

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



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.

Opinion

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, 2021, 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.

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, 2021, 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.

Basis for Opinion

We conducted our audit 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 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 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 18-21 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.

A handwritten signature in black ink that reads "Holland, Bromley, Barnhill & Brett, LLP". The signature is written in a cursive, flowing style.

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
August 3, 2022

BISHOP OF THE EPISCOPAL DIOCESE OF GEORGIA, INC. AND OPERATING ENTITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,133,821	\$ 987,506
Accounts receivable	39,889	44,100
Other current assets	41,513	26,538
Total current assets	1,215,223	1,058,144
Property and equipment, net	1,294,541	1,366,265
Total assets	\$ 2,509,764	\$ 2,424,409
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 65,314	\$ 69,016
Current portion of note payable	8,775	1,050,000
Deferred revenue	8,050	800
Loans from Endowment Fund of the Episcopal Diocese of Georgia	500,755	500,755
Total current liabilities	582,894	1,620,571
Note payable - non-current	732,373	-
Total liabilities	1,315,267	1,620,571
Net assets		
Without donor restrictions	958,023	570,097
With donor restrictions	236,474	233,741
Total net assets	1,194,497	803,838
Total liabilities and net assets	\$ 2,509,764	\$ 2,424,409

(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, 2021 AND 2020

	Without Donor Restrictions	With Donor Restrictions	Total all funds	
			2021	2020
Support and revenues				
Parish and aided parish pledges and donations	\$ 1,849,211	\$ -	\$ 1,849,211	\$ 1,720,911
Bond debt reserve assessment	305,081	-	305,081	254,269
Special purpose income	98,775	109,965	208,740	301,436
Meetings, group, and lodging	158,980	-	158,980	43,805
Trust income	93,250	-	93,250	71,037
Episcopal Church camps	26,380	-	26,380	20,797
Other revenue	9,088	-	9,088	2,106
Investment income	110	-	110	35,910
Paycheck Protection Program Funding	-	-	-	217,000
Net assets released from restrictions	<u>107,232</u>	<u>(107,232)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>2,648,107</u>	<u>2,733</u>	<u>2,650,840</u>	<u>2,667,271</u>
Expenses				
Salaries	603,671	-	603,671	586,344
Employee benefits and taxes	350,218	-	350,218	336,463
General convention assessment	238,019	-	238,019	235,529
Special purpose distributions	218,858	-	218,858	990,061
Diocesan support distributions	170,001	-	170,001	116,004
Rent and utilities	128,114	-	128,114	102,018
Dining room and food costs	96,269	-	96,269	59,240
Insurance	93,964	-	93,964	89,294
Depreciation	89,899	-	89,899	75,463
Supplies	55,072	-	55,072	47,182
Interest	53,408	-	53,408	51,874
Repairs and maintenance	46,405	-	46,405	23,573
Housekeeping	41,629	-	41,629	13,720
Travel	28,218	-	28,218	19,611
Professional fees	22,794	-	22,794	19,296
Miscellaneous	13,156	-	13,156	26,174
Program costs	10,486	-	10,486	19,718
Episcopal transition	-	-	-	56,533
Total expenses	<u>2,260,181</u>	<u>-</u>	<u>2,260,181</u>	<u>2,868,097</u>
Change in net assets	<u>387,926</u>	<u>2,733</u>	<u>390,659</u>	<u>(200,826)</u>
Net assets - beginning of year	<u>570,097</u>	<u>233,741</u>	<u>803,838</u>	<u>1,004,664</u>
Net assets - end of year	<u>\$ 958,023</u>	<u>\$ 236,474</u>	<u>\$ 1,194,497</u>	<u>\$ 803,838</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, 2021

EXPENSES	Program Services					Total
	Mission	Mission		Camp	Total Program	
	Inside the Diocese	Outside the Diocese	Camp	Services	Supporting Services	
Salaries	\$ 484,673	\$ 48,668	\$ 16,065	\$ 549,406	\$ 54,265	\$ 603,671
Employee benefits and taxes	280,559	33,808	14,270	328,637	21,581	350,218
General convention assessment	-	238,019	-	238,019	-	238,019
Special purpose distributions	217,508	1,350	-	218,858	-	218,858
Diocesan support distributions	148,659	16,000	-	164,659	5,342	170,001
Rent and utilities	47,707	-	37,680	85,387	42,727	128,114
Dining room and food costs	2,246	-	94,023	96,269	-	96,269
Insurance	-	-	56,772	56,772	37,192	93,964
Depreciation	-	-	-	-	89,899	89,899
Supplies	14,118	16,470	22,478	53,066	2,006	55,072
Interest	-	-	-	-	53,408	53,408
Repairs and maintenance	-	-	32,616	32,616	13,789	46,405
Housekeeping	-	-	-	-	41,629	41,629
Travel	23,696	4,522	-	28,218	-	28,218
Professional fees	-	-	-	-	22,794	22,794
Miscellaneous	9,206	-	-	9,206	3,950	13,156
Program costs	10,486	-	-	10,486	-	10,486
Total expenses	<u>\$ 1,238,858</u>	<u>\$ 358,837</u>	<u>\$ 273,904</u>	<u>\$ 1,871,599</u>	<u>\$ 388,582</u>	<u>\$ 2,260,181</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

EXPENSES	Program Services							<u>Total</u>
	Mission		Mission		Camp	Total Program	Supporting	
	Inside the	Outside the	Diocese	Diocese				
	\$	\$	\$	\$	\$	\$	\$	
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 and 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 and 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 and 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 and 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>\$ -</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 STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	December 31,	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 390,659	\$ (200,826)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	89,899	75,463
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	(112,500)	(15,000)
Changes in assets and liabilities		
Accounts receivable	4,211	-
Other current assets	(14,975)	4,498
Accounts payable and accrued expenses	(3,702)	(27,039)
Deferred revenue	7,250	(5,334)
Net cash provided by (used for) operating activities	<u>360,842</u>	<u>(223,159)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(18,175)	(110,398)
Proceeds from sales of investments	-	718,084
Net investment activity	<u>-</u>	<u>19,185</u>
Net cash (used for) provided by investing activities	<u>(18,175)</u>	<u>626,871</u>
Cash flows from financing activities:		
Proceeds from loans	750,000	-
Debt issuance costs paid	(8,852)	-
Payments on bonds	(937,500)	-
Net cash used for financing activities	<u>(196,352)</u>	<u>-</u>
Net increase in cash and cash equivalents	146,315	403,712
Cash and cash equivalents - beginning of year	<u>987,506</u>	<u>583,794</u>
Cash and cash equivalents - end of year	<u>\$ 1,133,821</u>	<u>\$ 987,506</u>
Cash paid for interest	<u>\$ 53,408</u>	<u>\$ 51,874</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, 2021 AND 2020

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 and equipment

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 \$1,338,300 at December 31, 2021.

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, 2021 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 \$546,000 and \$425,000 at December 31, 2021 and 2020, respectively.

Diocese funding to the Camp

The Diocese paid the Camp \$10,202 and \$16,891 during 2021 and 2020, respectively, for lodging, camps, and various conferences. The Diocese also paid the Camp \$118,520 and \$160,000 during 2021 and 2020, respectively, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2018. 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, 2021 and 2020. 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.

Subsequent events

The Organization has evaluated subsequent events through August 3, 2022, 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 \$115,850 and \$99,647 was maintained at December 31, 2021 and 2020, 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 8 for a description of the amount due to the Endowment Fund as of December 31, 2021.

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, 2021 and 2020 consists of the following:

	<u>Diocese</u>	<u>Camp</u>	<u>2021</u>	<u>Total</u> <u>2020</u>
Buildings and improvements	\$ 1,002,261	\$ 645,220	\$ 1,647,481	\$ 1,635,174
Furniture and fixtures	-	65,482	65,482	65,482
Office equipment	14,542	27,336	41,878	38,904
Vehicles	35,201	9,500	44,701	44,701
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	-	65,930	65,930	63,036
	<u>1,052,004</u>	<u>867,585</u>	<u>1,919,589</u>	<u>1,901,414</u>
Less - accumulated depreciation	<u>(132,133)</u>	<u>(537,718)</u>	<u>(669,851)</u>	<u>(579,952)</u>
	<u>919,871</u>	<u>329,867</u>	<u>1,249,738</u>	<u>1,321,462</u>
Land	<u>44,803</u>	<u>-</u>	<u>44,803</u>	<u>44,803</u>
Total property and equipment	<u>\$ 964,674</u>	<u>\$ 329,867</u>	<u>\$ 1,294,541</u>	<u>\$ 1,366,265</u>

Depreciation expense for the years ended December 31, 2021 and 2020, totaled \$89,899 and \$75,463, respectively. The depreciation expense for the year ended December 31, 2021 consists of \$41,598 and \$48,301 for the Diocese and the Camp, 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.

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, 2021 and 2020 totaled \$92,384 and \$85,950, 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 - DEBT

Note payable

On August 5, 2021, the Diocese borrowed \$750,000 from First Chatham Bank. The note bears interest at 4%, is collateralized by real property, and is payable in twelve monthly interest only payments followed by seventy-two monthly principal and interest payments of \$4,725 through August 5, 2028. On September 5, 2028, the remaining principal and accrued interest are due in one balloon payment. The Diocese paid \$8,852 in debt issuance costs which is included as a net reduction of the note payable balance on the consolidated statement of financial position. For the year ended December 31, 2021, total interest of \$12,850 was paid under this agreement. At December 31, 2021, the outstanding balance was \$750,000.

Aggregate maturities of the note payable are as follows:

<u>Year ending</u> <u>December 31,</u>	
2022	\$ 8,775
2023	27,135
2024	28,175
2025	29,421
2026	30,636
Thereafter	<u>625,858</u>
	<u>\$ 750,000</u>

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 were scheduled to mature December 31, 2021 and required semi-annual interest payments at 5%. Bonds could be called by the Diocese at any time. From issuance through December 31, 2019, bonds totaling \$180,000 were forgiven by twenty-one bondholders. During 2020, bonds totaling \$15,000 were forgiven by three bondholders. During 2021, bonds totaling \$112,500 were forgiven by eight bondholders. In July and October of 2021, a total of \$937,500 of bonds were redeemed and paid to seventy-seven bond holders. A total of \$40,558 and \$51,874 of bond interest expense was recorded for the years ended December 31, 2021 and 2020, respectively, with no amounts accrued but not paid at December 31, 2021 or 2020.

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, 2021 and 2020, 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, 2021 and 2020, a total of \$400,000 was due to the Endowment Fund.

NOTE 8 - DEBT (continued)

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 \$136,600 and \$141,200 at December 31, 2021 and 2020, 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 9 - LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, 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 13 for additional information on these restricted funds.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 1,173,710	\$ 1,031,606
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	236,474	233,741
Restricted by the Diocesan Administrator	<u>578,327</u>	<u>330,980</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 358,909</u>	<u>\$ 466,885</u>

NOTE 10 - OPERATING LEASE AGREEMENTS

The Diocese leases office equipment under an operating lease agreement which expires in 2022. The total expense under this operating lease agreement was \$2,182 and \$1,246 for the years ended December 31, 2021 and 2020, respectively. The future minimum rental commitments under this non-cancelable operating lease are as follows:

<u>Year ending December 31,</u>	
2022	\$ 241
Thereafter	<u>-</u>
	<u>\$ 241</u>

NOTE 11 - 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, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Designated net assets without donor restrictions		
Honey Creek bond reserve	\$ 318,166	\$ 46,316
Emergency reserve	165,459	165,459
Clergy interns	36,937	36,937
Bishop's visitation	33,030	42,015
Episcopal transition	13,316	17,385
Convention travel	6,390	6,390
Diocesan convention	3,918	15,367
Memorials	3,405	3,405
Synod travel	2,418	2,418
Lambeth	<u>(4,712)</u>	<u>(4,712)</u>
	578,327	330,980
Undesignated net assets without donor restrictions	<u>379,696</u>	<u>239,117</u>
Total net assets without donor restrictions	<u>\$ 958,023</u>	<u>\$ 570,097</u>

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021 and 2020, amounts restricted by donors of the Diocese for a specific purpose or time period are noted below.

	<u>2021</u>	<u>2020</u>
Augusta Church Plant	\$ 100,492	\$ 110,984
St. Anna Alexander Fund	49,097	62,596
Georgia Southern	47,772	43,619
Youth counselor education	15,149	14,135
Clergy education	12,895	12,895
St. Joseph's Community Fund	12,510	8,319
Georgia Lynching Memorial Fund	11,478	9,485
Youth Mission	10,833	10,833
Deacon Lynn Anderson Fund	6,175	6,175
Campaign for Mission	4,643	6,579
DFMS Leadership Formation	1,123	1,123
Dominican Republic	-	(347)
Other	(857)	(21,798)
Epiphany Church Plant	<u>(34,836)</u>	<u>(30,857)</u>
	<u>\$ 236,474</u>	<u>\$ 233,741</u>

NOTE 13 - COVID-19

There was a global outbreak of a new strain of coronavirus, COVID-19, which the World Health Organization declared to be a 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 Diocese secured \$217,000 in emergency federal funding through the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed by U.S. Congress on March 27, 2020. The Diocese's PPP funds were forgiven in May 2021, and \$217,000 was recognized as revenue on the consolidated statement of activities and changes in net assets for the year ended December 31, 2020.

SUPPLEMENTARY INFORMATION

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>Diocese</u>	<u>Camp</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,033,634	\$ 100,187	\$ -	\$ 1,133,821
Accounts receivable	39,889	-	-	39,889
Other current assets	<u>29,771</u>	<u>11,742</u>	-	<u>41,513</u>
Total current assets	1,103,294	111,929	-	1,215,223
Property and equipment, net	<u>964,674</u>	<u>329,867</u>	-	<u>1,294,541</u>
Total assets	<u>\$ 2,067,968</u>	<u>\$ 441,796</u>	<u>\$ -</u>	<u>\$ 2,509,764</u>
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 61,529	\$ 3,785	\$ -	\$ 65,314
Current portion of note payable	8,775	-	-	8,775
Deferred revenue	-	8,050	-	8,050
Loans from Endowment Fund of the Episcopal Diocese of Georgia	<u>400,000</u>	<u>100,755</u>	-	<u>500,755</u>
Total current liabilities	470,304	112,590	-	582,894
Note payable - non-current	<u>732,373</u>	-	-	<u>732,373</u>
Total liabilities	<u>1,202,677</u>	<u>112,590</u>	-	<u>1,315,267</u>
Net assets				
Without donor restrictions	628,817	329,206	-	958,023
With donor restrictions	<u>236,474</u>	-	-	<u>236,474</u>
Total net assets	<u>865,291</u>	<u>329,206</u>	-	<u>1,194,497</u>
Total liabilities and net assets	<u>\$ 2,067,968</u>	<u>\$ 441,796</u>	<u>\$ -</u>	<u>\$ 2,509,764</u>

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 ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Diocese				Camp Total	Intercompany Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Total			
Support and revenues							
Parish and aided parish pledges and donations	\$ 1,632,140	\$ -	\$ 1,632,140	\$ 335,396	\$ (118,325)	\$ 1,849,211	
Bond debt reserve assessment	305,081	-	305,081	-	-	305,081	
Special purpose income	98,970	109,965	208,935	-	(195)	208,740	
Meetings, group, and lodging	-	-	-	158,980	-	158,980	
Trust income	93,250	-	93,250	-	-	93,250	
Episcopal Church camps	-	-	-	36,582	(10,202)	26,380	
Other revenue	8,792	-	8,792	296	-	9,088	
Investment income	110	-	110	-	-	110	
Net assets released from restrictions:	107,232	(107,232)	-	-	-	-	
Total support and revenues	2,245,575	2,733	2,248,308	531,254	(128,722)	2,650,840	
Expenses							
Salaries	571,541	-	571,541	32,130	-	603,671	
Employee benefits and taxes	333,653	-	333,653	16,565	-	350,218	
General convention assessment	238,019	-	238,019	-	-	238,019	
Special purpose distributions	219,053	-	219,053	-	(195)	218,858	
Diocesan support distributions	288,326	-	288,326	-	(118,325)	170,001	
Rent and utilities	85,816	-	85,816	42,298	-	128,114	
Dining room and food costs	2,246	-	2,246	94,023	-	96,269	
Insurance	37,192	-	37,192	56,772	-	93,964	
Depreciation	41,598	-	41,598	48,301	-	89,899	
Supplies	40,790	-	40,790	24,484	(10,202)	55,072	
Interest	53,408	-	53,408	-	-	53,408	
Repairs and maintenance	13,789	-	13,789	32,616	-	46,405	
Housekeeping	-	-	-	41,629	-	41,629	
Travel	28,218	-	28,218	-	-	28,218	
Professional fees	22,794	-	22,794	-	-	22,794	
Miscellaneous	9,261	-	9,261	3,895	-	13,156	
Program costs	10,486	-	10,486	-	-	10,486	
Total expenses	1,996,190	-	1,996,190	392,713	(128,722)	2,260,181	
Change in net assets	249,385	2,733	252,118	138,541	-	390,659	
Diocese payment on Camp bonds	(937,500)	-	(937,500)	937,500	-	-	
Net assets - beginning of year	1,316,932	233,741	1,550,673	(746,835)	-	803,838	
Net assets - end of year	628,817	236,474	865,291	329,206	-	1,194,497	

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 assessment	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	3,253,728	(739,763)	2,513,965	330,197	(176,891)	2,667,271	
Expenses							
Special purpose distributions	990,061	-	990,061	-	-	990,061	
Salaries	545,634	-	545,634	40,710	-	586,344	
Employee benefits and 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 and 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 and 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 and 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	2,765,085	-	2,765,085	279,903	(176,891)	2,868,097	
Change in net assets	488,643	(739,763)	(251,120)	50,294	-	(200,826)	
Net assets - beginning of year	828,289	973,504	1,801,793	(797,129)	-	1,004,664	
Net assets - end of year	1,316,932	\$ 233,741	\$ 1,550,673	\$ (746,835)	\$ -	\$ 803,838	