

Financial Report

*The Episcopal Diocese of Louisiana
and Subsidiary*

December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Right Reverend Shannon Duckworth,
The Episcopal Diocese of Louisiana,
New Orleans, Louisiana.

Qualified Opinion

We have audited the accompanying consolidated financial statements of The Episcopal Diocese of Louisiana and Subsidiary (the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 qualified audit opinion.

As discussed in Note 2 and Schedules 1 and 2, certain values of land, buildings and equipment are presented at appraised value, and depreciation of the buildings and equipment held by the Organization has not been provided for in the consolidated financial statements. Accounting principles generally accepted in the United States of America require that property and equipment be capitalized at cost and that depreciation expense be recorded over the useful lives of the assets. The cumulative effect on the consolidated financial statements is not reasonably determinable.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

In performing the audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about the Organization'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
January 31, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**The Episcopal Diocese of Louisiana and Subsidiary**
New Orleans, Louisiana

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash	\$ 243,886	\$ 596,321
Accounts receivable and other receivables	2,123,491	72,999
Advances - affiliates	364,875	316,885
Prepaid expenses	17,182	29,594
Investments	17,359,652	18,705,781
Notes receivable	130,802	132,135
Diocesan properties	86,110,563	84,823,255
Mission properties	1,484,555	1,484,555
Vehicles, net of depreciation	50,128	-
Total assets	<u>\$ 107,885,134</u>	<u>\$ 106,161,525</u>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 128,969	\$ 70,690
Funds held for others	282,543	470,154
Lines of credit	58,106	19,083
Notes payable	9,311,896	9,440,555
Total liabilities	<u>9,781,514</u>	<u>10,000,482</u>
<u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	79,602,094	78,380,303
Designated	5,539,521	6,570,157
Total without donor restrictions	85,141,615	84,950,460
With donor restrictions	12,962,005	11,210,583
Total net assets	<u>98,103,620</u>	<u>96,161,043</u>
Total liabilities and net assets	<u>\$ 107,885,134</u>	<u>\$ 106,161,525</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES**The Episcopal Diocese of Louisiana and Subsidiary**
New Orleans, Louisiana

For the year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support and Revenues			
Congregational pledges	\$ 1,608,350	\$ -	\$ 1,608,350
Increase in equity of Diocesan assets - debt paid by others	128,659	-	128,659
Contributions, gifts, and other receipts	149,555	3,721,283	3,870,838
Investment loss, net	(878,952)	(1,693,649)	(2,572,601)
Net increase in property and equipment - items purchased by others	1,287,308	-	1,287,308
Grants	200,584	-	200,584
Other income	26,981	-	26,981
Gain on disposal of equipment	13,000	-	13,000
Net assets released from restrictions	276,212	(276,212)	-
Total support and revenues	<u>2,811,697</u>	<u>1,751,422</u>	<u>4,563,119</u>
Expenses			
General and administrative:			
Administration	1,020,671	-	1,020,671
Episcopal Community Services administration	1,574	-	1,574
Total general and administrative	<u>1,022,245</u>	<u>-</u>	<u>1,022,245</u>
Program	<u>1,598,297</u>	<u>-</u>	<u>1,598,297</u>
Total expenses	<u>2,620,542</u>	<u>-</u>	<u>2,620,542</u>
Increase in Net Assets	191,155	1,751,422	1,942,577
Net Assets			
Beginning of year	<u>84,950,460</u>	<u>11,210,583</u>	<u>96,161,043</u>
End of year	<u>\$ 85,141,615</u>	<u>\$ 12,962,005</u>	<u>\$ 98,103,620</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES**The Episcopal Diocese of Louisiana and Subsidiary**
New Orleans, Louisiana

For the year ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support and Revenues			
Congregational pledges	\$ 1,594,235	\$ -	\$ 1,594,235
Increase in equity of Diocesan assets - debt paid by others	386,639	-	386,639
Contributions, gifts, and other receipts	478,560	393	478,953
Investment income, net	934,023	1,419,913	2,353,936
Net increase in property and equipment - items purchased by others	9,545,668	-	9,545,668
Grants	115,000	-	115,000
Other income	65,717	-	65,717
Net assets released from restrictions	260,297	(260,297)	-
	<u>13,380,139</u>	<u>1,160,009</u>	<u>14,540,148</u>
Expenses			
General and administrative:			
Administration	973,253	-	973,253
Episcopal Community Services administration	1,516	-	1,516
	<u>974,769</u>	<u>-</u>	<u>974,769</u>
Program	1,155,294	-	1,155,294
	<u>2,130,063</u>	<u>-</u>	<u>2,130,063</u>
	<u>11,250,076</u>	<u>1,160,009</u>	<u>12,410,085</u>
Net Assets			
Beginning of year	<u>73,700,384</u>	<u>10,050,574</u>	<u>83,750,958</u>
End of year	<u>\$ 84,950,460</u>	<u>\$ 11,210,583</u>	<u>\$ 96,161,043</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**The Episcopal Diocese of Louisiana and Subsidiary
New Orleans, Louisiana**

For the year ended December 31, 2022

	<u>Programs</u>	<u>General and Administrative</u>	<u>Totals</u>
Annual convention fund	\$ 13,075	\$ -	\$ 13,075
Appropriations	-	57,790	57,790
Audit	-	21,000	21,000
Bishop's fund expense	121,529	-	121,529
Chancellor's office expense	-	639	639
Computer services support and networking	-	5,371	5,371
Continuing education	-	772	772
Contract labor	-	140	140
Department of academic institutions	109,070	-	109,070
Department of parish services	42,139	-	42,139
Department of specialized ministries	14,564	-	14,564
Depreciation	-	2,634	2,634
Diocesan rebuilding fund	2,316	-	2,316
Disaster assistance	15	-	15
Disaster relief grants	221,792	-	221,792
Episcopal community services	210,161	1,574	211,735
Episcopal transition fund expense	119,884	-	119,884
Episcopal transition bishop gifts	26,895	-	26,895
Equipment	-	3,378	3,378
Ferraro trust	7,103	-	7,103
General convention deputies fund expense	34,286	-	34,286
Grace Church congregational development fund expense	40,000	-	40,000
Health/life insurance	47,387	173,566	220,953

**Exhibit C-1
(Continued)**

	<u>Programs</u>	<u>General and Administrative</u>	<u>Totals</u>
Hispanic ministry fund	38,342	-	38,342
Housing	87,643	73,710	161,353
Inclusive Louisiana fund expense	2,759	-	2,759
Insurance	-	68,412	68,412
Interest	871	465	1,336
Maintenance and utilities	-	11,280	11,280
Miscellaneous expense	-	3,062	3,062
Office expense	-	20,390	20,390
Other	2,212	-	2,212
Paul Garvey Manship fund expense	30,455	-	30,455
Pension	41,225	83,055	124,280
Postage	-	1,527	1,527
Professional expenses	-	8,456	8,456
Property reserve fund	2,773	-	2,773
Reserve Lambeth fund expense	9,123	-	9,123
Salaries, wages, and payroll taxes	156,599	436,445	593,044
Seminarian fund	1,500	-	1,500
Service contracts	-	12,741	12,741
Telephone	-	9,551	9,551
Travel	-	26,287	26,287
Work Outside the Diocese	214,579	-	214,579
	<u>214,579</u>	<u>-</u>	<u>214,579</u>
 Total expenses on state of activities	 <u>\$ 1,598,297</u>	 <u>\$ 1,022,245</u>	 <u>\$ 2,620,542</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**The Episcopal Diocese of Louisiana and Subsidiary
New Orleans, Louisiana**

For the year ended December 31, 2021

	<u>Programs</u>	<u>General and Administrative</u>	<u>Totals</u>
Addiction recovery ministry fund	\$ 5,000	\$ -	\$ 5,000
Annual convention fund	646	-	646
Appropriations	-	68,341	68,341
Archivist expense	-	343	343
Audit	-	22,000	22,000
Bishop's annual mission appeal	20,000	-	20,000
Bishop's fund expense	109,932	-	109,932
Chancellor's office expense	-	780	780
Computer services support and networking	-	5,657	5,657
Contract labor	-	5,897	5,897
Council on deacons	-	200	200
Department of academic institutions	118,961	-	118,961
Department of parish services	24,618	-	24,618
Department of specialized ministries	9,608	-	9,608
Diocesan rebuilding fund	10,231	-	10,231
Disaster assistance	200	-	200
Disaster relief grants	28,543	-	28,543
Episcopal community services	193,021	1,516	194,537
Episcopal transition fund expense	12,528	-	12,528
Equipment	-	6,489	6,489
Ferraro trust	6,787	-	6,787
Grace Church congregational development fund expense	30,000	-	30,000
Health/life insurance	28,188	151,658	179,846
Hispanic ministry fund	2,237	-	2,237
Housing	78,592	63,612	142,204
Insurance	-	59,953	59,953
Interest	666	73	739
Maintenance and utilities	-	10,588	10,588

**Exhibit C-2
(Continued)**

	<u>Programs</u>	<u>General and Administrative</u>	<u>Totals</u>
Miscellaneous expense	-	7,166	7,166
Office expense	-	23,898	23,898
Other	1,382	-	1,382
Paul Garvey Manship fund expense	21,133	-	21,133
Pension	38,513	75,678	114,191
Postage	-	901	901
Professional expenses	-	2,585	2,585
Property reserve fund	16,987	-	16,987
Salaries, wages, and payroll taxes	173,525	426,275	599,800
Seminarian fund	3,000	-	3,000
Service contracts	-	12,366	12,366
Telephone	-	13,172	13,172
Travel	-	15,621	15,621
Work Outside the Diocese	<u>220,996</u>	<u>-</u>	<u>220,996</u>
 Total expenses on state of activities	 <u><u>\$ 1,155,294</u></u>	 <u><u>\$ 974,769</u></u>	 <u><u>\$ 2,130,063</u></u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS**The Episcopal Diocese of Louisiana and Subsidiary**
New Orleans, Louisiana

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 1,942,577	\$ 12,410,085
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Depreciation	2,634	-
Realized and unrealized loss (gain) on investments	2,772,976	(2,220,678)
Gain on disposal of vehicle	(13,000)	-
(Increase) decrease in assets:		
Diocesan properties - purchased by others	(1,287,308)	(10,224,465)
Diocesan properties - disposed of by others	-	678,797
Accounts receivable	(2,050,492)	88
Accounts receivable - affiliates	(47,990)	(143,861)
Prepaid expenses and other assets	12,412	(19,936)
Increase (decrease) in liabilities:		
Accounts payable	58,279	12,182
Funds held for others	(187,611)	185,804
Net payments on long-term debt by others	(128,659)	(386,639)
	<u>1,073,818</u>	<u>291,377</u>
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	4,100,108	4,272,230
Purchases of investments	(5,526,955)	(4,148,599)
Net receipts of notes receivable	1,333	1,427
Purchase of vehicle	(39,762)	-
Purchases of Diocesan property	-	(226,531)
	<u>(1,465,276)</u>	<u>(101,473)</u>

**Exhibit D
(Continued)**

	<u>2022</u>	<u>2021</u>
Cash Flows From Financing Activities		
Borrowings on line of credit	40,262	-
Principal payments on line of credit	(1,239)	(396)
Principal payments on notes payable	<u>-</u>	<u>(4,427)</u>
Net cash provided by (used in) financing activities	<u>39,023</u>	<u>(4,823)</u>
Increase (Decrease) in Cash	(352,435)	185,081
Cash		
Beginning of year	<u>596,321</u>	<u>411,240</u>
End of year	<u>\$ 243,886</u>	<u>\$ 596,321</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 1,336</u>	<u>\$ 739</u>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**The Episcopal Diocese of Louisiana and Subsidiary**
New Orleans, Louisiana

December 31, 2022 and 2021

Note 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Episcopal Diocese of Louisiana (the “Diocese”) has its corporate headquarters located on Seventh Street in New Orleans, Louisiana. The Diocese is a constituent governing part of The Episcopal Church in the United States of America, otherwise known as The Episcopal Church, and operates pursuant to the Constitution and Canons of The Episcopal Church.

The corporation is organized on a non-stock basis. The members thereof are the Bishop, Canonically Resident Clergy, and Ecclesiastical Units located within the geographic limits. Ecclesiastical Units of the Diocese are Parishes, Missions, and University Chapels.

The corporate powers of the Diocese, are vested in and shall be exercised by managers who constitute and are known as the Convention. The Convention, in the exercise of the corporate powers of the Diocese, is empowered to adopt Canons, to hold elections, and to take any and all action, and to do any and all things necessary, germane or proper for the conduct of the affairs of the Diocese and the exercise of the corporate powers thereof not inconsistent with its Constitution nor with the Constitution and Canons of the Episcopal Church.

The Diocese is primarily in charge of monitoring all activities for Episcopal Churches within its aforementioned limits.

The Diocese is the sole member of the Episcopal Community Services of Louisiana, LLC (ECS). ECS provides scholarships to students and also provides financial support to rebuild Louisiana and provide emergency, case management, housing recovery, and livelihood renewal services.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Consolidation Policy**

The financial statements of the Diocese and ECS (the “Organization”) have been consolidated. All intercompany transactions have been eliminated upon consolidation.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. However, depreciation is not recorded, and certain assets have been recorded at their appraisal value. These are departures from accounting principles generally accepted in the United States of America.

c. Basis of Presentation

The accompanying consolidated financial statements include the net assets of the Organization, the net assets of the Pooled Investment Funds held by the Board of Trustees and the land, property and equipment owned by the Diocese that are currently being used by the Episcopal High School of Baton Rouge and St. Martin's Episcopal High School in their operations.

These consolidated financial statements do not include the assets, liabilities or operating activities of the individual parishes. The consolidated statements also do not include the operating activities of the individual missions.

d. Estimates

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

e. Financial Statement Presentation

The Organization has classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor imposed stipulations that may or will be met either by the actions of the Organization, the passage of time, or to be perpetually maintained by the Organization. As of December 31, 2022 and 2021, the Organization had net assets with donor restrictions of \$12,962,005 and \$11,210,583, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers highly liquid investments purchased with an initial maturity of three months or less and money market funds to be cash equivalents. The Organization did not have any cash equivalents as of December 31, 2022 and 2021.

g. Advances - Affiliates and Notes Receivable

The advances - affiliates and notes receivable include advances made to church parishes and diocesan-related organizations, as a result of a cooperative lending program for the mutual benefit of participants. The determination of the terms of repayment and interest charges is made on an individual case basis. Since most of the advances and notes receivable consist of amounts due from a limited number of affiliated organizations, the determination of the collectability of these receivables is also made by management on an individual case basis, using prior collection histories and current economic factors as judgment criteria. When management determines that an amount is uncollectible, the balance is written off as a bad debt. Use of this method does not result in a material difference from the valuation method of accounting principles generally accepted in the United States of America.

h. Investments

Investments are carried at fair market value based on quoted market prices for the investments.

i. Property and Equipment

The majority of assets listed under the Diocesan Properties are carried at historical cost, while the Mission Properties are mostly at appraisal value. The Diocese holds title to all of the mission churches and facilities. When the missions become self-sufficient as Parishes, the assets are removed from the accounts of the Diocese. Maintenance and repairs of Diocesan owned property are expensed when incurred. Improvements that significantly add to productive capacity or extend the useful life of property are capitalized. Upon disposal of assets, the costs are removed from the accounts and the gain or loss, if any, is recorded. Depreciation of the buildings and equipment has not been provided for in these consolidated financial statements.

Vehicles are capitalized at cost at the date of acquisition. Depreciation is being provided by use of the straight-line method over the estimated useful life of five years.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 Consolidated Statements of Activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

k. Donated Goods and Services

Organizations are required by accounting principles generally accepted in the United States of America to recognize as revenue and related expense any services received if the Organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the consolidated financial statements for donated services because they did not meet the criteria for recognition under generally accepted accounting policies. Donated assets are recorded at their estimated value as of the date of receipt.

l. Income Taxes

The Organization qualifies as a not-for-profit organization under Section 501 (c)(3) of the Internal Revenue Code, and thus, is exempt from federal and state income taxes.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of December 31, 2022, management believes the Organization has no

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Income Taxes (Continued)

uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ended December 31, 2019 and later remain subject to examination by taxing authorities.

m. Economic Dependency

The Diocese is primarily dependent upon assessments from member churches and missions to meet the expenses of operation.

n. Allocation of Functional Expenses

Most of the expenses can be directly allocated to one of the programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort.

o. Recently Issued Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, “Leases” (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use asset representing the lessee’s right to use or control the asset be recorded on the Consolidated Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Consolidated Statements of Activities and the Consolidated Statements of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU was adopted during the year ended December 31, 2022 and retrospectively applied with no material effect on the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Recently Issued Accounting Standards (Continued)

Lease Discount Rate

In November 2021, the FASB issues ASU No. 2021-09, “Leases” (Topic 842) “*Lease Discount Rate for Lessees That Are Not Public Business Entities*” currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee uses that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. The ASU was adopted during the year ended December 31, 2022 and retrospectively applied with no material effect on the financial statements.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, “*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*” (Topic 958). The amendments in this update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes property and equipment (such as land, buildings, and equipment), use of property and equipment or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU was adopted during the year ended December 31, 2022 with no material effect on the financial statements.

p. Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through January 31, 2024, which is the date the consolidated financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several local financial institutions. Accounts at these institutions are insured by the U.S. Federal Deposit Insurance Corporation up to \$250,000 per account. The balances at times may exceed federally insured limits. As of December 31, 2022, cash deposits in excess of Federal Deposit Insurance Corporation limits totaled approximately \$59,000.

Note 4 - BEQUEST RECEIVABLE

During the year ended December 31, 2022, the Organization received a bequest to create the Frank & Patricia Faust Fund in the amount of \$3,521,053. During the year ended December 31, 2022, the Organization received \$1,484,443 of those funds. The remaining funds in the amount of \$2,036,610 are receivable and expected to be paid upon settlement of the remaining estate. This receivable is included in accounts receivable and other receivables in the Consolidated Statement of Financial Position.

Note 5 - NOTES RECEIVABLE

Notes receivables are due from various Episcopal churches. Each note bears interest at a rate of 3.5%. The notes are due in monthly installments of principal and interest usually over a range of 60 to 240 months. Notes receivable are deemed by management to be fully collectible as of December 31, 2022 and 2021.

Notes receivable as of December 31, 2022 have the following maturities:

<u>For the Year Ending December 31,</u>	<u>Amounts</u>
2023	\$ 129,526
2024	<u>1,276</u>
Total	<u><u>\$ 130,802</u></u>

Note 6 - INVESTMENTS

Investments as of December 31, 2022 and 2021 are summarized as follows:

	2022		
	Cost	Fair Market Value	Excess of Market Over Cost (Cost Over Market)
Mutual funds	\$ 3,621,884	\$ 3,383,616	\$ (238,268)
Common stocks	374,265	537,901	163,636
Exchange-traded funds	1,275,119	1,442,270	167,151
Money market accounts	473,496	473,496	-
Pooled investment funds	10,313,202	11,522,369	1,209,167
Totals	\$ 16,057,966	\$ 17,359,652	\$ 1,301,686
	2021		
	Cost	Fair Market Value	Excess of Market Over Cost
Mutual funds	\$ 4,312,602	\$ 4,412,184	\$ 99,582
Common stocks	397,200	759,562	362,362
Exchange-traded funds	552,058	954,917	402,859
Money market accounts	377,023	377,023	-
Pooled investment funds	8,569,226	12,202,095	3,632,869
Totals	\$ 14,208,109	\$ 18,705,781	\$ 4,497,672

The financial statements of the pooled investment funds as of December 31, 2022 and 2021 were audited by other auditors whose reports dated January 31, 2024, and January 4, 2023, respectively, expressed an unmodified opinion on those financial statements. The investments held in the pooled investment funds are stated at fair market value.

Note 6 - INVESTMENTS (Continued)

The following schedule summarizes the investment return for the years ended December 31, 2022 and 2021:

	2022		
	Cost	Fair Market Value	Excess of Market Over Cost
Balance, December 31, 2022	\$ 16,057,966	\$ 17,359,652	\$ 1,301,686
Balance, December 31, 2021	<u>\$ 14,208,109</u>	<u>\$ 18,705,781</u>	4,497,672
Decrease in unrealized appreciation			(3,195,986)
Net realized gain on sales of investments			423,010
Interest and dividend income			356,775
Add back losses on funds held for others			44,685
Investment expenses			<u>(201,085)</u>
Investment loss, net			<u>\$ (2,572,601)</u>
	2021		
	Cost	Fair Market Value	Excess of Market Over Cost
Balance, December 31, 2021	\$ 14,208,109	\$ 18,705,781	\$ 4,497,672
Balance, December 31, 2020	<u>\$ 13,608,775</u>	<u>\$ 16,608,734</u>	2,999,959
Increase in unrealized appreciation			1,497,713
Net realized gain on sales of investments			722,965
Interest and dividend income			382,003
Less earnings on funds held for others			(43,179)
Investment expenses			<u>(205,566)</u>
Investment gain, net			<u>\$ 2,353,936</u>

Note 7 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, *Fair Value Measurements* are described as follows:

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

- *Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.
- *Common stocks and exchange-traded funds*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Money market funds*: Valued at cost which approximates fair value.
- *Pooled investment funds*: Valued at the market price as reported in the component audit.

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value of measurement at the reporting date.

As of December 31, 2022 and 2021, assets measured at fair value on a recurring basis are comprised of and determined as follows:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Totals
Mutual funds:				
Conservative allocation	\$ 1,417,097	\$ -	\$ -	\$ 1,417,097
Ultrashort bond	1,049,543	-	-	1,049,543
Tactical allocation	444,129	-	-	444,129
Multisector bond	435,700	-	-	435,700
Other	37,147	-	-	37,147
Common stocks:				
Technology	127,965	-	-	127,965
Healthcare	100,513	-	-	100,513
Consumer goods	89,736	-	-	89,736
Financial	86,443	-	-	86,443
Energy	50,105	-	-	50,105
Industrials	44,956	-	-	44,956
Real estate	11,290	-	-	11,290
Basic materials	10,240	-	-	10,240
Communication	9,779	-	-	9,779
Utilities	6,874	-	-	6,874
Exchange-traded funds:				
Bond	726,380	-	-	726,380
Blend	557,008	-	-	557,008
Value	118,585	-	-	118,585
Growth	40,297	-	-	40,297
Money market accounts	473,496	-	-	473,496
Pooled investment funds	11,114,971	407,398	-	11,522,369
	<u>11,114,971</u>	<u>407,398</u>	<u>-</u>	<u>11,522,369</u>
Total investments, at fair value	<u>\$ 16,952,254</u>	<u>\$ 407,398</u>	<u>\$ -</u>	<u>\$ 17,359,652</u>

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Totals
Mutual funds:				
Conservative allocation	\$ 1,573,665	\$ -	\$ -	\$ 1,573,665
Ultrashort bond	1,053,230	-	-	1,053,230
Tactical allocation	527,927	-	-	527,927
Multisector bond	522,466	-	-	522,466
Intermediate term bond	266,946	-	-	266,946
Other	243,068	-	-	243,068
Short term bond	224,882	-	-	224,882
Common stocks:				
Technology	251,713	-	-	251,713
Consumer goods	148,281	-	-	148,281
Healthcare	109,342	-	-	109,342
Financial	100,673	-	-	100,673
Industrials	61,271	-	-	61,271
Energy	46,827	-	-	46,827
Real estate	25,974	-	-	25,974
Communication	12,008	-	-	12,008
Basic materials	3,473	-	-	3,473
Exchange-traded funds:				
Blend	801,931	-	-	801,931
Bond	26,973	-	-	26,973
Value	97,280	-	-	97,280
Growth	28,733	-	-	28,733
Money market accounts	377,023	-	-	377,023
Pooled investment funds	12,202,095	-	-	12,202,095
	<u>\$ 18,705,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,705,781</u>

As of December 31, 2022 and 2021, there were no assets measured at fair value on a non-recurring basis.

Note 8 - DIOCESAN PROPERTIES

Diocesan properties as of December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Buildings	\$ 69,610,587	\$ 69,027,062
Equipment	13,961,063	13,257,280
Land	2,538,913	2,538,913
Totals	\$ 86,110,563	\$ 84,823,255

Note 9 - MISSION PROPERTIES

Mission properties as of December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Buildings	\$ 1,148,349	\$ 1,148,349
Equipment	166,196	166,196
Land	170,010	170,010
Totals	\$ 1,484,555	\$ 1,484,555

Note 10 - LINES OF CREDIT

The Organization has two separate lines of credit with a financial institution dated October 19, 2018 whereby it may borrow up to \$250,000 on each for a total of \$500,000. The lines of credit were renewed on March 5, 2021 and expired on March 5, 2023. The lines of credit were not subsequently renewed. Interest on the lines of credit is at the lower of the Wall Street Journal Prime Rate (7.5% and 3.25% as of December 31, 2022 and 2021, respectively) or 3%. The lines of credit are unsecured. As of December 31, 2022 and 2021, the balance on these lines of credit was \$58,106 and \$19,083, respectively.

The Organization has a \$1,000,000 line of credit with a local bank dated May 15, 2020 with a variable interest rate of the one-month LIBOR Rate + 2.35% (6.65% and 2.45% as of December 31, 2022 and 2021, respectively). Effective March 31, 2022 the rate was changed to one-month SOFR Rate +2.35%. The line of credit is due on demand and was extended through April 5, 2024. The note is secured by the investments of a Diocesan School. As of December 31, 2021 and 2020, there was no outstanding balance on the line of credit.

Interest expense incurred on the above lines of credit totaled \$1,336 and \$666 for the years ended December 31, 2022 and 2021, respectively.

Note 11 - NOTES PAYABLE

The Organization had a note payable to a bank dated July 20, 2015 and matured September 3, 2021. Interest on the note accrued at a rate of 3.90%. The note was payable in monthly principal and interest payments of \$500. The note was collateralized with a vehicle. There was no principal balance as of December 31, 2021. Interest expense on the note payable totaled \$73 for the year ended December 31, 2021.

The Organization has two \$5,000,000 notes payable with a bank dated May 31, 2017 and maturing May 31, 2027, later extended to November 30, 2027. The notes initially contemplate a revolving line of credit through May 2020. Effective December 31, 2020, the Organization will no longer be entitled to advances under these notes, and the notes shall then be payable in 83 payments of principal and interest with one final payment being due in November 2027 of all outstanding principal and interest. Interest rates under these notes are determined at the One-Month London Interbank Offered Rate in effect on the first day of each calendar month plus .8% to 1.45%. The obligation is secured by the Organization's land, buildings, and equipment. As of December 31, 2022 and 2021, the principal balance was \$8,918,332 and \$9,440,555, respectively.

The Organization entered into a multiple advance load with a bank dated April 5, 2022. The note bears interest at 4% with six interest payments followed by 59 payments of \$11,211 principal and interest and one payment of \$11,260 principal and interest due October 5, 2027. On October 5, 2022, the interest only period was extended to January 5, 2023 at which time the loan converted to 57 monthly principal and interest payments of \$11,744. The loan is secured by the Organization's land and buildings. As of December 31, 2022, the principal balance was \$393,564.

Interest expense incurred on the notes payable and paid by other entities totaled \$174,366 and \$182,544 for the years ended December 31, 2022 and 2021, respectively.

Future principal payments on the notes as of December 31, 2022 are summarized as follows:

<u>For The Years Ending</u>	<u>Amounts</u>
2023	\$ 478,885
2024	490,424
2025	501,811
2026	513,037
2027	<u>7,327,739</u>
Total	<u><u>\$ 9,311,896</u></u>

Note 12 - GOVERNING BOARD DESIGNATIONS

The Board of Trustees has chosen to place the following designations on unrestricted net assets as of December 31, 2022 and 2021:

	2022	2021
Long-term Diocesan development	\$ 2,581,380	\$ 2,966,446
Specific congregations	1,798,666	2,102,712
Specific ministries	430,262	606,034
Educational development	427,375	510,834
Youth programs	106,845	106,845
Conventions	77,159	87,190
Property reserves	59,238	49,510
Bishop's funds	47,162	129,308
Specific mission purpose	11,434	11,278
Totals	\$ 5,539,521	\$ 6,570,157

Note 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 and 2021 are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose:		
Programs:		
I. B. Noland Theology Education Fund	\$ 1,197,363	\$ 1,462,141
Solomon Episcopal Conference Center		
Youth Facility	428,073	428,073
Episcopal Community Services Gaudet Fund	245,460	260,003
John Long Jackson Memorial Loan Fund	164,001	164,001
I. B. Noland Memorial Fund	60,935	60,935
New Orleans Board of Hospital Ministry	19,950	19,950
James Craik Morris Fund	13,243	15,721
Solomon Episcopal Conference Center		
Scholarships	12,375	12,375
J. Hobgood Fund for Servant Ministry	7,471	7,241
Urban R. Holmes III Scholarship Trust	977	1,160
Diocesan Youth Minister Fund	970	970
Total programs	2,150,818	2,432,570
Subject to the Organization's spending policy and appropriation:		
Investment in perpetuity (including amounts above original gift amount of \$8,621,053 as of December 31, 2022 and \$4,900,000 as of December 31, 2021), which, once appropriated, is available to support:		
Gaudet Youth Services Fund	4,587,334	5,668,956
Frank and Patricia Faust Memorial Fund		
- for victims of homelessness and natural disasters	3,462,080	-
Haring Trust - for the benefit of		
St. Martin's Episcopal School	2,131,236	2,592,685
Paula Garvey Manship Fund - to support		
St. Alban's Chapel and Episcopal University Center	446,428	516,372
Mabel Louise Blake Fund - for the benefit of seminarians	184,109	-
Total endowments	10,811,187	8,778,013
Total restricted net assets	\$ 12,962,005	\$ 11,210,583

Note 14 - RELEASE OF NET ASSETS WITH DONOR RESTRICTIONS

During the years ended December 31, 2022 and 2021, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes. The following purpose restrictions were accomplished:

	2022	2021
Gaudet Youth Services Fund	\$ 206,557	\$ 187,064
I. B. Noland Theology Education Fund	39,200	52,100
Paula Garvey Manship Fund	30,455	21,133
Totals	\$ 276,212	\$ 260,297

Note 15 - ENDOWMENTS

The Endowments. The Organization’s endowments consist of three individual funds, established for a variety of purposes and consisting of donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. Management has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Organization classifies the following amounts as restricted net assets in the accompanying consolidated financial statements:

- the original value of gifts donated to the permanent endowment;
- the original value of subsequent gifts to the permanent endowment; and
- 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.

Note 15 - ENDOWMENTS (Continued)

The remaining portion of the donor-restricted endowment fund that is not held in perpetuity are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Organization;
- the investment policies of the Organization.

Endowment net asset composition by type of fund as of December 31, 2022 and 2021 is as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 8,621,053	\$ 8,621,053
Accumulated investment gains	-	2,190,134	2,190,134
Total endowment funds	\$ -	\$ 10,811,187	\$ 10,811,187
	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 4,900,000	\$ 4,900,000
Accumulated investment gains	-	3,878,013	3,878,013
Total endowment funds	\$ -	\$ 8,778,013	\$ 8,778,013

Note 15 - ENDOWMENTS (Continued)

Changes in endowment net assets for the years ending December 31, 2022 and 2021 are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets, beginning of year	\$ -	\$ 8,778,013	\$ 8,778,013
Contributions	-	3,721,053	3,721,053
Investment loss	-	(1,450,867)	(1,450,867)
Appropriation of endowment assets for expenditure	-	(237,012)	(237,012)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 10,811,187</u>	<u>\$ 10,811,187</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets, beginning of year	\$ -	\$ 7,816,255	\$ 7,816,255
Investment income	-	1,169,955	1,169,955
Appropriation of endowment assets for expenditure	-	(208,197)	(208,197)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 8,778,013</u>	<u>\$ 8,778,013</u>

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2022 and 2021, there were no such deficiencies.

Return Objectives and Risk Parameters. The Organization's objectives in order of priority are: (a) generation of stable and reliable income, (b) preservation of purchasing power, and (c) liquidity consistent with the cash needs of the Organization. In all matters, the Organization will ensure compliance with any and all applicable laws of the State of Louisiana and the United States of America.

Note 15 - ENDOWMENTS (Continued)

Strategies Employed for Achieving Objectives. To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How Investment Objectives Relate to the Spending Policy. Spending policy is determined on individual endowments based on donor restrictions which attempt to provide a predictable stream of funding for the programs. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for an otherwise specified term, as well as provide additional real growth through new gifts and investment returns.

Note 16 - EPISCOPAL HIGH SCHOOL OF BATON ROUGE AND ST. MARTIN'S EPISCOPAL SCHOOL

Diocesan properties include the property and equipment of Episcopal High School of Baton Rouge and St. Martin's Episcopal School. These assets are reported at historical cost as of June 30, 2022 as shown on each schools audited financial statements. Episcopal High of Baton Rouge School financial statements were independently audited by other auditors as of June 30, 2022. Depreciation was recorded in each of these separate financial statements but was eliminated for purposes of this report.

For the years ended December 31, 2022 and 2021, the increase in property and equipment - items purchased by others totaled \$1,287,308 and \$9,545,668 respectively, and the increase in equity of Diocesan assets - debt paid by others totaled \$128,659 and \$386,639 respectively. The Consolidated Statements of Financial Position includes property and equipment purchased by Episcopal High School of Baton Rouge and St. Martin's Episcopal School and debt incurred by these two organizations as support and revenues.

Note 17 - PROGRAM EXPENSE

The Organization’s program expense includes various areas of service, ministry, and support. The areas of service and related expenses include the following for the years ended December 31, 2022 and 2021:

	2022	2021
Academic institutions	\$ 361,500	\$ 364,151
Other services, support, and ministries	674,930	269,272
Work Outside the Diocese	214,579	220,996
Episcopal Community programs	210,161	193,021
Specialized ministries	74,121	64,509
Parish services	63,006	43,345
Totals	\$ 1,598,297	\$ 1,155,294

Note 18 - AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has lines of credit in the amount of \$500,000.

The Organization receives contributions with donor time and purpose restrictions. In addition, the Organization generates revenue and receives support without donor restrictions.

Contributions without donor restrictions, congregational pledges, investment income, and miscellaneous income are considered to be available to meet cash needs for general expenditures. General expenditures include program services and general and administrative expenses. Annual operations are defined as activities occurring during, and included in the budget for, the upcoming fiscal year.

Note 18 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following table represents financial assets available for general expenditures within one year as of December 31, 2022 and 2021:

	2022	2021
Financial assets as of December 31 st ,		
Cash	\$ 243,886	\$ 596,321
Accounts receivable	2,123,491	72,999
Advances - affiliates	364,875	316,885
Investments, at fair market value	17,359,652	18,705,781
Notes receivable	130,802	132,135
Total financial assets	20,222,706	19,824,121
Less amounts unavailable for general expenditures within one year, due to:		
Donor imposed restrictions:		
Purpose or time restricted net assets	(12,962,005)	(11,210,583)
Board designations	(5,539,521)	(6,570,157)
Total financial assets not available to be used within one year	(18,501,526)	(17,780,740)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,721,180	\$ 2,043,381

Note 19 - RISK MANAGEMENT

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settlement claims that exceeded this commercial coverage during the years ended December 31, 2022 and 2021.

Note 20 - PENSION AND RETIREMENT PLANS

The Organization participates in three separate plans administered by the Church Pension Group. Employees participate in the Church Pension Fund Clergy Pension Plan, Lay Defined Benefit Plan, or the Lay Employees' Defined Contribution Plan depending on eligibility. The Organization contributes 18% of clergy's salaries to the Church Pension Fund Clergy Pension Plan. The Organization contributes 9% of employees' salaries to the Lay Defined Benefit Plan or the Lay Employees' Defined Contribution Plan, depending on enrollment. For the years ended December 31, 2022 and 2021, employer contributions under these plans totaled \$124,280 and \$114,191, respectively.

Note 21 - RISKS AND UNCERTAINTIES

Investment securities are exposed to various risks, such as interest rate, currency, credit, and market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Organization.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY INFORMATION**

To the Right Reverend Shannon Duckworth,
The Episcopal Diocese of Louisiana,
New Orleans, Louisiana.

We have audited the consolidated financial statements of The Episcopal Diocese of Louisiana and Subsidiary (the "Organization") as of and for the years ended December 31, 2022 and 2021, and our report thereon dated January 31, 2024, was qualified because certain values of land, buildings and equipment are presented at appraisal value and depreciation has not been provided for certain assets in the consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained on Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on Schedules 1 and 2 of the qualified opinion on the consolidated financial statements as described above, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The budget information marked "unaudited" on Schedule 3 has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
January 31, 2024.

PROPERTY AND EQUIPMENT - DIOCESAN PROPERTIES**The Episcopal Diocese of Louisiana and Subsidiary**
New Orleans, LouisianaDecember 31, 2022
(with comparative totals for 2021)

	<u>Land</u>	<u>Building</u>	<u>Equipment</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
Diocesan Properties					
Sessoms University Center - Baton Rouge	\$ 2,051	\$ 349,889	\$ 27,000	\$ 378,940	\$ 378,940
F. L. Hawks University Center and Chapel - New Orleans	19,255	527,984	-	547,239	547,239
Chapel of the Holy Comforter - U.N.I.X..	11,261	1,415,458	-	1,426,719	1,426,719
St. Martin's Episcopal School - Metairie ^(A)	180,928	23,029,981	3,891,246	27,102,155	26,962,691
Commercial Property - Green Acres Road - Metairie ^(A)	54,464	25,000	-	79,464	79,464
Diocesan Office - New Orleans	60,000	438,464	42,220	540,684	540,684
Episcopal High School - Baton Rouge ^(B)	914,419	39,382,957	9,565,620	49,862,996	48,715,152
Condominium - 2605 St. Charles - New Orleans	60,000	240,000	-	300,000	300,000
Land - St. Francisville, Louisiana ^(C)	4,000	-	-	4,000	4,000
SECC Youth Campus	604,920	-	-	604,920	604,920
Conference Center ^(D)	227,615	4,200,854	434,977	4,863,446	4,863,446
Church of the Holy Spirit - Baton Rouge ^(E)	400,000	-	-	400,000	400,000
Totals	<u>\$ 2,538,913</u>	<u>\$ 69,610,587</u>	<u>\$ 13,961,063</u>	<u>\$ 86,110,563</u>	<u>\$ 84,823,255</u>

^(A) The values reported for St. Martin's Episcopal School and the Green Acres Property are a combination of the appraisal by Charles J. Derbes, dated July 31, 1963, and the additional expenditures for improvements and equipment acquired at cost during the period 1966 - 2020. St. Martin's Episcopal School's June 30, 2022 financial statements were audited by Bourgeois Bennett, LLC and our report dated April 17, 2023 expressed an unmodified opinion.

- ^(B) The values reported for Episcopal High School - Baton Rouge are as recorded in the accounts and records of the school as of June 30, 2022. The account balances were audited by an independent auditor whose report dated November 17, 2022.
- ^(C) This parcel of land was donated in 1986 and is valued at its estimated market value as of the date of donation. Any proceeds on disposition of this donation of land will be credited to the Conference Center Fund.
- ^(D) This parcel of land was donated in 1991 and is valued at its estimated market value as of the date of donation. The building and equipment are valued at cost.
- ^(E) The values reported for the Church of the Holy Spirit are a management estimate based on an informal appraisal from a real estate professional during March 2019.

See independent auditor's report on supplementary information.

PROPERTY AND EQUIPMENT - MISSION PROPERTIES**The Episcopal Diocese of Louisiana and Subsidiary**
New Orleans, LouisianaDecember 31, 2022
(with comparative totals for 2021)

	<u>Land</u>	<u>Building</u>	<u>Equipment</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
Mission Properties					
Amite - Incarnation	\$ -	\$ 87,024	\$ 6,717 ^(B)	\$ 93,741	\$ 93,741
Baton Rouge - St. Michael	65,000	82,039	1,500 ^(B)	148,539	148,539
LaPlace - St. Timothy	15,000	58,809	1,204 ^(B)	75,013	75,013
Morganza - St. Mary's	1,000	23,928	1,655 ^(A)	26,583	26,583
Napoleonville - Christ	3,000	55,312	21,253 ^(A)	79,565	79,565
Ponchatoula - All Saint's	5,000	82,053	16,625 ^(B)	103,678	103,678
Rosedale - Nativity	-	37,326	4,930 ^(B)	42,256	42,256
Paradis - St. Andrew's	3,000	19,000	- ^(C, E)	22,000	22,000
Laurel Hill - St. John's	-	10,695	1,562 ^(A)	12,257	12,257
Baton Rouge - St. Augustine's	15,000	100,000	30,000 ^(C)	145,000	145,000
Kenner - St. John's	53,010	290,788	70,150 ^(C)	413,948	413,948
Bayou DuLarge - St. Andrew's	10,000	301,375	10,600 ^(D)	321,975	321,975
Totals	<u>\$ 170,010</u>	<u>\$ 1,148,349</u>	<u>\$ 166,196</u>	<u>\$ 1,484,555</u>	<u>\$ 1,484,555</u>

^(A) Appraisal values based on insurance survey dated July 31, 1963.^(B) Values are a combination of appraisal value from the above noted survey and additional capitalized costs since January 1, 1968.^(C) Valued at cost.^(D) Values are estimated by management for purposes of this report.^(E) Portion of cost represented as land value is estimated for the purpose of this report.

See independent auditor's report on supplementary information.

SUPPORT AND PROGRAM EXPENSES**The Episcopal Diocese of Louisiana and Subsidiary**
New Orleans, Louisiana

For the years ended December 31, 2022 and 2021

	<u>2022</u>		<u>2021</u>
	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Totals</u>
Department of Administration			
The Episcopate			
Bishop:			
Salary	\$ 123,468	\$ 118,930	\$ 116,480
Pension	35,093	33,122	32,310
Housing	28,210	25,000	26,112
Medical/life premium	26,703	29,130	27,882
Travel and auto insurance	19,634	32,000	8,846
Continuing education	224	1,500	-
	<u>233,332</u>	<u>239,682</u>	<u>211,630</u>
Total of the Episcopate			
Canon to the Ordinary			
Canon:			
Salary	67,533	76,453	74,365
Medical/life premium	29,130	29,130	27,882
Housing	27,500	30,000	30,000
Pension	17,954	19,161	18,417
Travel	7,118	15,000	6,848
Continuing education	324	1,000	-
	<u>149,559</u>	<u>170,744</u>	<u>157,512</u>
Total of Canon to the Ordinary			
Canon Missioner			
Canon:			
Salary and housing	31,294	31,159	22,531
Medical/life premium	12,870	12,870	7,193
Pension	10,632	10,649	6,095
Continuing education	224	1,000	-
	<u>55,020</u>	<u>55,678</u>	<u>35,819</u>
Total of Canon Missioner			

	2022		
	Actual	Budget (Unaudited)	2021 Totals
Department of Administration (Continued)			
Administration:			
Diocesan office	356,389	354,175	327,956
Insurance	68,412	71,365	59,953
Audit	21,000	26,000	22,000
Office expense	20,390	17,500	23,898
Service contracts	12,741	14,000	12,366
Noland center - maintenance and utilities	11,280	12,150	10,588
Telephone	9,551	12,500	13,172
Professional expenses	8,456	6,000	2,585
Computer services support and networking	5,371	5,750	5,657
Equipment	3,378	7,200	6,489
Miscellaneous expense	3,062	-	7,166
Depreciation	2,634	-	-
Postage	1,527	2,300	901
Chancellor's office expense	639	1,000	780
Contract labor	140	-	5,897
Council on deacons	-	-	200
Archivist expense	-	350	343
Library	-	500	-
Journal	-	350	-
	524,970	531,140	499,951

	2022		2021
	Actual	Budget (Unaudited)	Totals
Department of Administration (Continued)			
Appropriations:			
Seminarian support	32,000	32,000	40,000
Iona initiative	18,459	23,711	23,200
Retreats	3,684	2,000	1,250
Racial reconciliation	2,535	5,000	1,397
Post ordination mentoring program	466	2,000	-
COM ministry conference	406	1,500	375
Seminarian travel	240	2,000	167
Executive Board	-	1,500	1,652
Ecumenical commission	-	1,000	300
General convention deputies	-	21,000	-
Diocesan property reserve	-	7,500	-
Episcopal transition reserve	-	7,500	-
Commission on music and liturgy	-	2,000	-
Council on deacons	-	2,000	-
Commission on ministry	-	1,500	-
Lambeth conference	-	1,500	-
Deanery Council	-	1,000	-
Retired bishop's conference	-	500	-
	<u>57,790</u>	<u>115,211</u>	<u>68,341</u>
	<u>\$ 1,020,671</u>	<u>\$ 1,112,455</u>	<u>\$ 973,253</u>
Department of Academic Institutions			
L.S.U. - Baton Rouge	\$ 157,701	\$ 156,187	\$ 162,159
Tulane - New Orleans	138,386	145,716	140,108
Holy Comforter	65,413	82,367	61,884
	<u>\$ 361,500</u>	<u>\$ 384,270</u>	<u>\$ 364,151</u>

	2022		2021
	Actual	Budget (Unaudited)	Totals
Work Outside the Diocese			
National Church Commitment	\$ 205,614	\$ 205,614	\$ 183,993
Louisiana Interchurch Conference	7,658	7,658	7,658
Province IV Assessment	1,307	2,041	2,845
University of the South	-	1,500	26,500
	<u> </u>	<u> </u>	<u> </u>
Total Work Outside the Diocese	<u>\$ 214,579</u>	<u>\$ 216,813</u>	<u>\$ 220,996</u>
Department of Parish Services			
Department of Youth	\$ 45,802	\$ 48,159	\$ 38,000
Department of Stewardship	12,140	17,500	2,630
Department of Communications	3,314	3,800	965
Department of Christian Education	1,750	4,250	1,750
	<u> </u>	<u> </u>	<u> </u>
Total department of parish services	<u>\$ 63,006</u>	<u>\$ 73,709</u>	<u>\$ 43,345</u>
Department of Church Mission			
Repairs	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Department of Specialized Ministries			
Hispanic Ministry	\$ 59,557	\$ 58,750	\$ 54,901
Environmental Committee	5,602	5,000	-
Addictions Recovery Ministry	5,481	7,000	5,462
Inclusive Louisiana	3,231	5,000	3,896
Union of Black Episcopalians	250	250	250
Prison Ministry	-	3,000	-
	<u> </u>	<u> </u>	<u> </u>
Total department of specialized ministries	<u>\$ 74,121</u>	<u>\$ 79,000</u>	<u>\$ 64,509</u>

See independent auditor's report on supplementary information.

OTHER PROGRAM EXPENSES**The Episcopal Diocese of Louisiana and Subsidiary
New Orleans, Louisiana**

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Disaster relief grants	\$ 221,792	\$ 28,543
Bishop's fund expense	121,529	109,932
Episcopal transition fund expense	119,884	12,528
Grace Church congregational development fund expense	40,000	30,000
Hispanic ministry fund expense	38,342	2,237
General convention deputies fund expense	34,286	-
Paul Garvey Manship fund expense	30,455	21,133
Episcopal transition bishop gifts	26,895	-
Annual convention fund	13,075	646
Reserve Lambeth fund expense	9,123	-
Ferraro trust	7,103	6,787
Diocesan rebuilding fund	3,187	10,897
Property reserve fund	2,773	16,987
Inclusive Louisiana fund expense	2,759	-
Professional fund	2,212	1,382
Seminarian fund expense	1,500	3,000
Disaster assistance	15	200
Bishop's annual mission appeal	-	20,000
Addiction recovery ministry fund expense	-	5,000
	<u> </u>	<u> </u>
Total other program expenses	<u>\$ 674,930</u>	<u>\$ 269,272</u>

See independent auditor's report on supplementary information.