

Central Administrative Office of The Diocese of Western North Carolina



Financial Statements and Supplementary Information

Years Ended December 31, 2021 and 2020

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of the Central Administrative Office of the Diocese of Western North Carolina (the "Diocese"), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Central Administrative Office of the Diocese of Western North Carolina as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Diocese and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Diocese's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the accompanying 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 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

FORVIS, LLP

Asheville, NC
August 8, 2022

Central Administrative Office of The Diocese of Western North Carolina
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,494,029	\$ 1,843,666
Pledges receivable from churches	26,311	5,612
Accounts and other receivables	4,884	2,869
Investments, current	5,261,501	4,330,599
Prepaid expenses	28,117	32,277
Loans receivable, current	<u>37,156</u>	<u>38,853</u>
Total current assets	<u>6,851,998</u>	<u>6,253,876</u>
Property and equipment, net of accumulated depreciation	5,011,703	5,185,825
Other assets:		
Loans receivable, net of current portion	136,672	75,588
Investments, net of current portion	13,206,003	10,328,250
Beneficial interest in perpetual trust	96,047	88,637
Total other assets	<u>13,438,722</u>	<u>10,492,475</u>
Total assets	<u>\$ 25,302,423</u>	<u>\$ 21,932,176</u>

Central Administrative Office of The Diocese of Western North Carolina
 Statements of Financial Position
 December 31, 2021 and 2020

(Continued)

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of notes payable	\$ 6,921	\$ 6,568
Accounts payable and other accrued expenses	99,835	48,961
Current portion of annuity payable	12,000	12,000
Current portion of postretirement benefit obligation	15,648	14,940
Fiduciary permanent endowments held for others	969,992	35,350
Fiduciary funds held for others	<u>5,972,761</u>	<u>4,841,959</u>
Total current liabilities	<u>7,077,157</u>	<u>4,959,778</u>
Long-term liabilities:		
Postretirement benefit obligation, net of current portion	132,062	123,502
Annuity payable, net of current portion	19,424	27,903
Notes payable, net of current portion	<u>22,381</u>	<u>29,302</u>
Total long-term liabilities	<u>173,867</u>	<u>180,707</u>
Total liabilities	<u>7,251,024</u>	<u>5,140,485</u>
Net assets:		
Net assets without donor restrictions	9,088,415	8,728,878
Net assets with donor restrictions	<u>8,962,984</u>	<u>8,062,813</u>
Total net assets	<u>18,051,399</u>	<u>16,791,691</u>
Total liabilities and net assets	<u>\$ 25,302,423</u>	<u>\$ 21,932,176</u>

Central Administrative Office of The Diocese of Western North Carolina
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Change in net assets without donor restrictions:		
Operating revenues:		
Pledges from churches	\$ 1,582,501	\$ 1,545,063
Contributions and bequests	175,796	364,639
Trust income	477	33,796
Mission outreach	90,709	34,022
Other	6,822	47,053
Net assets released from restriction for operations	<u>393,194</u>	<u>591,474</u>
Total operating revenues	<u>2,249,499</u>	<u>2,616,047</u>
Expenses:		
Education and support to ministries	1,711,506	1,881,698
Administrative expenses	<u>730,939</u>	<u>774,851</u>
Total expenses	<u>2,442,445</u>	<u>2,656,549</u>
Operating loss	(192,946)	(40,502)
Nonoperating income (expenses):		
Investment income, net of fees	44,322	40,098
Realized gains	125,046	61,996
Unrealized gains	374,636	385,953
Change in value of split-interest agreements	<u>8,479</u>	<u>1,827</u>
	<u>552,483</u>	<u>489,874</u>
Change in net assets without donor restrictions	<u>359,537</u>	<u>449,372</u>
Changes in net assets with donor restrictions:		
Contributions and bequests	213,214	346,223
Investment income, net of fees	84,259	133,132
Realized gains	252,460	145,782
Unrealized gains	736,022	866,433
Change in value of perpetual trust	7,410	8,016
Net assets released from restriction for operations included in other operating revenues	<u>(393,194)</u>	<u>(591,474)</u>
Change in net assets with donor restrictions	<u>900,171</u>	<u>908,112</u>
Change in net assets	1,259,708	1,357,484
Beginning net assets	<u>16,791,691</u>	<u>15,434,207</u>
Ending net assets	<u>\$ 18,051,399</u>	<u>\$ 16,791,691</u>

Central Administrative Office of The Diocese of Western North Carolina
Statement of Functional Expenses
Year Ended December 31, 2021

	<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	\$ -	\$ 269,854	\$ 24,972	\$ -	\$ -	\$ -	\$ 294,826
Canon to the Ordinary Office	-	137,449	12,186	-	-	-	149,635
CFO Office	-	99,186	1,005	-	-	-	100,191
Communications and Development	-	36,000	2,961	-	-	-	38,961
Office Administration Costs	192,451	-	-	65,868	58,608	22,850	339,777
Diocesan Services	6,625	-	-	-	-	-	6,625
Grants and Income Distribution	393,194	-	-	-	-	-	393,194
National & Provincial Church	248,041	-	-	-	-	-	248,041
Ministry Development	63,001	-	-	-	-	-	63,001
Youth & College Ministries	338,038	-	-	-	-	-	338,038
Justice & Outreach Ministries	44,841	-	-	-	-	-	44,841
Christian Formation Ministries	27,855	-	-	-	-	-	27,855
Congregational Vitality Ministry	200,098	-	-	-	-	-	200,098
Latino Ministries	197,362	-	-	-	-	-	197,362
	<u>\$ 1,711,506</u>	<u>\$ 542,489</u>	<u>\$ 41,124</u>	<u>\$ 65,868</u>	<u>\$ 58,608</u>	<u>\$ 22,850</u>	<u>\$ 2,442,445</u>

See accompanying notes.

Central Administrative Office of The Diocese of Western North Carolina
Statement 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	577,309	-	-	-	-	-	577,309
National & Provincial Church	238,252	-	-	-	-	-	238,252
Ministry Development	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>\$ 1,881,698</u>	<u>\$ 572,901</u>	<u>\$ 21,252</u>	<u>\$ 73,375</u>	<u>\$ 57,791</u>	<u>\$ 49,532</u>	<u>\$ 2,656,549</u>

Central Administrative Office of The Diocese of Western North Carolina
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,259,708	\$ 1,357,484
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gains on sale of investments	(377,506)	(207,778)
Unrealized gains on investments	(1,110,658)	(1,252,386)
Depreciation	184,783	186,444
Gain from perpetual trust	(7,410)	(8,016)
Decrease (increase) in operating assets:		
Pledges, accounts, and other receivables	(22,714)	248,353
Prepaid expenses	4,160	10,641
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	50,874	(114,356)
Annuity payable	(8,479)	(2,224)
Fiduciary funds - held for others	2,065,444	-
Postretirement benefit obligation	9,268	(2,165)
Net cash provided by operating activities	<u>2,047,470</u>	<u>215,997</u>
Cash flows from investing activities:		
Purchase of investments	(6,841,965)	(3,914,723)
Proceeds from sale of investments	4,521,474	4,956,311
Purchase of property and equipment	(10,661)	(6,562)
Issuance of loans receivable	(100,000)	(60,500)
Collections of loans receivable	40,613	68,750
Net cash provided (used) by investing activities	<u>(2,390,539)</u>	<u>1,043,276</u>
Cash flows from financing activities:		
Payments on line of credit, net	-	(122,906)
Payments on long-term debt	(6,568)	(106,233)
Net cash used by financing activities	<u>(6,568)</u>	<u>(229,139)</u>
Change in cash and cash equivalents	(349,637)	1,030,134
Cash and cash equivalents, beginning of year	<u>1,843,666</u>	<u>813,532</u>
Cash and cash equivalents, end of year	<u>\$ 1,494,029</u>	<u>\$ 1,843,666</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 1,723</u>	<u>\$ 2,058</u>

See accompanying notes.

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 Conference Center and Camp Henry, Inc.; Christ School, Inc.; or any other affiliated organizations under the jurisdiction of the Diocese, except for transactions with the Diocese as reflected on the books and records of the Diocese.

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 of 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 2021 and 2020.

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 permanent endowments and funds held for others

Fiduciary permanent endowments and 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.

Fiduciary permanent endowments include amounts received from member parishes that have permanent donor restrictions placed on the original gift.

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, 2021, 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.

Adjustments to the 2020 financial statements

The Diocese performed a review of funds included in both net assets with donor restrictions and fiduciary funds – held for others and determined that certain funds were incorrectly classified, which resulted in an adjustment between these two line items in the 2020 statement of financial position. This adjustment had the following effects on the 2020 financial statements:

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

	<u>As reported</u>	<u>Adjustments</u>	<u>Adjusted</u>
Beginning net assets (January 1, 2020)	\$ 15,909,969	\$ (475,762)	\$ 15,434,207
Fiduciary permanent endowments held for others	-	35,350	35,350
Fiduciary funds held for others	4,334,482	507,477	4,841,959
Net assets with donor restrictions	8,605,640	(542,827)	8,062,813
Change in net assets	1,424,549	(67,065)	1,357,484

Other changes within the 2020 financial statement as a result of this adjustment were insignificant. The adjusted 2020 financial statements conform to the presentation of the 2021 financial statements.

Subsequent events

Subsequent events have been evaluated by the Diocese through August 8, 2022, 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, 2021:

Total cash and cash equivalents	\$ 1,494,029
Investments	18,467,504
Less fiduciary endowments and funds held for others	(6,942,753)
Less donor restricted cash and cash equivalents and investments	<u>(8,605,640)</u>
Total	<u>\$ 4,413,140</u>

3. Investments

Investments at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Certificate of deposit	\$ 100,000	\$ 100,000
Equity securities	14,626,127	12,080,661
Mutual funds	261,729	245,461
U.S. government and agency securities	130,022	182,623
Corporate debt obligation	3,331,546	2,039,779
Real estate asset funds	4,935	5,356
Other	<u>13,145</u>	<u>4,969</u>
	<u>\$ 18,467,504</u>	<u>\$ 14,658,849</u>

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

4. Property and Equipment

Property and equipment at December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,521,958	\$ 1,521,958
Land improvements	1,147,488	1,147,488
Buildings and building improvements	6,788,842	6,784,886
Furniture, fixtures and equipment	368,048	368,048
Computer equipment	76,960	75,946
Vehicles	<u>69,763</u>	<u>69,763</u>
	9,973,059	9,968,089
Accumulated depreciation	<u>(4,961,356)</u>	<u>(4,782,264)</u>
	<u>\$ 5,011,703</u>	<u>\$ 5,185,825</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$184,783 and \$186,444, respectively.

5. Note Payable

The Diocese has a vehicle financing note payable to bank that is due November 2025 and has an interest rate of 5.24%. At December 31, 2021 and 2020, the outstanding balance on this note was \$29,302 and \$35,870, respectively. Future maturities of this note at December 31, 2021 are as follows:

2022	\$ 6,921
2023	7,292
2024	7,684
2025	<u>7,405</u>
	<u>\$ 29,302</u>

6. Endowment Funds

As of December 31, 2021, the Diocese's endowment consists of approximately 20 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

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

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.

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 2021 and 2020, 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, 2021 and 2020 is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 6,388,136	\$ 6,388,136
Board-designated endowment funds	<u>1,913,315</u>	<u>-</u>	<u>1,913,315</u>
Total	<u>\$ 1,913,315</u>	<u>\$ 6,388,136</u>	<u>\$ 8,301,451</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 5,717,288	\$ 5,717,288
Board-designated endowment funds	<u>1,759,773</u>	<u>-</u>	<u>1,759,773</u>
Total	<u>\$ 1,759,773</u>	<u>\$ 5,717,288</u>	<u>\$ 7,477,061</u>

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

Changes in endowment net assets as of December 31, 2021 and 2020 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,759,773	\$ 5,717,288	\$ 7,477,061
Contributions	1,066	68,380	69,446
Investment income, net of fees	16,539	54,469	71,008
Net gain on investments	217,911	728,769	946,680
Net gain on perpetual trust	-	7,410	7,410
Amounts appropriated for expenditure	<u>(81,974)</u>	<u>(188,180)</u>	<u>(270,154)</u>
Endowment net assets, end of year	<u>\$ 1,913,315</u>	<u>\$ 6,388,136</u>	<u>\$ 8,301,451</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,590,740	\$ 5,106,057	\$ 6,696,797
Contributions	3,944	20,580	24,524
Investment income, net of fees	19,972	81,764	101,736
Net gain on investments	227,836	739,454	967,290
Net gain on perpetual trust	-	8,016	8,016
Amounts appropriated for expenditure	<u>(82,719)</u>	<u>(238,583)</u>	<u>(321,302)</u>
Endowment net assets, end of year	<u>\$ 1,759,773</u>	<u>\$ 5,717,288</u>	<u>\$ 7,477,061</u>

7. Net Assets Without Donor Restrictions

Net assets without donor restrictions are as follows:

	2021	2020
Undesignated	\$ 4,822,814	\$ 5,071,655
Board designated for future expenditures	2,352,286	1,897,450
Board designated for endowment	<u>1,913,315</u>	<u>1,759,773</u>
	<u>\$ 9,088,415</u>	<u>\$ 8,728,878</u>

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

8. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2021 and 2020 are as follows:

	2021			
	<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>
Certificates of deposit	\$ 100,000	\$ 100,000	\$ -	\$ -
Equity securities	14,626,127	14,626,127	-	-
Mutual funds	261,729	261,729	-	-
U.S. government and agency securities	130,022	-	130,022	-
Corporate debt obligation	3,331,546	-	3,331,546	-
Real estate asset funds	4,935	4,935	-	-
Other	13,145	13,145	-	-
Beneficial interest in perpetual trust	96,047	96,047	-	-
	<u>\$ 18,563,551</u>	<u>\$ 15,101,983</u>	<u>\$ 3,461,568</u>	<u>\$ -</u>
	2020			
	<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>
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	-	-
CMOs and asset backed securities	-	-	-	-
Other	4,969	4,969	-	-
Beneficial interest in perpetual trust	88,637	88,637	-	-
	<u>\$ 14,747,486</u>	<u>\$ 12,525,084</u>	<u>\$ 2,222,402</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.

9. 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.

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

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, 2021 and 2020 were \$64,336 and \$60,703, 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, 2021 and 2020 were \$20,569 and \$25,894, respectively. Employees are fully vested in the plan after five years of employment, if under age 55; employees over the age of 55 are immediately vested.

10. 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 \$147,710 and \$138,442 at December 31, 2021 and 2020, respectively. In determining the benefit obligation, a discount rate of 5% has been assumed. Benefits paid under the plan in 2021 and 2020 were \$7,584 and \$7,571, respectively.

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

2022	\$	15,648
2023		16,116
2024		16,590
2025		17,064
2026		17,538
Thereafter		<u>64,754</u>
	\$	<u>147,710</u>

11. Split-interest trust

At December 31, 2021 and 2020, assets of \$30,427 and \$36,353, respectively, belonging to the gift annuity trust were included in the assets of the Diocese in the Statements of Financial Position.

12. 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, 2021 and 2020, there is no balance owed from Lake Logan Episcopal Conference Center, Inc. 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, 2021

Schedule "1"

	<u>Balances 1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/21</u>
Clergy Sabbatical				
Investment income, net of fees		\$ 135		
Realized gain on investments		459		
Unrealized gain on investments		1,319		
	<u>\$ 13,499</u>	<u>1,913</u>	<u>-</u>	<u>\$ 15,412</u>
Property Maintenance Reserve				
Transfer from Operating Fund		3,500		
Investment income, net of fees		171		
Realized gain on investments		604		
Unrealized gain on investments		1,655		
	<u>15,848</u>	<u>5,930</u>	<u>-</u>	<u>21,778</u>
General Convention Reserve				
Investment income, net of fees		549		
Realized gain on investments		1,877		
Unrealized gain on investments		5,397		
	<u>55,223</u>	<u>7,823</u>	<u>-</u>	<u>63,046</u>
Lambeth Reserve				
Investment income, net of fees		35		
Realized gain on investments		118		
Unrealized gain on investments		341		
	<u>3,485</u>	<u>494</u>	<u>-</u>	<u>3,979</u>
Bishop's Transition Reserve				
Transfer from Operating Fund		8,000		
Investment income, net of fees		462		
Realized gain on investments		1,633		
Unrealized gain on investments		4,507		
	<u>43,622</u>	<u>14,602</u>	<u>-</u>	<u>58,224</u>
Daily Practices	<u>24,831</u>	<u>3,646</u>	<u>128</u>	<u>28,349</u>
Curacy	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
IONA Program Reserve				
Additions		10,000		
Investment income, net of fees		228		
Realized gain on investments		781		
Unrealized gain on investments		2,245		
	<u>22,968</u>	<u>13,254</u>	<u>-</u>	<u>36,222</u>
Holt Trust	<u>10,522</u>	<u>1,545</u>	<u>54</u>	<u>12,013</u>
Education for Ministry	<u>2,977</u>	<u>436</u>	<u>15</u>	<u>3,398</u>
Emergency Assistance to Clergy	<u>1,238</u>	<u>181</u>	<u>6</u>	<u>1,413</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, 2021**

Schedule "1"

(Continued)

	<u>Balances 1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/21</u>
Insurance Needs Assessment Fund	6,576	965	34	7,507
Planned Giving	\$ 2,665	\$ 392	\$ 14	\$ 3,043
LLEC/Camp Henry - Hindle Trust				
Additions		18,679		
Investment income, net of fees		393		
Realized gain on investments		1,726		
Unrealized gain on investments		3,861		
	<u>23,090</u>	<u>24,659</u>	<u>-</u>	<u>47,749</u>
Contingency Fund				
Investment income, net of fees		9,745		
Realized gain on investments		33,817		
Unrealized gain on investments		97,118		
2020 net operating surplus		78,731		
Net transfer to Operating Fund			32,684	
Disbursed			<u>37,208</u>	
	<u>1,049,271</u>	<u>219,411</u>	<u>69,892</u>	<u>1,198,790</u>
Proceeds Morgan School				
Investment income, net of fees		5,211		
Realized gain on investments		17,751		
Unrealized gain on investments		51,895		
Change in actuarial liability		8,479		
Net transfer to Operating Fund			18,030	
Disbursed			<u>12,000</u>	
	<u>506,342</u>	<u>83,336</u>	<u>30,030</u>	<u>559,648</u>
Bryson Mission	<u>2,510</u>	<u>369</u>	<u>13</u>	<u>2,866</u>
Spending Pool - DWNC				
Investment income, net of fees		2,105		
Realized gain on investment		5,430		
Unrealized gain on investment		28,107		
Distributions			6,717	
	<u>1,863</u>	<u>35,642</u>	<u>6,717</u>	<u>30,788</u>
Centennial Capital LLCC				
Additions		100,000		
Investment income, net of fees		184		
Realized gain on investments		898		
Unrealized gain on investments		5,363		
	<u>-</u>	<u>106,445</u>	<u>-</u>	<u>106,445</u>

Central Administrative Office of The Diocese of Western North Carolina
 Board Designated Funds – Summary of Fund Transactions
 Year Ended December 31, 2021

Schedule "1"
 (Continued)

	<u>Balances</u> <u>1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances</u> <u>12/31/21</u>
Centennial Capital Development				
Additions		30,638		
Investment income, net of fees		56		
Realized gain on investments		275		
Unrealized gain on investments		1,643		
	<u>-</u>	<u>32,612</u>	<u>-</u>	<u>32,612</u>
Holy Cross Mt Holy				
Investment income, net of fees		930		
Realized gain on investments		3,010		
Unrealized loss on investments		9,339		
Net transfer to Operating Fund			3,510	
Disbursed			12,332	
	<u>106,351</u>	<u>13,279</u>	<u>15,842</u>	<u>103,788</u>
Towel Ministry				
Investment income, net of fees		45		
Realized gain on investments		155		
Unrealized gain on investments		447		
	<u>4,569</u>	<u>647</u>	<u>-</u>	<u>5,216</u>
	<u>\$ 1,897,450</u>	<u>\$ 577,581</u>	<u>\$ 122,745</u>	<u>\$ 2,352,286</u>

Central Administrative Office of The Diocese of Western North Carolina
 Restricted Funds – Summary of Fund Transactions
 Year Ended December 31, 2021

Schedule "2"

	<u>Balances 1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/21</u>
Advancement grants	28,224	\$ 4,143	\$ 145	\$ 32,222
Alice Mason Memorial Fund				
Investment income, net of fees		65		
Realized gain on investments		224		
Unrealized gain on investments		645		
Distributions			-	
	<u>6,598</u>	<u>934</u>	<u>-</u>	<u>7,532</u>
Becoming Beloved Community Grant	<u>5,700</u>	<u>-</u>	<u>-</u>	<u>5,700</u>
Bishop's Discretionary Fund:				
Additions		40,290		
Investment income, net of fees		6,973		
Realized gain on investments		5,197		
Unrealized gain on investments		14,807		
Distributions			39,564	
	<u>274,992</u>	<u>67,267</u>	<u>39,564</u>	<u>302,695</u>
BRSC ECW/WHW Grant	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Cherokee Mother Baby Camp	<u>2,640</u>	<u>388</u>	<u>14</u>	<u>3,014</u>
Camp Henry Scholarship Fund				
Investment income, net of fees		211		
Realized gain on investments		721		
Unrealized gain on investments		2,073		
	<u>21,210</u>	<u>3,005</u>	<u>-</u>	<u>24,215</u>
Camp Henry Basketball Fund	<u>154</u>	<u>22</u>	<u>1</u>	<u>175</u>
Camp Henry Alumni Association	<u>319</u>	<u>47</u>	<u>2</u>	<u>364</u>
Camp Henry ERC Grant	<u>-</u>	<u>23,000</u>	<u>1,350</u>	<u>21,650</u>
Camp Henry Mackenzie Foundation				
Investment income, net of fees		3		
Realized gain on investments		11		
Unrealized gain on investments		32		
Distributions			-	
	<u>325</u>	<u>46</u>	<u>-</u>	<u>371</u>
Camp Henry Meares Memorial Fund				
Additions		150		
Investment income, net of fees		126		
Realized gain on investments		436		
Unrealized gain on investments		1,248		
	<u>\$ 12,706</u>	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ 14,666</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, 2021**

Schedule "2"

(Continued)

	<u>Balances 1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/21</u>
Chancellor's Fund - Camp Henry:				
Investment income, net of fees		\$ 2,513		
Realized gain		8,598		
Unrealized gain on investments		24,996		
Disbursed			8,623	
	<u>\$ 261,267</u>	<u>36,107</u>	<u>8,623</u>	<u>\$ 288,751</u>
Deaf Ministry	<u>2,417</u>	<u>354</u>	<u>12</u>	<u>2,759</u>
Diocese of Cuba	<u>1,170</u>	<u>2,337</u>	<u>-</u>	<u>3,507</u>
Economic Development Fund	<u>26,273</u>	<u>-</u>	<u>-</u>	<u>26,273</u>
Episcopal Service Corp				
Additions		5,000		
Investment income, net of fees		442		
Realized gain on investments		1,508		
Unrealized gain on investments		4,336		
Distributions			-	
	<u>44,364</u>	<u>11,286</u>	<u>-</u>	<u>55,650</u>
Farm Workers:				
Investment income, net of fees		351		
Realized gain on investments		1,196		
Unrealized gain on investments		3,477		
Distributions			1,200	
	<u>36,348</u>	<u>5,024</u>	<u>1,200</u>	<u>40,172</u>
Haywood Flood Recovery	<u>-</u>	<u>10,603</u>	<u>-</u>	<u>10,603</u>
Hildegarden NEC Disc. Grant	<u>-</u>	<u>5,000</u>	<u>3,350</u>	<u>1,650</u>
Hispanic Scholarships:				
Additions		9,333		
Investment income, net of fees		196		
Realized gain on investments		650		
Unrealized gain on investments		1,854		
Distributions			3,600	
	<u>20,813</u>	<u>12,033</u>	<u>3,600</u>	<u>29,246</u>
Human Hurt & Hope:				
Investment income, net of fees		2,301		
Realized gain on investments		7,970		
Unrealized gain on investments		23,903		
Distributions			65,500	
Transfer to Operating Fund			8,562	
	<u>259,416</u>	<u>34,174</u>	<u>74,062</u>	<u>219,528</u>
Latino Mission Restricted	<u>-</u>	<u>345</u>	<u>-</u>	<u>345</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, 2021

Schedule "2"

(Continued)

	<u>Balances</u> <u>1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances</u> <u>12/31/21</u>
Los Vecinos				
Additions		571		
Investment income, net of fees		88		
Realized gain		297		
Unrealized gain on investments		855		
Disbursed			-	
	<u>8,749</u>	<u>1,811</u>	<u>-</u>	<u>10,560</u>
Miles of Pennies Grant	<u>\$ 310</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 310</u>
Nell Burns				
Investment income, net of fees		\$ 199		
Realized gain on investments		681		
Unrealized gain on investments		1,979		
Transfer to Operating Fund			683	
	<u>\$ 20,681</u>	<u>2,859</u>	<u>683</u>	<u>\$ 22,857</u>
New Congregations:				
Investment income, net of fees		4,857		
Realized gain on investments		16,377		
Unrealized gain on investments		48,541		
Disbursed			38,310	
Transfer to Operating Fund			17,148	
	<u>519,542</u>	<u>69,775</u>	<u>55,458</u>	<u>533,859</u>
Palestine HVAC Fund	<u>547</u>	<u>80</u>	<u>3</u>	<u>624</u>
PITAA Scholarship Fund	<u>1,185</u>	<u>-</u>	<u>-</u>	<u>1,185</u>
Recovery Ministry				
Investment income, net of fees		24		
Realized gain on investments		80		
Unrealized gain on investments		231		
	<u>2,368</u>	<u>335</u>	<u>-</u>	<u>\$ 2,703</u>
Restoration and Maintenance:				
Additions		38,829		
Investment income, net of fees		4,407		
Realized gain on investments		14,532		
Unrealized gain on investments		44,763		
Disbursed			41,514	
Transfer to Operating Fund			15,912	
	<u>562,923</u>	<u>102,531</u>	<u>57,426</u>	<u>608,028</u>

Central Administrative Office of The Diocese of Western North Carolina
 Restricted Funds – Summary of Fund Transactions
 Year Ended December 31, 2021

Schedule "2"

(Continued)

	<u>Balances 1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/21</u>
Seminarian Fund				
Additions		4,296		
Investment income, net of fees		333		
Realized gain on investments		1,235		
Unrealized gain on investments		3,222		
Disbursed			9,000	
	<u>31,309</u>	<u>9,086</u>	<u>9,000</u>	<u>31,395</u>
St. Andrews Childrens				
Investment income, net of fees		1,360		
Realized gain on investments		4,552		
Unrealized gain on investments		13,364		
Disbursed			4,648	
	<u>140,816</u>	<u>19,276</u>	<u>4,648</u>	<u>155,444</u>
UNCA Campus Ministry				
Investment income, net of fees		87		
Realized gain on investments		296		
Unrealized gain on investments		851		
	<u>8,707</u>	<u>1,234</u>	<u>-</u>	<u>9,941</u>
UTO Grants	<u>5,500</u>	<u>-</u>	<u>2,712</u>	<u>2,788</u>
Vacation Bible Grant	<u>7,779</u>	<u>-</u>	<u>-</u>	<u>7,779</u>
3rd Place Campus Ministry				
Investment income, net of fees		300		
Realized gain on investments		1,026		
Unrealized gain on investments		2,949		
Disbursed			-	
	<u>30,173</u>	<u>4,275</u>	<u>-</u>	<u>34,448</u>
	<u>\$ 2,345,525</u>	<u>\$ 434,337</u>	<u>\$ 261,853</u>	<u>\$ 2,518,009</u>

Central Administrative Office of The Diocese of Western North Carolina
 Endowment Funds – Summary of Fund Transactions
 Year Ended December 31, 2021

Schedule "3"

	Balances 1/1/21	Revenues	Expenses	Balances 12/31/21
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	70,354	1,055	-	71,409
PITAA Scholarship Fund	100,000	-	-	100,000
Sheffer Ministries Fund	666,716	6,575	-	673,291
Swann Endowment Fund	50,000	-	-	50,000
Trinity Spruce Pine Support Fund	10,000	-	-	10,000
Total permanently restricted endowment funds	<u>1,905,017</u>	<u>7,630</u>	<u>-</u>	<u>1,912,647</u>
Permanently Restricted:				
Beneficial interest in perpetual trust	88,637	7,410	-	96,047
Total permanently restricted funds	<u>1,993,654</u>	<u>15,040</u>	<u>-</u>	<u>2,008,694</u>
Temporarily Restricted Earnings From Endowment Funds:				
Alston Earnings:				
Investment income, net of fees		35,040		
Realized gain on investments		119,863		
Unrealized gain on investments		348,461		
Transfer to operating fund			120,219	
	<u>2,738,292</u>	<u>503,364</u>	<u>120,219</u>	<u>3,121,437</u>
Ann W. Peden Fund:				
Additions		4,304		
Investment income, net of fees		1,470		
Realized gain on investments		5,459		
Unrealized gain on investments		14,843		
Disbursed			4,221	
	<u>89,515</u>	<u>26,076</u>	<u>4,221</u>	<u>111,370</u>
Hix Fund				
Additions		172		
Investment income, net of fees		50		
Realized gain on investments		174		
Unrealized gain on investments		497		
Disbursed			166	
	<u>485</u>	<u>893</u>	<u>166</u>	<u>1,212</u>

Central Administrative Office of The Diocese of Western North Carolina
 Endowment Funds – Summary of Fund Transactions
 Year Ended December 31, 2021

Schedule "3"
 (Continued)

	<u>Balances 1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/21</u>
Jane Wilkes, Piedmont Deanrey:				
Investment income, net of fees		3,845		
Realized gain on investments		13,156		
Unrealized gain on investments		38,247		
Transfer to operating fund			13,195	
	<u>\$ 390,454</u>	<u>\$ 55,248</u>	<u>\$ 13,195</u>	<u>\$ 432,507</u>
Weinhauer Earnings:				
Investment income, net of fees		2,776		
Realized gain on investments		9,492		
Unrealized gain on investments		27,596		
Transfer to operating fund			9,521	
	<u>\$ 198,370</u>	<u>39,864</u>	<u>9,521</u>	<u>\$ 228,713</u>
Sheffer St. John's:				
Additions		26,449		
Investment income, net of fees		7,687		
Realized gain on investments		26,851		
Unrealized gain on investments		76,640		
Disbursed			25,535	
	<u>106,937</u>	<u>137,627</u>	<u>25,535</u>	<u>219,029</u>
Sheffer Bishop's Discretionary:				
Additions		5,342		
Investment income, net of fees		195		
Realized gain on investments		559		
Unrealized gain on investments		2,041		
Disbursed			5,929	
	<u>19,359</u>	<u>8,137</u>	<u>5,929</u>	<u>21,567</u>
Swann Endowment Fund:				
Additions		25,150		
Investment income, net of fees		669		
Realized gain on investments		2,288		
Unrealized gain on investments		6,584		
Disbursed			-	
	<u>17,284</u>	<u>34,691</u>	<u>-</u>	<u>51,975</u>

**Central Administrative Office of The Diocese of Western North Carolina
Endowment Funds – Summary of Fund Transactions
Year Ended December 31, 2021**

**Schedule "3"
(Continued)**

	<u>Balances 1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/21</u>
PITAA Scholarship Fund				
Investment income, net of fees		1,139		
Realized gain on investments		3,901		
Unrealized gain on investments		11,340		
Disbursed			3,911	
	<u>18,534</u>	<u>16,380</u>	<u>3,911</u>	<u>31,003</u>
Trinity Spruce Pine Endowment Fund				
Additions		388		
Investment income, net of fees		111		
Realized gain on investments		382		
Unrealized gain on investments		1,112		
Disbursed			775	
	<u>1,745</u>	<u>1,993</u>	<u>775</u>	<u>2,963</u>
Total Temporarily Restricted Earnings From Endowment Funds	<u>\$ 3,580,975</u>	<u>\$ 824,273</u>	<u>\$ 183,472</u>	<u>\$ 4,221,776</u>
Other Temporarily Restricted Funds in Endowment Funds:				
Genevieve Cooper Smith Fund:				
Investment income, net of fees		\$ 324		
Realized gain on investments		1,108		
Unrealized gain on investments		3,222		
Transfer to operating			1,111	
	<u>\$ 33,674</u>	<u>4,654</u>	<u>1,111</u>	<u>\$ 37,217</u>
St. Hilda's Press:				
Investment income, net of fees		1,047		
Realized gain on investments		3,587		
Unrealized gain on investments		10,427		
Transfer to operating			3,597	
	<u>108,985</u>	<u>15,061</u>	<u>3,597</u>	<u>120,449</u>
Total other temporarily restricted funds in endowment funds	<u>\$ 142,659</u>	<u>\$ 19,715</u>	<u>\$ 4,708</u>	<u>\$ 157,666</u>

Central Administrative Office of The Diocese of Western North Carolina
 Endowment Funds – Summary of Fund Transactions
 Year Ended December 31, 2021

Schedule "3"
 (Continued)

	<u>Balances 1/1/21</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balances 12/31/21</u>
Board Designated Endowment Funds:				
Bishop's Rental:				
Additions		\$ 900		
Investment income, net of fees		1,152		
Realized gain on investments		3,939		
Unrealized gain on investments		11,452		
Transfer to Operating Fund			3,951	
	<u>\$ 153,305</u>	<u>17,443</u>	<u>3,951</u>	<u>\$ 166,797</u>
Bishop's Salary:				
Investment income, net of fees		1,112		
Realized gain on investments		3,802		
Unrealized gain on investments		11,054		
Transfer to Operating Fund			3,814	
	<u>115,544</u>	<u>15,968</u>	<u>3,814</u>	<u>127,698</u>
Diocesan General Fund:				
Additions		166		
Investment income, net of fees		2,456		
Realized gain on investments		8,402		
Unrealized gain on investments		24,430		
Transfer to Operating Fund			8,421	
	<u>255,143</u>	<u>35,454</u>	<u>8,421</u>	<u>282,176</u>
Valle Crucis Conference Center:				
Investment income, net of fees		11,819		
Realized gain on investments		40,369		
Unrealized gain on investments		114,463		
Disbursed			65,788	
	<u>1,235,781</u>	<u>166,651</u>	<u>65,788</u>	<u>1,336,644</u>
Total Board Designated Endowment Funds	<u>1,759,773</u>	<u>235,516</u>	<u>81,974</u>	<u>1,913,315</u>
Total endowment funds	<u>\$ 7,477,061</u>	<u>\$ 1,094,544</u>	<u>\$ 270,154</u>	<u>\$ 8,301,451</u>

Central Administrative Office of The Diocese of Western North Carolina
 Fiduciary Funds – Summary of Fund Transactions
 Year Ended December 31, 2021

Schedule "4"

	Balances 1/1/21	Additions	Investment Income	Distributions	Balances 12/31/21
All Saints - Beymer Fund	\$ 6,943	\$ -	\$ 950	\$ 229	\$ 7,664
All Saints 2017 Endowment Fund	1,480,160	-	202,612	48,855	1,633,917
Bell Earnings, St. Agnes	53,771	2,365	9,895	2,281	63,750
Christ Church Sparta DOT Funds	13,765	-	1,883	454	15,194
Church of the Messiah	12,549	20,000	3,780	-	36,329
Good Shepherd Cemetery	-	22,000	-	-	22,000
Good Shepherd Tryon Investment Fund	146,462	-	20,466	4,834	162,094
Holy Cross Valle Crucis Endowment Fund	8,000	4,000	1,801	-	13,801
Holy Cross Valle Crucis Investment Pool	226,103	35,000	36,026	7,463	289,666
Holy Family Mills River	77,520	-	10,611	2,559	85,572
Lake Logan Reserve Fund	3,405	70,680	3,490	32,614	44,961
Lake Logan Restricted Funds	3,883	-	-	995	2,888
Mary Brady Berry Fund	159,174	-	24,762	5,914	178,022
Our Saviour Cemetary Fund	20,464	-	2,800	675	22,589
Our Saviour Cemetary Interest	7,331	-	1,004	242	8,093
Our Saviour Emergency Repair	14,422	-	1,974	476	15,920
Our Saviour Memorial Fund	14,631	-	2,002	483	16,150
Our Saviour Savings	21,394	-	2,929	706	23,617
Our Saviour, Lincolnton	119,312	-	16,332	3,938	131,706
POHC Fiduciary Investment	-	88,000	2,171	-	90,171
Redeemer Holding Fund	-	41,159	5,968	-	47,127
Redeemer Garden Fund	-	26,494	3,842	-	30,336
Redeemer Shelby Trust	-	20,000	138,303	20,000	138,303
Redeemer Shelby Wade Hendricks	-	59,798	8,672	-	68,470
St Agnes Foster	327,017	-	44,765	10,794	360,988
St Andrews Hope for the Future Fund	161,100	-	22,824	-	183,924
St Paul Wilkesboro	679,300	-	92,986	22,421	749,865
St. Agnes - Maye Anderson	13,794	-	1,889	455	15,228
St. Agnes Memorials	192,968	-	26,414	6,369	213,013
St. Agnes Slagle Endowment	8,783	-	1,202	290	9,695
St. Cyprians	10,264	-	1,087	2,249	9,102
St. George's	11,698	-	1,601	386	12,913
St. John's Haw Creek	109,679	-	15,176	3,620	121,235
St. Luke's Asheville	278,386	-	38,108	9,189	307,305
St. Luke's Lincolnton	-	50,000	1,625	-	51,625
St. Paul's Morganton Endowment	361,816	-	50,063	11,942	399,937
St. Paul's Morganton Fiduciary	124,606	63,612	25,564	16,613	197,169
Transfiguration Pooled Funds	30,800	-	4,364	-	35,164
Trinity Spruce Pine	142,459	-	19,501	4,702	157,258
Total Fiduciary Funds Held for Others	4,841,959	503,108	849,442	221,748	5,972,761
Fiduciary permanent endowments held for others:					
Gordon Know Bell Fund	15,350	-	-	-	15,350
Mary Brady Berry Fund	20,000	-	-	-	20,000
Redeemer Shelby Trust	-	934,642	-	-	934,642
Total fiduciary permanent endowments held for others	35,350	934,642	-	-	969,992
Total Funds Held for Others	\$ 4,877,309	1,437,750	\$ 849,442	\$ 221,748	\$ 6,942,753