EPISCOPAL DIOCESE OF INDIANPOLIS

FINANCIAL STATEMENTS – MODIFIED CASH BASIS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2022 and 2021

Katz, Sapper & Miller, LLP
Certified Public Accountants

EPISCOPAL DIOCESE OF INDIANAPOLIS

CONTENTS

Katz, Sapper & Miller, LLP
Certified Public Accountants

800 East 96th Street, Suite 500
Indianapolis, IN 46240

Independent Auditor's Report

Executive Council of
Episcopal Diocese of Indianapolis

Opinion

We have audited the financial statements of Episcopal Diocese of Indianapolis, which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2022 and 2021, and the related statements of revenue, support, expenses and changes in net assets – modified cash basis, statements of functional expenses – modified cash basis, and statements of cash flows – modified cash basis 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 Episcopal Diocese of Indianapolis as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for 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 Financial Statements section of our report. We are required to be independent of Episcopal Diocese of Indianapolis 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.

Emphasis of Matter-Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Financial Accounting Framework

As discussed in Note 1 to the financial statements, effective January 1, 2021, Episcopal Diocese of Indianapolis changed its financial reporting framework from generally accepted accounting principles in the United States of America to the modified cash basis of accounting. Our conclusion is not modified with respect to this matter.

T 317.580.2000 | F 317.580.2117 | W ksmcpa.com

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Episcopal Diocese of Indianapolis'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 Episcopal Diocese of Indianapolis'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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
April 3, 2024

EPISCOPAL DIOCESE OF INDIANAPOLIS

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash	$ 788,586	$ 3,479,284
Investments	43,736,163	52,212,061
Due from Waycross	355,168	300,021
Notes receivables	317,567	254,760
TOTAL ASSETS	$45,197,484	$56,246,126
LIABILITIES		
Funds held for parishes	$ 7,835,858	$ 9,524,053
Agency and designated purpose funds	141,868	142,179
Total Liabilities	7,977,726	9,666,232
NET ASSETS		
Without donor restrictions	28,399,194	37,221,281
With donor restrictions	8,820,564	9,358,613
Total Net Assets	37,219,758	46,579,894
TOTAL LIABILITIES AND NET ASSETS	$45,197,484	$56,246,126

See accompanying notes.

EPISCOPAL DIOCESE OF INDIANAPOLIS

STATEMENTS OF REVENUE, SUPPORT, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Apportionments	$ 1,927,218		$ 1,927,218	$ 1,849,449		$ 1,849,449
Contributions	41,052	$ 906,199	947,251	86,838	$ 1,316,973	1,403,811
Investment return, net	(6,799,155)	(1,186,846)	(7,986,001)	4,142,024	862,178	5,004,202
Other income (expense), net	83,280		83,280	(63,648)		(63,648)
Net assets released from restrictions	257,402	(257,402)		124,621	(124,621)	
Total Revenue and Support	(4,490,203)	(538,049)	(5,028,252)	6,139,284	2,054,530	8,193,814
EXPENSES						
Administrative expenses	2,474,663		2,474,663	2,252,627		2,252,627
Local and global outreach	1,062,560		1,062,560	1,077,498		1,077,498
Congregation and community support	780,387		780,387	664,883		664,883
Other	14,274		14,274	6,880		6,880
Total Expenses	4,331,884		4,331,884	4,001,888		4,001,888
CHANGE IN NET ASSETS	(8,822,087)	(538,049)	(9,360,136)	2,137,396	2,054,530	4,191,926
NET ASSETS						
Beginning of Year	37,221,281	9,358,613	46,579,894	35,083,885	7,304,083	42,387,968
End of Year	$ 28,399,194	$ 8,820,564	$37,219,758	$ 37,221,281	$ 9,358,613	$46,579,894

See accompanying notes.

EPISCOPAL DIOCESE OF INDIANAPOLIS

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Congregation and community support	$ 727,974	$ 52,413		$ 780,387
Local and global outreach	940,446	117,675	$ 4,439	1,062,560
Exploration, promise, and opportunity	13,914			13,914
Salaries	897,180	141,964	5,919	1,045,063
Employee benefits	718,445	52,551	59	771,055
Payroll taxes	15,042	10,860	453	26,355
Pension	143,337	19,881	823	164,041
Self-employment contributions act tax	23,099			23,099
Administration	52,115	10,500		62,615
Bank fees		360		360
Consulting and computer support	11,250	9,000	2,250	22,500
Contract labor		11,388		11,388
Insurance		23,224		23,224
Office		49,726		49,726
Professional fees	5,320	34,452		39,772
Rent		89,853		89,853
Travel	57,934	7,310		65,244
Miscellaneous	80,728			80,728
TOTAL EXPENSES BY FUNCTION	$3,686,784	$ 631,157	$ 13,943	$4,331,884

See accompanying notes.

EPISCOPAL DIOCESE OF INDIANAPOLIS

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Congregation and community support	$ 612,074	$ 52,809		$ 664,883
Local and global outreach	944,850	132,648		1,077,498
Exploration, promise, and opportunity	6,500			6,500
Salaries	894,822	115,085	$ 5,536	1,015,443
Employee benefits	662,405	66,088	55	728,548
Payroll taxes	15,127	8,805	423	24,355
Pension	150,230	16,060	770	167,060
Self-employment contributions act tax	21,618			21,618
Convention	23,867			23,867
Bank fees		380		380
Consulting and computer support	15,088	12,069	3,018	30,175
Insurance		30,345		30,345
Office		40,977		40,977
Professional fees		45,102		45,102
Recruiting	5,218			5,218
Rent		66,948		66,948
Travel	24,743	5,730		30,473
Miscellaneous	22,498			22,498
TOTAL EXPENSES BY FUNCTION	$3,399,040	$ 593,046	$ 9,802	$4,001,888

See accompanying notes.

EPISCOPAL DIOCESE OF INDIANAPOLIS

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	$ (9,360,136)	$4,191,926
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized loss (gain) on investments	8,724,369	(4,593,055)
(Increase) decrease in certain assets:		
Due from Waycross	(55,147)	49,741
Increase (decrease) in certain liabilities:		
Funds held for parishes	(1,688,195)	1,528,860
Agency and designated purpose funds	(311)	(127,357)
Net Cash Provided (Used) by Operating Activities	(2,379,420)	1,050,115
INVESTING ACTIVITIES		
Loans made	(100,000)	
Collection on loans	37,193	495,302
Purchases of investments	(140,082,192)	(1,719,471)
Proceeds from sales and maturities of investments	142,511,891	1,150,831
Net Cash Provided (Used) by Investing Activities	2,366,892	(73,338)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,528)	976,777
CASH AND CASH EQUIVALENTS		
Beginning of Year	3,479,284	2,502,507
End of Year	$ 3,466,756	$3,479,284
CASH AND CASH EQUIVALENTS		
Cash	$ 788,586	$3,479,284
Cash equivalents - investments	2,678,170	
TOTAL CASH AND CASH EQUIVALENTS	$ 3,466,756	$3,479,284

See accompanying notes.

EPISCOPAL DIOCESE OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Episcopal Diocese of Indianapolis (the Diocese) was incorporated as a not-for-profit organization in January 1968 under the laws of the State of Indiana. The Diocese was organized for the administration of Episcopal Diocese in Central and Southern Indiana by providing loans and grants as well as religious and educational services for the community. The Diocese's primary sources of revenues are apportionments and investment return.

Change in Financial Accounting Framework: Effective January 1, 2021, the Diocese changed its financial reporting framework from generally accepted accounting principles in the United States of America (GAAP) to the modified cash basis of accounting.

Basis of Accounting: The accompanying financial statements were prepared on the modified cash basis of accounting. Contributions and revenue are reported when cash is received rather than when earned, and expenses are reported when paid rather than when the obligation is incurred. Capital expenditures are expensed as paid.

Loan and note receivables are recognized as an asset when made. Interest is accrued on the outstanding principal balance but not recorded. Payments are applied first to reduce any outstanding interest, then to reduce the outstanding principal balance. Loans payable and line of credit borrowings are recognized when funds are received and recorded as a liability. Interest is accrued on the outstanding principal balance, but not recorded. Payments for operating and finance leases are expensed when paid. No asset is recognized for the right to use the underlying asset and no liability is recognized for the obligation to make the lease payments.

The accompanying financial statements do not include Waycross, Inc. which the Diocese controls through board member appointments.

Net Asset Classifications: The financial statements report information regarding its financial position and activities according to the following net asset classifications:

- ***Net Assets Without Donor Restrictions*** are not subject to donor-imposed restrictions and may be used at the discretion of the Diocese's management.

- ***Net Assets With Donor Restrictions*** are subject to stipulations imposed by donors. All of the Diocese's donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by the passage of time.

  Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of revenue, support, expenses and changes in net assets – modified cash basis. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates: The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents consist of cash in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less for the proposes of the statement of cash flows – modified cash basis. Cash and equivalents included in investment accounts are reflected in investments on the statements of assets, liabilities, and net assets – modified cash basis. The Diocese maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Diocese has not experienced any losses from its bank accounts.

Investment Valuation and Income Recognition: Investments initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of revenue, support and expenses and changes in net assets – modified cash basis consists of interest and dividend income and realized and unrealized capital gains and losses, net of external investment expenses. Interest and dividend income is recorded when received. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

Agency and Designated Purpose Funds: The liability agency and designated purpose funds represents amounts held in agency capacity for other entities and contributions received for the benefit of other entities, primarily Episcopalian churches.

Contributions are recognized as support when they are received.

Apportionment Revenue: Apportionment revenues are calculated at 14% of the average of net operating income for the previous three years of member parishes for the years ended December 31, 2022 and 2021, for each period. Apportionments are considered to be earned when received.

Functional Allocation of Expenses: The costs of providing programs and other activities have been summarized on a functional basis in the statements of functional expenses – modified cash basis. Directly identifiable expenses are charged to the specific program and support services benefited. Expenses related to more than one function, which include personnel expenses and consulting and computer support, are allocated among program and support services based on time spent by Diocese staff. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Diocese.

Income Taxes: The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. In addition, the Diocese has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC. There was no unrelated business income tax for the years ended December 31, 2022 and 2021.

The Diocese is not required to file federal or state information returns. Management believes that the Diocese's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in a material change.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through April 3, 2024, the date the financial statements were available to be issued.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The Diocese's financial assets available for general expenditure within one year of December 31, 2022 and 2021 were as follows:

	2022	2021
Cash	$ 788,586	$ 3,479,284
Investments	43,736,163	52,212,061
Total Financial Assets	44,524,749	55,691,345
Funds held for parishes	(7,835,858)	(9,524,053)
Donor-imposed Restrictions:		
Funds subject to purpose restrictions	(8,820,564)	(9,358,613)
Total Financial Assets Available Within One Year	$27,868,327	$36,808,679

The Diocese has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. The Diocese regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition, as part of its liquidity management, the Diocese invests cash in excess of daily requirements in short-term investments, including money market fund shares.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Diocese has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy 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 asset or liability'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.

The three levels of the fair value hierarchy are described as follows:

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

Level 2 - Inputs to the valuation methodology may 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; and 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. In situations where there is little or no market activity for the asset or liability, the Diocese makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used by the Diocese for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Mutual Fund Shares and Money Market Fund Shares: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds 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.

Corporate and Government Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Certificates of Deposit: Valued by discounting cash flows based on interest rates of similar instruments with similar credit ratings and duration.

Private Equity Funds: Valued at net asset value (NAV), as provided by the fund manager. NAV is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments less liabilities. The practical expedient would not be used if it is determined to be probable that the fund would sell the investment for an amount different than the reported NAV. When NAV is used to estimate fair value, these funds are not classified in the fair value hierarchy.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Diocese's assets that are measured at fair value on a recurring basis as of December 31, 2022 and 2021:

2022	**Level 1**	**Level 2**	**Total**	**Measured at NAV**
Assets				
Investments:				
Money market fund shares	$ 2,678,170		$ 2,678,170	
Mutual fund shares:				
Equities	12,317,414		12,317,414	
Fixed income	10,411,520		10,411,520	
Balanced	1,561,705		1,561,705	
Common stocks:				
Domestic	15,081,279		15,081,279	
Foreign	529,863		529,863	
Government bonds		$ 9,489	9,489	
Private equity fund				$1,032,653
Corporate bonds		114,070	114,070	
Total Assets at Fair Value	$42,579,951	$ 123,559	$42,703,510	$1,032,653

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

2021	Level 1	Level 2	Total
Assets			
Investments:			
Mutual fund shares:			
Fixed income	$ 5,890,433		$ 5,890,433
Exchange-traded funds	43,398,977		43,398,977
Government bonds		$ 899,745	899,745
Corporate bonds		1,822,454	1,822,454
Certificates of deposit		200,452	200,452
Total Assets at Fair Value	$49,289,410	$2,922,651	$52,212,061

Assets Measured Using Net Asset Value per Share (or Equivalent) Practical Expedient

The following table summarizes assets measured at fair value based on the NAV per share (or equivalent) as of December 31, 2022 and 2021:

	Fair Value 2022	Fair Value 2021	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Fund (a)	$1,032,653	$ 0	None	See (a)	See (a)

(a) The private equity fund's objective is to invest all of its assets in Partners Group Private Equity II, LLC, which Partners Group Private Equity II, LLC's objective is to seek long-term capital appreciation by investing in a diversified portfolio of private equity investments. Members of the private equity fund may not tender units for redemption until 36 months following date of acquisition of units. Thereafter, redemptions will be offered of no more than 5% of funds quarterly on or about the first day of the calendar quarter immediately following the second anniversary of the initial closing and thereafter quarterly on first day of each quarter.

NOTE 4 - INVESTMENTS

The Diocese's investments consisted of the following as of December 31, 2022 and 2021:

	2022 Cost	2022 Fair Value	2021 Cost	2021 Fair Value
Money market fund shares	$ 2,678,170	$ 2,678,170		
Mutual fund shares	26,493,766	24,290,639	$ 5,491,469	$ 5,890,433
Common stocks	15,007,450	15,611,142		
Exchange-traded funds			23,395,278	43,398,977
Government bonds	36,093	9,489	881,010	899,745
Corporate bonds	114,880	114,070	1,767,077	1,822,454
Certificates of deposit			194,882	200,452
Private equity funds	1,000,000	1,032,653		
Total Investments	$45,330,359	$43,736,163	$31,729,716	$52,212,061

NOTE 4 - INVESTMENTS (CONTINUED)

The Diocese's investment return consisted of the following for 2022 and 2021:

	2022	2021
Interest and dividends	$ 796,295	$ 663,425
Realized and unrealized gains (losses)	(8,724,369)	4,593,055
Broker investment expenses	(57,927)	(252,278)
Total Investment Return, net	$(7,986,001)	$5,004,202

NOTE 5 - NOTES RECEIVABLES

The Diocese has made loans to some of its parishes and missions which bear interest at 3.75% and have maturity dates through December 2023. The loans are unsecured and range from one to fifteen years depending on the amount of the loan and its purpose. As of December 31, 2022 and 2021, total notes and mortgages receivable were $317,567 and $254,760, respectively.

At December 31, 2022, the aggregate maturities of the notes and mortgages receivable were as follows:

Payable In	Principal
2023	$ 77,868
2024	54,118
2025	29,921
2026	29,130
2027	32,332
Thereafter	94,198
	$317,567

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Subject to Expenditures for Specified Purpose:		
Episcopal fund for human need	$ 13,203	$ (5,446)
Thriving congregations grant	550,914	764,160
Urban legacy lands initiative	1,077,760	779,908
Other	1,071	30,097
Funds used for lending and issuing grants to member parishes and missions	7,177,616	7,789,894
Total Net Assets With Donor Restrictions	$8,820,564	$9,358,613

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions:		
Funds used for issuing grants to member parishes and missions	$257,402	$124,621
Total Net Assets Released from Restrictions	$257,402	$124,621

NOTE 7 - OPERATING LEASES

The Diocese has a long-term noncancellable operating lease for office space through June 2025. The lease does provide for two extension options, first for a six-month extension and then for a twelve month extension. Total rent expense was $89,853 in 2022 and $66,948 in 2021.

At December 31, 2022, the future minimum rental payments required by all long-term noncancellable operating leases were as follows:

Payable In	Rental Payments
2024	$ 76,464
2025	39,390
	$115,854

NOTE 8 - MULTIEMPLOYER PENSION PLANS

The Church Pension Fund and its affiliates, known as the Church Pension Group, establish and administer The Church Pension Fund Clergy Pension Plan (Clergy Plan) and The Episcopal Church Lay Employees' Retirement Plan (Lay Plan) (together, the Plans). The Diocese pays 100% of the contributions made to the Plans for eligible employees. Employees are eligible for the Plans upon 1,000 hours or more per year and have completed one year of service after attaining the age of 21. Employees are fully vested after completing five years of credited service or attaining age 65 or older while an active participant for the Clergy Plan. Employees are fully vested after completing five years of credited service or attaining age 55 while an active participant for the Lay Plan. Contributions are 9% of compensation for lay employees and 18% of compensation for ordained employees and also are determined by the Church Pension Group based on actuarial assumptions provided by the Plans. The zone status is based on information that the Diocese received from the Plans and is certified by the Plans' actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are between 65% and 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Information in respect of the multiemployer Plans providing pension benefits in which the Diocese participates is as follows as of December 31, 2022 and 2021:

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Diocese Contributions		Surcharge Imposed
		2022	2021		2022	2021	
Lay	EIN 13-5562193, Plan 57163	Green	Green	N/A	$ 18,595	$ 14,086	No
Clergy	EIN 13-5562193, Plan 57218	Green	Green	N/A	$174,398	$152,974	No
Total Contributions					$192,993	$167,060	

NOTE 9 - RELATED PARTY TRANSACTIONS

The Diocese is the lender under a line of credit agreement with Waycross, Inc. The line of credit agreement allows for maximum principal borrowings of $350,000 through September 2022, at which point the agreement became due on demand. Interest is payable monthly under the line of credit agreement calculated at the 90-day US Treasury Bill rate plus 0.50%. The interest rate is adjusted on a quarterly basis. At December 31, 2022 and 2021, Waycross owed the Diocese $355,168 and $300,021, respectively.

NOTE 10 - CONTINGENCIES

In the course of normal operations, the Diocese is subject to various claims and assessments and is involved in various litigation that management intends to vigorously defend. The range of loss, if any, from these potential claims cannot be reasonably estimated. However, management believes the ultimate resolution of these matters will not have a material adverse impact on the Diocese's business or financial position.