

BISHOP OF THE EPISCOPAL DIOCESE OF
GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



Holland, Bromley,
Barnhill & Brett LLP

Certified Public Accountants and Business Advisors

BISHOP OF THE EPISCOPAL DIOCESE OF
GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Diocesan Council of
Bishop of the Episcopal Diocese of Georgia, Inc.

We have audited the accompanying consolidated financial statements of Bishop of the Episcopal Diocese of Georgia, Inc. and its operating entity (collectively, the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplemental schedules on pages 19-22 are presented for purposes of additional analysis and are 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
July 22, 2021

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 987,506	\$ 583,794
Accounts receivable	44,100	54,866
Investments	-	690,716
Other current assets	<u>26,538</u>	<u>31,036</u>
Total current assets	1,058,144	1,360,412
Property and equipment, net	<u>1,366,265</u>	<u>1,312,196</u>
Total assets	<u>\$2,424,409</u>	<u>\$2,672,608</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 69,016	\$ 96,055
Current portion of long-term debt	1,050,000	-
Deferred revenue	800	6,134
Loans from Endowment Fund of the Episcopal Diocese of Georgia	<u>500,755</u>	<u>500,755</u>
Total current liabilities	1,620,571	602,944
Long-term debt	<u>-</u>	<u>1,065,000</u>
Total liabilities	<u>1,620,571</u>	<u>1,667,944</u>
Net assets		
Without donor restrictions	570,097	31,160
With donor restrictions	<u>233,741</u>	<u>973,504</u>
Total net assets	<u>803,838</u>	<u>1,004,664</u>
Total liabilities and net assets	<u>\$2,424,409</u>	<u>\$2,672,608</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total all funds</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2020</u>	<u>2019</u>
Support and revenues				
Parish and aided parish pledges and donations	\$ 1,720,911	\$ -	\$ 1,720,911	\$ 1,667,930
Special purpose income	104,300	197,136	301,436	512,292
Bond debt reserve	254,269	-	254,269	13,329
Paycheck Protection Program funding	217,000	-	217,000	-
Trust income	71,037	-	71,037	77,682
Meetings, group, and lodging	43,805	-	43,805	112,887
Investment income	35,910	-	35,910	38,941
Episcopal Church camps	20,797	-	20,797	190,578
Other revenue	2,106	-	2,106	39,004
Net assets released from restrictions:	<u>936,899</u>	<u>(936,899)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>3,407,034</u>	<u>(739,763)</u>	<u>2,667,271</u>	<u>2,652,643</u>
Expenses				
Special purpose distributions	990,061	-	990,061	483,281
Salaries	586,344	-	586,344	643,793
Employee benefits & taxes	336,463	-	336,463	406,396
General convention assessment	235,529	-	235,529	229,473
Diocesan support distributions	116,004	-	116,004	93,320
Rent & utilities	102,018	-	102,018	111,507
Insurance	89,294	-	89,294	84,178
Depreciation	75,463	-	75,463	80,815
Dining room & food costs	59,240	-	59,240	153,757
Episcopal transition	56,533	-	56,533	-
Interest	51,874	-	51,874	52,749
Supplies	47,182	-	47,182	63,987
Miscellaneous	26,174	-	26,174	17,993
Repairs & maintenance	23,573	-	23,573	29,133
Program costs	19,718	-	19,718	44,056
Travel	19,611	-	19,611	44,309
Professional fees	19,296	-	19,296	20,203
Housekeeping	13,720	-	13,720	38,058
Total expenses	<u>2,868,097</u>	<u>-</u>	<u>2,868,097</u>	<u>2,597,008</u>
Change in net assets	<u>538,937</u>	<u>(739,763)</u>	<u>(200,826)</u>	<u>55,635</u>
Net assets - beginning of year	<u>31,160</u>	<u>973,504</u>	<u>1,004,664</u>	<u>949,029</u>
Net assets - end of year	<u>\$ 570,097</u>	<u>\$ 233,741</u>	<u>\$ 803,838</u>	<u>\$ 1,004,664</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Total Program Services	Supporting Services	Total
	Mission Inside the Diocese	Mission Outside the Diocese	Camp			
EXPENSES						
Special purpose distributions	\$ 982,377	\$ 7,684	\$ -	\$ 990,061	\$ -	\$ 990,061
Salaries	461,679	46,244	20,355	528,278	58,066	586,344
Employee benefits & taxes	273,158	32,342	11,791	317,291	19,172	336,463
General convention assessment	-	235,529	-	235,529	-	235,529
Diocesan support distributions	110,004	6,000	-	116,004	-	116,004
Rent & utilities	2,000	-	27,075	29,075	72,943	102,018
Insurance	-	-	50,964	50,964	38,330	89,294
Depreciation	-	-	-	-	75,463	75,463
Dining room & food costs	81	-	59,159	59,240	-	59,240
Episcopal transition	35,466	-	-	35,466	21,067	56,533
Interest	-	-	-	-	51,874	51,874
Supplies	13,479	24,384	7,658	45,521	1,661	47,182
Miscellaneous	8,440	-	-	8,440	17,734	26,174
Repairs & maintenance	-	-	13,108	13,108	10,465	23,573
Program costs	19,718	-	-	19,718	-	19,718
Travel	16,661	2,950	-	19,611	-	19,611
Professional fees	679	-	-	679	18,617	19,296
Housekeeping	-	-	-	-	13,720	13,720
Total expenses	<u>\$ 1,923,742</u>	<u>\$ 355,133</u>	<u>\$ 190,110</u>	<u>\$ 2,468,985</u>	<u>\$ 399,112</u>	<u>\$ 2,868,097</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					
	Mission	Mission	Camp	Total Program	Supporting	Total
	Inside the	Outside the				
Diocese	Diocese	Services	Services	Services		
EXPENSES						
Salaries	\$ 480,283	\$ 48,810	\$ 47,353	\$ 576,446	\$ 67,347	\$ 643,793
Special purpose distributions	482,593	688	-	483,281	-	483,281
Employee benefits & taxes	332,038	39,539	17,604	389,181	17,215	406,396
General convention assessment	-	229,473	-	229,473	-	229,473
Dining room & food costs	13,175	-	140,582	153,757	-	153,757
Rent & utilities	11,220	-	41,354	52,574	58,933	111,507
Diocesan support distributions	56,282	37,038	-	93,320	-	93,320
Insurance	-	-	47,389	47,389	36,789	84,178
Depreciation	-	-	-	-	80,815	80,815
Supplies	11,328	-	22,141	33,469	30,518	63,987
Interest	-	-	-	-	52,749	52,749
Travel	38,608	5,701	-	44,309	-	44,309
Program costs	44,056	-	-	44,056	-	44,056
Housekeeping	-	-	-	-	38,058	38,058
Repairs & maintenance	-	-	17,392	17,392	11,741	29,133
Professional fees	1,003	-	-	1,003	19,200	20,203
Miscellaneous	6,379	-	-	6,379	11,614	17,993
Total expenses	<u>\$ 1,476,965</u>	<u>\$ 361,249</u>	<u>\$ 333,815</u>	<u>\$ 2,172,029</u>	<u>\$ 424,979</u>	<u>\$ 2,597,008</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31,	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (200,826)	\$ 55,635
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	75,463	80,815
Donation of equipment	21,067	-
Contribution revenue for donated vehicle	(35,201)	-
Contribution revenue for donated solar panels	(5,000)	-
Gain on sales of investments	(35,787)	-
Gain on forgiveness of bond debt	(15,000)	(10,000)
Decrease (increase) in other current assets	4,498	(6,829)
Decrease in accounts payable and accrued expenses	(27,039)	(3,499)
(Decrease) increase in deferred revenue	(5,334)	884
Net cash (used for) provided by operating activities	<u>(223,159)</u>	<u>117,006</u>
Cash flows from investing activities:		
Purchase of property and equipment	(110,398)	(36,939)
Proceeds from sales of investments	718,084	-
Net investment activity	<u>19,185</u>	<u>(6,193)</u>
Net cash provided by (used for) investing activities	<u>626,871</u>	<u>(43,132)</u>
Net increase in cash and cash equivalents	403,712	73,874
Cash and cash equivalents - beginning of year	<u>583,794</u>	<u>509,920</u>
Cash and cash equivalents - end of year	<u>\$ 987,506</u>	<u>\$ 583,794</u>
Cash paid for interest	<u>\$ 71,628</u>	<u>\$ 54,621</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1 - PURPOSE OF ORGANIZATION

The Bishop of the Episcopal Diocese of Georgia, Inc. (the "Diocese") is a non-profit organization located in Savannah, Georgia which incorporated in Georgia in 1992. It was formerly known as The Episcopal Church in the Diocese of Georgia. The Diocese is the administrative unit of the Episcopal parishes and aided parishes within its geographical boundaries and comprises approximately the southern three-fifths of the state of Georgia.

The Georgia Episcopal Camp and Conference Center (the "Camp") is an operating entity of the Diocese. The Camp, which is also known as 'Honey Creek', spans 100 acres in Waverly, Georgia and has been in existence since the 1950s to provide a unique setting for the spiritual, community-building, and educational needs of its guests. In addition to being an ideal location for spiritual camps, the facilities are utilized for a variety of other functions including weddings, reunions, and retreats.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The consolidated financial statements include the accounts of the Diocese and the Camp (collectively referred to as 'the Organization'). All significant inter-organizational transactions and balances have been eliminated in consolidation.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Restricted and unrestricted revenue and support

Contributions received are recorded as "with donor restrictions" or "without donor restrictions," depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in "without donor restrictions" if the restriction expires in the reporting year in which the support is recognized.

Revenue recognition

The Organization derives its revenues primarily from parish and aided parish pledges. Revenues are recognized over the course of the year in an amount that reflects the consideration the Organization expects to receive in exchange for services provided to the parishes in the Diocese. The Organization also derives revenue from its Episcopal Church camps and by providing accommodations and ancillary services to third party groups at the Camp. Revenue for events held at the Camp are recognized at the time the event occurs. Deferred revenue represents payments made by customers in advance of events to be held at the Camp.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and short-term highly liquid investments (original maturity of ninety days or less) are included as cash and cash equivalents in the accompanying consolidated financial statements.

Property

The Diocese capitalizes purchases of property and equipment which exceed \$1,000 and are expected to provide benefit for multiple years. Fixed assets donated to the Organization are recognized at fair market value at the time of donation. The Camp capitalizes purchases of property and equipment which exceed \$2,000 and are expected to provide benefit for multiple years. The Organization recognizes depreciation on these assets using the straight-line method over the following estimated useful lives:

- Automobiles - 5 years
- Equipment - 5 to 10 years
- Furniture and fixtures - 5 to 7 years
- Building improvements - 15 years
- Buildings - 40 years

Assets acquired by the Diocese prior to January 1, 2009 are not included in the consolidated statements of financial position. The land, building, and facilities spanning approximately 100 acres in Waverly, Georgia and utilized for operations of the Camp are part of these excluded assets. This property was originally gifted to the Diocese in the late 1950s with certain restrictions surrounding the sale of the property. The tax value of this property was approximately \$1,344,500 at December 31, 2020.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of credit risk

The Organization maintains its cash balances with commercial banks throughout southeast Georgia in deposit accounts which at December 31, 2020 and other times throughout the year, exceeded federally insured limits. The Organization has not experienced any losses of such funds and management believes the Organization is not exposed to any significant risk on cash. The amount of uninsured cash was approximately \$425,000 and \$18,000 at December 31, 2020 and 2019, respectively.

Investments

The Organization carries its investments in marketable securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Diocese funding to the Camp

The Diocese paid the Camp \$16,891 and \$43,372 during 2020 and 2019, respectively, for lodging, camps, and various conferences. The Diocese also paid the Camp \$160,000 during 2020 to assist with cash flow challenges caused by the adverse economic effects of governmental shutdowns in response to the COVID-19 pandemic. These amounts have been eliminated during the consolidation.

Cost allocation

The financial statements 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. These expenses are allocated based on management's analysis of employee time spent on each program and supporting function.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified as other than a private foundation. Therefore, no provision for income taxes has been made in these consolidated financial statements.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once the threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. Due to the tax exempt status, the Organization is not subject to U.S. federal income tax or state income tax.

The Organization is no longer subject to examination by taxing authorities for years before 2017. If incurred, the Organization would recognize interest and penalties related to unrecognized tax benefits in interest expense. The Organization has no amounts accrued for interest and penalties as of December 31, 2020 and 2019. Additionally, no interest or penalties were recorded for the years then ended.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

New accounting pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606), or Accounting Standards Codification 606 ("ASC 606"). This guidance outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance issued by the FASB. Under the new revenue recognition standard, entities apply a five-step model that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, organizations

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements (continued)

identify the performance obligations within their contracts with customers, allocate the transaction price received from customers to each performance obligation identified within their contracts, and recognize revenue as the performance obligations are satisfied. The new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. On January 1, 2019, the Organization adopted ASC 606 and all the related amendments for all contracts using the modified retrospective method.

The adoption of ASC 606 did not have a significant impact on the Organization's financial statements. The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised services. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously are consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

In June 2018, the FASB issued ASU 2018-08, "Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The implementation of this ASU as of and for the year ended December 31, 2019, did not have a significant impact on the Organization's financial statements.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities", and subsequently issued related ASU 2018-03, "Technical Corrections and Improvements to Financial Instruments-Overall" (Subtopic 825-10). These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The implementation of this ASU as of and for the year ended December 31, 2019, did not have a significant impact on the Organization's financial statements.

Subsequent events

The Organization has evaluated subsequent events through July 22, 2021, the date the financial statements were available to be issued.

NOTE 3 - ENDOWMENT FUND

An investment fund earmarked for the Camp is held by the Endowment Fund of the Episcopal Diocese of Georgia (the Endowment Fund), and a balance of \$99,647 and \$90,140 was maintained at December 31, 2020 and 2019, respectively. Because this investment is an asset of the Endowment Fund, rather than the Camp, it is not reflected on the accompanying consolidated statements of financial position. See Note 9 for a description of the amount due to the Endowment Fund as of December 31, 2020.

NOTE 4 - RELATED PARTIES

The Diocese has approximately seventy related parishes and aided parishes. The revenues received from these parishes and aided parishes are recorded as 'Parish and aided parish pledges and donations', and the related Diocesan expenses are recorded as 'Mission inside the Diocese' on the consolidated statements of functional expenses.

NOTE 5 - PROPERTY AND EQUIPMENT

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

	<u>Diocese</u>	<u>Camp</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 1,002,261	\$ 632,913	\$ 1,635,174	\$ 1,511,174
Furniture and fixtures	-	65,482	65,482	65,482
Office equipment	11,568	27,336	38,904	57,794
Vehicles	35,201	9,500	44,701	35,767
Maintenance equipment	-	30,002	30,002	30,002
Kitchen equipment	-	17,409	17,409	17,409
Disc golf course	-	6,706	6,706	6,706
Computers and software	-	63,036	63,036	63,036
	<u>1,049,030</u>	<u>852,384</u>	<u>1,901,414</u>	<u>1,787,370</u>
Less - accumulated depreciation	<u>(90,535)</u>	<u>(489,417)</u>	<u>(579,952)</u>	<u>(531,977)</u>
	958,495	362,967	1,321,462	1,255,393
Construction in progress	-	-	-	12,000
Land	<u>44,803</u>	<u>-</u>	<u>44,803</u>	<u>44,803</u>
Total property and equipment	<u>\$ 1,003,298</u>	<u>\$ 362,967</u>	<u>\$ 1,366,265</u>	<u>\$ 1,312,196</u>

Depreciation expense for the years ended December 31, 2020 and 2019, totaled \$75,463 and \$80,815, respectively. The depreciation expense for the year ended December 31, 2020 consists of \$31,454 and \$44,009 for the Diocese and the Camp, respectively. The depreciation expense for the year ended December 31, 2019 consists of \$30,372 and \$50,443 for the Diocese and the Camp, respectively.

NOTE 6 - EMPLOYEE BENEFIT PLANS

The Bishop and his ordained canons participate in the national clergy pension plan of the Church Pension Fund. This is a defined benefit plan, and Diocese contributions are assessed at approximately 18% of related salaries.

As of July 1, 2012, all full-time employees of the Organization are eligible to participate in a Section 403(b) plan. The Organization contributes a total of 10% of each participant's salary to the defined contribution 403(b) plan.

Contributions to all plans for the years ended December 31, 2020 and 2019 totaled \$79,117 and \$71,691, respectively.

NOTE 7 - DONATED SERVICES AND MATERIALS

No amounts have been reflected in the consolidated financial statements for donated services or materials. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with various committees.

NOTE 8 - FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, "Fair Value Measurements", defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy are described below:

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 assets or liabilities;
- 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 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 8 - FAIR VALUE MEASUREMENTS (continued)

No investment assets were maintained as of December 31, 2020. The following represents the Organization's investment assets measured at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government obligations	\$ 306,729		\$ -	\$ 306,729
Corporate obligations		\$ 340,763		340,763
Mutual funds	43,224			43,224
	<u>\$ 349,953</u>	<u>\$ 340,763</u>	<u>\$ -</u>	<u>\$ 690,716</u>

NOTE 9 - DEBT

Below is information regarding the Organization's outstanding debt at December 31, 2020.

Bond debt

During 2012 and 2011, the Diocese issued bonds totaling \$1,245,000 to 109 bondholders. The proceeds from this bond issuance were provided to the Camp for the purpose of extinguishing debt and purchasing capital assets. All issued bonds mature December 31, 2021, and require semi-annual interest payments at 5%. Bonds may be called by the Diocese at any time. From issuance through December 31, 2018, bonds totaling \$170,000 were forgiven by nineteen bondholders. During 2019, bonds totaling \$10,000 were forgiven by two bondholders. During 2020, bonds totaling \$15,000 were forgiven by three bondholders. A total of \$51,874 and \$52,749 of bond interest expense was recorded for the years ended December 31, 2020 and 2019, respectively, with no amounts accrued but not paid at December 31, 2020 or 2019.

Loans from Endowment Fund

During 2011, the Camp borrowed funds from the Endowment Fund. These funds were borrowed interest free and are due back to the Endowment Fund as soon as possible. At December 31, 2020 and 2019, a total of \$100,755 was due to the Endowment Fund.

During 2018, the Diocese borrowed funds from the Endowment Fund to assist in the purchase of the new administrative building. Under this agreement, the principal balance will be paid back at some point in the future as Diocese funds are available, however no formal repayment plan exists. Interest does not accrue on this loan. At December 31, 2020 and 2019, a total of \$400,000 was due to the Endowment Fund.

Debt agreements

While most debt agreements are accounted for as liabilities of the Camp and satisfied from the assets of the Camp, the borrower on all debt agreements is the Diocese. Assets of the Camp represent partial collateral under these agreements, but the Diocese is ultimately responsible as the borrower. Property owned by the Diocese and utilized by the Camp serves as the final collateral under these agreements.

Other

The Diocese is the guarantor on a note payable to a local financial institution by an Episcopal parish. The amount outstanding on this note payable was approximately \$141,200 and \$151,000 at December 31, 2020 and 2019, respectively. The note payable is collateralized by a security deed on real estate of the Episcopal parish, was renewed in May 2020, and matures in May 2025.

NOTE 10 - LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of year-end. Amounts restricted by the Diocesan Administrator may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress. See Note 14 for additional information on these restricted funds.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 1,058,144	\$ 1,360,412
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	233,741	973,504
Restricted by the Diocesan Administrator	<u>330,980</u>	<u>287,783</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 493,423</u>	<u>\$ 99,125</u>

NOTE 11 - LEGAL MATTERS

On January 16, 2010, the Diocese was added as a party to the lawsuit between Christ the King Episcopal Church, Inc. and Lowndes County Board of Equalization and Lowndes County Board of Tax Assessors (Lowndes County). Christ the King Episcopal Church, Inc. is a parish of the Diocese and was challenging a determination by Lowndes County that the first floor of the church property in Valdosta, Georgia was not exempt from ad valorem property taxation. On June 29, 2010, the Superior Court denied the Lowndes County Motion for Summary Judgment. On August 4, 2010, the Georgia Court of Appeals denied the Lowndes County Application for Interlocutory Appeal. The approximate amount of money under dispute for Christ the King Episcopal Church, Inc. was \$20,000. The claim was ultimately disposed of and dismissed, and no related amounts have been included in the accompanying financial statements.

NOTE 12 - OPERATING LEASE AGREEMENTS

The Diocese leases certain office equipment under operating lease agreements which expire at various times through 2022. The total expense under operating lease agreements was \$1,246 and \$15,129 for the years ended December 31, 2020 and 2019, respectively. The future minimum rental commitments under these non-cancelable operating leases are as follows:

<u>Year ending December 31,</u>	
2021	\$ 1,445
2022	241
Thereafter	-
	<u>\$ 1,686</u>

NOTE 13 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Amounts designated by the Organization for specific purposes are noted below. The Diocesan Administrator with the approval of the Finance Committee determines these amounts. The following schedule presents the balances as of December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Designated net assets without donor restrictions		
Emergency reserve	\$ 165,459	\$ 165,459
Honey Creek bond reserve	46,316	43,329
Bishop's visitation	42,015	42,817
Clergy interns	36,937	36,937
Episcopal transition	17,385	(17,839)
Diocesan convention	15,367	15,367
Convention travel	6,390	(5,610)
Memorials	3,405	3,405
Synod travel	2,418	2,418
Lambeth	(4,712)	1,500
	<u>330,980</u>	<u>287,783</u>
Undesignated net assets without donor restrictions	<u>239,117</u>	<u>(256,623)</u>
Total net assets without donor restrictions	<u>\$ 570,097</u>	<u>\$ 31,160</u>

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, amounts restricted by donors of the Diocese for a specific purpose or time period are noted below.

	<u>2020</u>	<u>2019</u>
Augusta Church Plant	\$ 110,984	\$ 155,536
St. Anna Alexander Fund	62,596	6,000
Georgia Southern	43,619	38,159
Youth counselor education	14,135	14,135
Clergy education	12,895	12,343
Youth Mission	10,833	9,309
Georgia Lynching Memorial Fund	9,485	1,000
St. Joseph's Community Fund	8,319	4,592
Campaign for Mission	6,579	31,456
Deacon Lynn Anderson Fund	6,175	-
DFMS Leadership Formation	1,123	1,123
St. Luke's Hawkinsville Building Fund	-	459,000
St. Thomas Baxley Church Fund	-	227,900
Dominican Republic	(347)	625
Other	(21,798)	(30,245)
Epiphany Church Plant	(30,857)	42,571
	<u>\$ 233,741</u>	<u>\$ 973,504</u>

NOTE 15 - COVID-19

There was a global outbreak of a new strain of coronavirus, COVID-19, which the World Health Organization declared to be a global pandemic in March 2020. To date, COVID-19 has resulted in government-imposed quarantines, certain travel restrictions and other public health safety measures. The impact of the COVID-19 outbreak on the Organization's financial condition and results of operations will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions that could impact the Organization. The impact of the COVID-19 outbreak and associated effects on the Organization and the overall economy are uncertain and cannot be predicted.

In April 2020, the Organization secured approximately \$217,000 in emergency federal funding through the Paycheck Protection Program as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed by U.S. Congress on March 27, 2020. The loan was forgiven on May 14, 2021, and the revenue related to this forgiveness was recognized in the year ended December 31, 2020.

NOTE 16 - SUBSEQUENT EVENT

On June 3, 2021, the Organization received a commitment letter from First Chatham Bank approving a loan request for \$750,000 to finance the Camp's bonds payable. This loan is payable over 84 months with a 4% fixed interest rate and is secured by the property at 18 East 34th Street, Savannah, Georgia 31401. The Organization intends to finalize this debt agreement in 2021.

SUPPLEMENTARY INFORMATION

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	<u>Diocese</u>	<u>Camp</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 947,103	\$ 40,403	\$ -	\$ 987,506
Accounts receivable	44,100	-	-	44,100
Other current assets	18,986	7,552	-	26,538
Total current assets	1,010,189	47,955	-	1,058,144
Property and equipment, net	1,003,298	362,967	-	1,366,265
Total assets	<u>\$ 2,013,487</u>	<u>\$ 410,922</u>	<u>\$ -</u>	<u>\$ 2,424,409</u>
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 62,814	\$ 6,202	\$ -	\$ 69,016
Current portion of long-term debt	-	1,050,000	-	1,050,000
Deferred revenue	-	800	-	800
Loans from Endowment Fund of the Episcopal Diocese of Georgia	400,000	100,755	-	500,755
Total current liabilities	462,814	1,157,757	-	1,620,571
Total liabilities	462,814	1,157,757	-	1,620,571
Net assets				
Without donor restrictions	1,316,932	(746,835)	-	570,097
With donor restrictions	233,741	-	-	233,741
Total net assets	1,550,673	(746,835)	-	803,838
Total liabilities and net assets	<u>\$ 2,013,487</u>	<u>\$ 410,922</u>	<u>\$ -</u>	<u>\$ 2,424,409</u>

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	<u>Diocese</u>	<u>Camp</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 531,398	\$ 52,396	\$ -	\$ 583,794
Accounts receivable	54,866	-	-	54,866
Investments	690,716	-	-	690,716
Other current assets	22,094	8,942	-	31,036
Total current assets	1,299,074	61,338	-	1,360,412
Property and equipment, net	985,370	326,826	-	1,312,196
Total assets	<u>\$ 2,284,444</u>	<u>\$ 388,164</u>	<u>\$ -</u>	<u>\$ 2,672,608</u>
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 82,651	\$ 13,404	\$ -	\$ 96,055
Deferred revenue	-	6,134	-	6,134
Loans from Endowment Fund of the Episcopal Diocese of Georgia	400,000	100,755	-	500,755
Total current liabilities	482,651	120,293	-	602,944
Long-term debt	-	1,065,000	-	1,065,000
Total liabilities	482,651	1,185,293	-	1,667,944
Net assets				
Without donor restrictions	828,289	(797,129)	-	31,160
With donor restrictions	973,504	-	-	973,504
Total net assets	1,801,793	(797,129)	-	1,004,664
Total liabilities and net assets	<u>\$ 2,284,444</u>	<u>\$ 388,164</u>	<u>\$ -</u>	<u>\$ 2,672,608</u>

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Diocese			Camp Total	Intercompany Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Support and revenues						
Parish and aided parish pledges and donations	\$ 1,650,913	\$ -	\$ 1,650,913	\$ 229,998	\$ (160,000)	\$ 1,720,911
Special purpose income	81,573	197,136	278,709	22,727	-	301,436
Bond debt reserve	254,269	-	254,269	-	-	254,269
Paycheck Protection Program funding	217,000	-	217,000	-	-	217,000
Trust income	71,037	-	71,037	-	-	71,037
Meetings, group, and lodging	-	-	-	43,805	-	43,805
Investment income	35,910	-	35,910	-	-	35,910
Episcopal Church camps	-	-	-	37,688	(16,891)	20,797
Other revenue	6,127	-	6,127	(4,021)	-	2,106
Net assets released from restrictions:	936,899	(936,899)	-	-	-	-
Total support and revenues	<u>3,253,728</u>	<u>(739,763)</u>	<u>2,513,965</u>	<u>330,197</u>	<u>(176,891)</u>	<u>2,667,271</u>
Expenses						
Special purpose distributions	990,061	-	990,061	-	-	990,061
Salaries	545,634	-	545,634	40,710	-	586,344
Employee benefits & taxes	323,210	-	323,210	13,253	-	336,463
General convention assessment	235,529	-	235,529	-	-	235,529
Diocesan support distributions	276,004	-	276,004	-	(160,000)	116,004
Rent & utilities	71,628	-	71,628	30,390	-	102,018
Insurance	38,330	-	38,330	50,964	-	89,294
Depreciation	31,454	-	31,454	44,009	-	75,463
Dining room & food costs	81	-	81	59,159	-	59,240
Episcopal transition	56,533	-	56,533	-	-	56,533
Interest	51,874	-	51,874	-	-	51,874
Supplies	54,754	-	54,754	9,319	(16,891)	47,182
Miscellaneous	20,903	-	20,903	5,271	-	26,174
Repairs & maintenance	10,465	-	10,465	13,108	-	23,573
Program costs	19,718	-	19,718	-	-	19,718
Travel	19,611	-	19,611	-	-	19,611
Professional fees	19,296	-	19,296	-	-	19,296
Housekeeping	-	-	-	13,720	-	13,720
Total expenses	<u>2,765,085</u>	<u>-</u>	<u>2,765,085</u>	<u>279,903</u>	<u>(176,891)</u>	<u>2,868,097</u>
Change in net assets	<u>488,643</u>	<u>(739,763)</u>	<u>(251,120)</u>	<u>50,294</u>	<u>-</u>	<u>(200,826)</u>
Net assets - beginning of year	828,289	973,504	1,801,793	(797,129)	-	1,004,664
Net assets - end of year	<u>\$ 1,316,932</u>	<u>\$ 233,741</u>	<u>\$ 1,550,673</u>	<u>\$ (746,835)</u>	<u>\$ -</u>	<u>\$ 803,838</u>

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Diocese			Camp Total	Intercompany Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Support and revenues						
Parish and aided parish pledges and donations	\$ 1,600,492	\$ -	\$ 1,600,492	\$ 67,438	\$ -	\$ 1,667,930
Special purpose income	122,608	381,391	503,999	8,293	-	512,292
Bond debt reserve	13,329	-	13,329	-	-	13,329
Trust income	77,682	-	77,682	-	-	77,682
Meetings, group, and lodging	-	-	-	112,887	-	112,887
Investment income	38,941	-	38,941	-	-	38,941
Episcopal Church camps	-	-	-	233,950	(43,372)	190,578
Other revenue	10,187	-	10,187	28,817	-	39,004
Net assets released from restrictions:	<u>359,467</u>	<u>(359,467)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>2,222,706</u>	<u>21,924</u>	<u>2,244,630</u>	<u>451,385</u>	<u>(43,372)</u>	<u>2,652,643</u>
Expenses						
Salaries	569,705	-	569,705	74,088	-	643,793
Special purpose distributions	483,281	-	483,281	-	-	483,281
Employee benefits & taxes	388,110	-	388,110	18,286	-	406,396
General convention assessment	229,473	-	229,473	-	-	229,473
Dining room & food costs	13,175	-	13,175	140,582	-	153,757
Rent & utilities	66,433	-	66,433	45,074	-	111,507
Diocesan support distributions	93,320	-	93,320	-	-	93,320
Insurance	36,789	-	36,789	47,389	-	84,178
Depreciation	30,372	-	30,372	50,443	-	80,815
Supplies	81,549	-	81,549	25,810	(43,372)	63,987
Interest	52,749	-	52,749	-	-	52,749
Travel	44,309	-	44,309	-	-	44,309
Program costs	44,056	-	44,056	-	-	44,056
Housekeeping	-	-	-	38,058	-	38,058
Repairs & maintenance	11,741	-	11,741	17,392	-	29,133
Professional fees	20,203	-	20,203	-	-	20,203
Miscellaneous	11,701	-	11,701	6,292	-	17,993
Total expenses	<u>2,176,966</u>	<u>-</u>	<u>2,176,966</u>	<u>463,414</u>	<u>(43,372)</u>	<u>2,597,008</u>
Change in net assets	<u>45,740</u>	<u>21,924</u>	<u>67,664</u>	<u>(12,029)</u>	<u>-</u>	<u>55,635</u>
Net assets - beginning of year	<u>782,549</u>	<u>951,580</u>	<u>1,734,129</u>	<u>(785,100)</u>	<u>-</u>	<u>949,029</u>
Net assets - end of year	<u>\$ 828,289</u>	<u>\$ 973,504</u>	<u>\$ 1,801,793</u>	<u>\$ (797,129)</u>	<u>\$ -</u>	<u>\$ 1,004,664</u>