	-	
Realized gain on investments		260	-	
Unrealized gain on investments		1,668	-	
	<u>10,275</u>	<u>5,573</u>	<u>-</u>	<u>15,848</u>
General Convention Reserve				
Transfer from Operating Fund		12,000	-	
Investment income, net of fees		521	-	
Realized gain on investments		920	-	
Unrealized gain on investments		5,866	-	
	<u>35,916</u>	<u>19,307</u>	<u>-</u>	<u>55,223</u>
Lambeth Reserve				
Transfer from Operating Fund		2,000	-	
Investment income, net of fees		52	-	
Realized gain on investments		46	-	
Unrealized gain on investments		319	-	
Disbursed		-	4,288	
	<u>5,356</u>	<u>2,417</u>	<u>4,288</u>	<u>3,485</u>
Bishop's Transition Reserve				
Transfer from Operating Fund		8,000	-	
Investment income, net of fees		424	-	
Realized gain on investments		737	-	
Unrealized gain on investments		4,685	-	
	<u>29,776</u>	<u>13,846</u>	<u>-</u>	<u>43,622</u>
Daily Practices	<u>21,275</u>	<u>3,662</u>	<u>106</u>	<u>24,831</u>
IONA Program Reserve				
Additions		9,000	-	
Investment income, net of fees		192	-	
Realized gain on investments		426	-	
Unrealized gain on investments		2,800	-	
	<u>10,550</u>	<u>12,418</u>	<u>-</u>	<u>22,968</u>
Holt Trust	<u>9,015</u>	<u>1,552</u>	<u>45</u>	<u>10,522</u>
Education for Ministry	<u>2,550</u>	<u>440</u>	<u>13</u>	<u>2,977</u>
Emergency Assistance to Clergy	<u>\$ 1,061</u>	<u>\$ 182</u>	<u>\$ 5</u>	<u>\$ 1,238</u>

See independent auditors' report.

Central Administrative Office of The Diocese of Western North Carolina
 Board Designated Funds - Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "1"

(Continued)

	<u>Balances</u> <u>1/1/20</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances</u> <u>12/31/20</u>
Insurance Needs Assessment Fund	\$ 5,634	\$ 970	\$ 28	\$ 6,576
Planned Giving	2,284	392	11	2,665
LLEC/Camp Henry - Hindle Trust				
Investment income, net of fees		495	-	
Realized gain on investments		735	-	
Unrealized loss on investments		3,645	-	
Disbursed		-	25,000	
	<u>43,215</u>	<u>4,875</u>	<u>25,000</u>	<u>23,090</u>
Contingency Fund				
Additions		92,653	-	
Investment income, net of fees		8,695	-	
Realized gain on investments		15,151	-	
Unrealized gain on investments		92,357	-	
2020 net operating deficit		13,564	-	
Net transfer from Operating Fund		235,007	-	
Disbursed		-	64,945	
	<u>656,789</u>	<u>457,427</u>	<u>64,945</u>	<u>1,049,271</u>
Proceeds Morgan School				
Investment income, net of fees		6,677	-	
Realized gain on investments		10,038	-	
Unrealized gain on investments		63,179	-	
Change in actuarial liability		-	(1,827)	
Net transfer to Operating Fund		-	18,385	
Disbursed		-	12,000	
	<u>455,006</u>	<u>79,894</u>	<u>28,558</u>	<u>506,342</u>
Bryson Mission	4,420	370	2,280	2,510
Spending Pool - DWNC	2,151	(6,134)	(5,846)	1,863
Holy Cross Mt Holy				
Investment income, net of fees		1,288		
Realized gain on investments		2,024		
Unrealized loss on investments		12,873		
Net transfer to Operating Fund		-	3,846	
Disbursed		-	10,005	
	<u>104,017</u>	<u>16,185</u>	<u>13,851</u>	<u>106,351</u>
Towel Ministry				
Investment income, net of fees		51	-	
Realized gain on investments		83	-	
Unrealized loss on investments		520	-	
	<u>3,915</u>	<u>654</u>	<u>-</u>	<u>4,569</u>
	<u>\$ 1,414,771</u>	<u>\$ 615,963</u>	<u>\$ 133,284</u>	<u>\$ 1,897,450</u>

See independent auditors' report.

Central Administrative Office of The Diocese of Western North Carolina
 Restricted Funds - Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "2"

	Balances 1/1/20	Revenues	Expenses	Balances 12/31/20
Advancement grants	\$ 24,182	\$ 4,162	\$ 120	\$ 28,224
Alice Mason Memorial Fund				
Investment income, net of fees		80	-	
Realized gain on investments		127	-	
Unrealized gain on investments		773	-	
Distributions		-	562	
	<u>6,180</u>	<u>980</u>	<u>562</u>	<u>6,598</u>
Becoming Beloved Community Grant	<u>-</u>	<u>7,490</u>	<u>1,790</u>	<u>5,700</u>
Bishop's Discretionary Fund:				
Additions		28,038	-	
Investment income, net of fees		6,094	-	
Realized gain on investments		9,182	-	
Unrealized gain on investments		16,590	-	
Distributions		-	22,233	
	<u>237,321</u>	<u>59,904</u>	<u>22,233</u>	<u>274,992</u>
Cherokee Mother Baby Camp	<u>2,262</u>	<u>389</u>	<u>11</u>	<u>2,640</u>
Camp Henry Scholarship Fund				
Additions		10,690	-	
Investment income, net of fees		227	-	
Realized gain on investments		372	-	
Unrealized gain on investment		2,411	-	
	<u>7,510</u>	<u>13,700</u>	<u>-</u>	<u>21,210</u>
Camp Henry Basketball Fund	<u>132</u>	<u>23</u>	<u>1</u>	<u>154</u>
Camp Henry Alumni Association	<u>273</u>	<u>47</u>	<u>1</u>	<u>319</u>
Camp Henry Mackenzie Foundation				
Investment income, net of fees		34	-	
Realized gain on investments		31	-	
Unrealized gain on investment		317	-	
Distributions		-	3,730	
	<u>3,673</u>	<u>382</u>	<u>3,730</u>	<u>325</u>
Camp Henry Meares Memorial Fund				
Additions		6,320	-	
Investment income, net of fees		97	-	
Realized gain on investments		236	-	
Unrealized gain on investment		1,572	-	
	<u>\$ 4,481</u>	<u>\$ 8,225</u>	<u>\$ -</u>	<u>\$ 12,706</u>

See independent auditors' report.

Central Administrative Office of The Diocese of Western North Carolina
 Restricted Funds - Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "2"

(Continued)

	Balances 1/1/20	Revenues	Expenses	Balances 12/31/20
Chancellor's Fund - Camp Henry:				
Investment income, net of fees		\$ 3,018	\$ -	
Realized gain on investments		4,744	-	
Unrealized gain on investments		29,530	-	
Disbursed		-	8,601	
	<u>\$ 232,576</u>	<u>37,292</u>	<u>8,601</u>	<u>\$ 261,267</u>
Deaf Ministry	<u>2,071</u>	<u>356</u>	<u>10</u>	<u>2,417</u>
Diocese of Cuba	<u>-</u>	<u>1,170</u>	<u>-</u>	<u>1,170</u>
Economic Development Fund	<u>18,910</u>	<u>11,748</u>	<u>4,385</u>	<u>26,273</u>
Episcopal Service Corp				
Additions		8,217	-	
Investment income, net of fees		486	-	
Realized gain on investments		783	-	
Unrealized gain on investment		4,919	-	
Distributions		-	7,236	
	<u>37,195</u>	<u>14,405</u>	<u>7,236</u>	<u>44,364</u>
Farm Workers:				
Additions		250	-	
Investment income, net of fees		409	-	
Realized gain on investments		663	-	
Unrealized gain on investment		4,179	-	
Transferred to operating fund		-	1,185	
	<u>32,032</u>	<u>5,501</u>	<u>1,185</u>	<u>36,348</u>
Hispanic Scholarships:				
Additions		27,799	-	
Investment income, net of fees		215	-	
Realized gain on investments		376	-	
Unrealized gain on investments		2,135	-	
Distributions		-	9,712	
	<u>-</u>	<u>30,525</u>	<u>9,712</u>	<u>20,813</u>
Human Hurt & Hope:				
Investment income, net of fees		3,919	-	
Realized gain on investments		5,157	-	
Unrealized gain on investment		30,119	-	
Distributions		-	84,501	
Transfer to operating fund		-	13,119	
	<u>317,841</u>	<u>39,195</u>	<u>97,620</u>	<u>259,416</u>
Lilly Grant - LaCapilla	<u>11,208</u>	<u>5,724</u>	<u>16,932</u>	<u>-</u>
Los Vecinos				
Additions		600	-	
Investment income, net of fees		104	-	
Realized gain on investments		167	-	
Unrealized gain on investments		961	-	
Disbursed		-	1,184	
	<u>8,101</u>	<u>1,832</u>	<u>1,184</u>	<u>8,749</u>
Miles of Pennies Grant	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 310</u>

See independent auditors' report.

Central Administrative Office of The Diocese of Western North Carolina
 Restricted Funds - Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "2"

(Continued)

	Balances 1/1/20	Revenues	Expenses	Balances 12/31/20
Nell Burns				
Investment income, net of fees		\$ 234	\$ -	
Realized gain on investments		377	-	
Unrealized gain on investments		2,375	-	
Transfer to Operating Fund		-	680	
	\$ 18,375	2,986	680	\$ 20,681
New Congregations:				
Investment income, net of fees		6,039	-	
Realized gain on investments		9,726	-	
Unrealized gain on investments		61,035	-	
Disbursed		-	15,963	
Transfer to Operating Fund		-	17,616	
	476,321	76,800	33,579	519,542
Palestine HVAC Fund	-	547	-	547
PITAA Scholarship Fund	1,185	-	-	1,185
Recovery Ministry				
Investment income, net of fees		27	-	
Realized gain on investments		43	-	
Unrealized gain on investments		269	-	
	2,029	339	-	\$ 2,368
Restoration and Maintenance:				
Additions		76,301	-	
Investment income, net of fees		5,218	-	
Realized gain on investments		8,135	-	
Unrealized gain on investments		50,130	-	
Disbursed		-	72,349	
Transfer to Operating Fund		-	14,083	
	509,571	139,784	86,432	562,923
Seminarian Fund				
Additions		6,305	-	
Investment income, net of fees		481	-	
Realized gain on investments		733	-	
Unrealized gain on investments		3,900	-	
Disbursed		-	24,000	
	43,890	11,419	24,000	31,309
St. Andrews Childrens				
Additions		149,624	-	
Investment income, net of fees		751	-	
Realized gain on investments		2,858	-	
Unrealized gain on investment		12,583	-	
Disbursed		-	25,000	
	-	165,816	25,000	140,816
UNCA Campus Ministry				
Investment income, net of fees		137	-	
Realized gain on investments		177	-	
Unrealized gain on investment		1,007	-	
Disbursed		-	4,830	
	12,216	1,321	4,830	8,707
UTO Grants	4,500	1,000	-	5,500
Vacation Bible Grant	\$ 7,779	\$ -	\$ -	\$ 7,779

See independent auditors' report.

Central Administrative Office of The Diocese of Western North Carolina
 Restricted Funds - Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "2"

(Continued)

	<u>Balances</u> <u>1/1/20</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances</u> <u>12/31/20</u>
3rd Place Campus Ministry				
Additions		\$ 2,292	\$ -	
Investment income, net of fees		349	-	
Realized gain on investments		571	-	
Unrealized gain on investments		3,498	-	
Disbursed		-	2,837	
	<u>26,300</u>	<u>6,710</u>	<u>2,837</u>	<u>30,173</u>
	<u>\$ 2,048,644</u>	<u>\$ 649,772</u>	<u>\$ 352,891</u>	<u>\$ 2,345,525</u>

Central Administrative Office of The Diocese of Western North Carolina
 Endowment Funds – Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "3"

	<u>Balances</u> <u>1/1/20</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances</u> <u>12/31/20</u>
Permanently Restricted Endowment:				
Alston fund	\$ 904,000	\$ -	\$ -	\$ 904,000
Hix fund	4,550	-	-	4,550
Jane Wilkes fund	9,321	-	-	9,321
Bishop Weinhauer fund	90,076	-	-	90,076
Ann W. Peden fund	69,278	1,076	-	70,354
PITAA Scholarship fund	100,000	-	-	100,000
Sheffer Ministries fund	666,716	-	-	666,716
Gordon Know Bell fund	15,350	-	-	15,350
Mary Brady Berry fund	20,000	-	-	20,000
Trinity Spruce Pine Support fund	10,000	-	-	10,000
Total permanently restricted endowment funds	<u>1,889,291</u>	<u>1,076</u>	<u>-</u>	<u>1,890,367</u>
Permanently Restricted:				
Beneficial interest in perpetual trust	80,621	8,016	-	88,637
Total permanently restricted funds	<u>1,969,912</u>	<u>9,092</u>	<u>-</u>	<u>1,979,004</u>
Temporarily Restricted Earnings From Endowment Funds:				
Alston Earnings:				
Investment income, net of fees		42,149	-	
Realized gains on Investments		66,386	-	
Unrealized loss on Investments		418,299	-	
Transfer to operating fund		-	119,680	
	<u>2,331,138</u>	<u>526,834</u>	<u>119,680</u>	<u>2,738,292</u>
Ann W. Peden Fund:				
Investment income, net of fees		1,722	-	
Realized gains on investments		2,855	-	
Unrealized loss on Investments		17,333	-	
Disbursed		-	8,608	
	<u>76,213</u>	<u>21,910</u>	<u>8,608</u>	<u>89,515</u>
Hix Fund				
Investment income, net of fees		57	-	
Realized gains on investments		91	-	
Unrealized loss on Investments		575	-	
Disbursed		-	343	
	<u>\$ 105</u>	<u>\$ 723</u>	<u>\$ 343</u>	<u>\$ 485</u>

Central Administrative Office of The Diocese of Western North Carolina
 Endowment Funds – Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "3"

(Continued)

	Balances 1/1/20	Revenues	Expenses	Balances 12/31/20
Jane Wilkes, Piedmont Deanrey:				
Investment income, net of fees		\$ 4,521	\$ -	
Realized gains on investments		7,286	-	
Unrealized loss on Investments		45,912	-	
Transfer to operating fund		-	13,136	
	<u>\$ 345,871</u>	<u>57,719</u>	<u>13,136</u>	<u>\$ 390,454</u>
Weinhauer Earnings:				
Investment income, net of fees		3,261	-	
Realized gain on investments		5,257	-	
Unrealized loss on investments		33,127	-	
Transfer to operating fund		-	9,478	
	<u>166,203</u>	<u>41,645</u>	<u>9,478</u>	<u>198,370</u>
Sheffer St. John's:				
Investment income, net of fees		8,947	-	
Realized gain on investments		14,078	-	
Unrealized loss on investments		88,332	-	
Disbursed		-	52,899	
	<u>48,479</u>	<u>111,357</u>	<u>52,899</u>	<u>106,937</u>
Sheffer Bishop's Discretionary:				
Additions		10,580	-	
Investment income, net of fees		181	-	
Realized gain on investments		350	-	
Unrealized loss on investments		2,355	-	
Disbursed		-	470	
	<u>6,363</u>	<u>13,466</u>	<u>470</u>	<u>19,359</u>
Bell Earnings, St Agnes:				
Investment income, net of fees		794	-	
Realized gain on investments		1,237	-	
Unrealized loss on investments		7,864	-	
Disbursed		-	4,730	
	<u>48,606</u>	<u>9,895</u>	<u>4,730</u>	<u>53,771</u>

Central Administrative Office of The Diocese of Western North Carolina
 Endowment Funds - Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "3"

(Continued)

	<u>Balances</u> <u>1/0/00</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances</u> <u>1/0/00</u>
Mary Brady Berry Fund				
Additions		\$ 5,910	-	
Investment income, net of fees		2,001	-	
Realized gain on investments		3,153	-	
Unrealized loss on investments		20,115	-	
Disbursed		-	11,820	
	<u>\$ 139,815</u>	<u>31,179</u>	<u>\$ 11,820</u>	<u>\$ 159,174</u>
PITAA Scholarship Fund				
Investment income, net of fees		6,655	-	
Realized gain on investments		2,160	-	
Unrealized loss on investments		13,613	-	
Disbursed		-	3,894	
	<u>-</u>	<u>22,428</u>	<u>3,894</u>	<u>18,534</u>
Trinity Spruce Pine Endowment Fund				
Investment income, net of fees		629	-	
Realized gain on investments		207	-	
Unrealized loss on investments		1,297	-	
Disbursed		-	388	
	<u>-</u>	<u>2,133</u>	<u>388</u>	<u>1,745</u>
Total Temporarily Restricted Earnings From Endowment Funds	<u>\$ 3,162,793</u>	<u>\$ 839,289</u>	<u>\$ 225,446</u>	<u>\$ 3,776,636</u>

Central Administrative Office of The Diocese of Western North Carolina
 Endowment Funds – Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "3"

(Continued)

	<u>Balances 1/1/20</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/20</u>
Other Temporarily Restricted Funds in Endowment Funds:				
Genevieve Cooper Smith Fund:				
Investment income, net of fees		\$ 380	\$ -	
Realized gain on investments		614	-	
Unrealized loss on investments		3,867	-	
Transfer to operating fund		-	1,106	
	<u>\$ 29,919</u>	<u>4,861</u>	<u>1,106</u>	<u>\$ 33,674</u>
St. Hilda's Press:				
Investment income, net of fees		1,233	-	
Realized gain on investments		1,986	-	
Unrealized loss on investments		12,516	-	
Transfer to operating		-	3,581	
	<u>96,831</u>	<u>15,735</u>	<u>3,581</u>	<u>108,985</u>
St. Paul's Morganton:				
Investment income, net of fees		4,154	-	
Realized gain on investments		6,466	-	
Unrealized loss on investments		40,753	-	
Disbursed		-	11,921	
	<u>322,364</u>	<u>51,373</u>	<u>11,921</u>	<u>361,816</u>
Total other temporarily restricted funds in endowment funds	<u>\$ 449,114</u>	<u>\$ 71,969</u>	<u>\$ 16,608</u>	<u>\$ 504,475</u>

Central Administrative Office of The Diocese of Western North Carolina
 Endowment Funds - Summary of Fund Transactions
 Year Ended December 31, 2020

Schedule "3"

(Continued)

	<u>Balances 1/1/20</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/20</u>
Board Designated Endowment Funds:				
Bishop's Rental:				
Additions		\$ 3,600	\$ -	
Investment income, net of fees		1,353	-	
Realized gain on investments		2,182	-	
Unrealized loss on investments		13,748	-	
Transfer to operating fund		-	3,933	
	<u>\$ 136,355</u>	<u>20,883</u>	<u>3,933</u>	<u>\$ 153,305</u>
Bishop's Salary:				
Investment income, net of fees		1,307	-	
Realized gain on investments		2,106	-	
Unrealized loss on Investments		13,270	-	
Transfer to operating fund		-	3,797	
	<u>102,658</u>	<u>16,683</u>	<u>3,797</u>	<u>115,544</u>
Diocesan General Fund:				
Additions		\$ 344	\$ -	
Investment income, net of fees		2,884	-	
Realized gain on investments		4,650	-	
Unrealized loss on investments		29,306	-	
Transfer to operating fund		-	8,370	
	<u>226,329</u>	<u>37,184</u>	<u>8,370</u>	<u>255,143</u>
Valle Crucis Conference Center:				
Investment income, net of fees		14,428	-	
Realized gain on investments		22,392	-	
Unrealized loss on investments		140,182	-	
Disbursed		-	66,619	
	<u>1,125,398</u>	<u>177,002</u>	<u>66,619</u>	<u>1,235,781</u>
Total Board Designated Endowment Funds	<u>1,590,740</u>	<u>251,752</u>	<u>82,719</u>	<u>1,759,773</u>
Total endowment funds	<u>\$ 7,172,559</u>	<u>\$ 1,172,102</u>	<u>\$ 324,773</u>	<u>\$ 8,019,888</u>

Fiduciary Funds – Summary of Fund Transactions

Year Ended December 31, 2020

	<u>Balances</u> <u>1/1/20</u>	<u>Additions</u>	<u>Investment</u> <u>Income</u>	<u>Distributions</u>	<u>Balances</u> <u>12/31/20</u>
Christ Church Sparta DOT Funds	\$ 12,264	\$ -	\$ 1,955	\$ 454	\$ 13,765
St. Cyprians	9,145	-	1,457	338	10,264
St Agnes Foster	291,360	-	46,432	10,775	327,017
St. Agnes Memorials	171,927	-	27,399	6,358	192,968
St. Luke's Asheville	200,712	50,000	35,097	7,423	278,386
St. Agnes - Maye Anderson	12,290	-	1,959	455	13,794
St. Agnes Slagle Endowment	7,825	-	1,247	289	8,783
All Saints - Beymer Fund	6,186	-	986	229	6,943
St Paul Wilkesboro	605,229	-	96,454	22,383	679,300
St Andrews Hope for the Future Fund	138,030	-	23,070	-	161,100
Our Saviour, Lincolnton	106,303	-	16,940	3,931	119,312
Lake Logan Endowment Fund	70,373	10,000	11,911	25,000	67,284
Lake Logan Reserve Fund	-	3,405	-	-	3,405
Lake Logan Restricted Funds	-	3,883	-	-	3,883
Our Saviour Cemetary Fund	18,232	-	2,906	674	20,464
Transfiguration Pooled Funds	26,389	-	4,411	-	30,800
Holy Cross Valle Crucis Investment Po	232,080	-	33,715	39,692	226,103
Holy Cross Valle Crucis Endowment Fu	-	8,000	-	-	8,000
Good Shepherd Tryon Investment Fun	130,492	-	20,796	4,826	146,462
ChurchImpact!	2,487	-	-	2,487	-
St. Paul's Morganton Endowment	80,260	29,395	17,919	2,968	124,606
All Saints 2017 Endowment Fund	1,318,765	-	210,167	48,772	1,480,160
Our Saviour Memorial Fund	13,035	-	2,078	482	14,631
Our Saviour Cemetary Interest	6,532	-	1,041	242	7,331
Our Saviour Savings	19,061	-	3,038	705	21,394
Our Saviour Emergency Repair	12,848	-	2,049	475	14,422
Church of the Messiah	10,783	399	1,766	399	12,549
St. John's Haw Creek	86,587	10,000	16,294	3,202	109,679
Holy Family Mills River	60,013	8,910	10,816	2,219	77,520
St. George's	10,423	-	1,660	385	11,698
Trinity Spruce Pine	-	113,493	28,966	-	142,459
Total Fiduciary Funds	<u>\$3,659,631</u>	<u>\$ 237,485</u>	<u>\$ 622,529</u>	<u>\$ 185,163</u>	<u>\$4,334,482</u>