



Addendum to the Reports to the 171st Annual Convention of the Episcopal Diocese of Iowa

This is an addendum to the reports released 9/20/2023

These reports are available for download or reading online at:
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Published 10/12/2023

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COMMISSION ON ONE WORLD ONE CHURCH

International (Sustainable) Development Minigrant Program Report for 2023 Minigrant Review Team: Kay Jahnel, Paula Sanchini

Each year the One World One Church Commission (OWOC) of the Episcopal Diocese of Iowa invites applications for grants in support of mission work in the wider world funded by at least 0.7% of the net income of the diocese projected for the current budget year. This year 1% or \$11,812 is available. Four applications were reviewed after the August 1 2023 deadline.

OWOC minigrant applications describe the goals of a proposed project and how it will be implemented. They include a timeline and budget as well. Authors are also asked to explain how the project complies with the Ethical Guidelines for International Economic Development.

The four applications submitted this year are distributed with this report. The total amount requested, \$54,000, exceeds the amount available by \$42,000. Information gleaned from each application, including the amounts requested, are shown in the table on the next page.

Each applicant provided clear and complete responses to each section of the application and described worthy projects. Three projects sponsored by diocesan commissions or churches describe international development projects whose scopes can be at least partially supported by available funds. We recommend that the following applications be funded as fully as possible as shown below:

Internet access for the Episcopal Diocese of Nzara	\$4,406
Food for NCP's in the Anglican Diocese of Swaziland	\$3,000
Nutritional support for pregnant women and their children in the first 1,000 days of life in Ullo Traditional Area, Ghana	\$4,406
Total	\$11,812

The fourth application, submitted by Sahle Tilahun who seeks to print and distribute Children's Bibles in the native Amharic and Oromiffa languages to members of the Repi Kale Hewyet Church in Ethiopia, exceeds OWOC's capacity to fund. Publication of Children's Bibles by Sahle has been supported in the past. However, this grant identifies the Diocese of Iowa as the sole source of funds other than himself and is far beyond our means.

Characteristics of International (Sustainability) Development Minigrant Proposals in 2023 Requests and Recommended Awards

Title/ Project	Provide funding for 12 months of internet access for the Diocese of Nzara	Provide food through Neighborhood Care Points (NCPs) for the increasing needs of orphans and vulnerable children in Eswatini	Pilot project to improve growth of infants and young children in the Ullo Traditional Area, Upper West, Ghana	Ethiopian Native-language Children's Bible Project
Submitted by	Rev. Abigail Livingood, Companion Coordinator	Rev. Stacey Gerhart, Companion Coordinator, Co-convenor	Nora Tobin, Executive Director & Rev. Mary Jane Oakland, Board member, consultant	Sahle Telahun Wolde
On behalf of	Episcopal Diocese of Nzara, South Sudan	Social Development Office of the Diocese of Swaziland	Self Help International	Repi Kale Hewyet Church, south Ethiopia
Amount Requested	\$4,500	\$3,000	\$4,500	\$42,000
Award Recommended	\$4,406	\$3,000	\$4,406	-

EPISCOPAL DIOCESE OF IOWA

Des Moines, Iowa

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA**

December 31, 2022 and 2021

(With Independent Auditor's Report Thereon)

EPISCOPAL DIOCESE OF IOWA

Des Moines, Iowa

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Episcopal Diocese of Iowa
Des Moines, Iowa

Opinion

We have audited the financial statements of Episcopal Diocese of Iowa, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Episcopal Diocese of Iowa as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Episcopal Diocese of Iowa'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 Iowa'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, included on Pages 20-25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, excluding the budgeted amounts, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, excluding the budgeted amounts, 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 supplementary information, excluding the budgeted amounts, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The budgeted amounts have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Meriwether Wilson and Company, PLLC
 MERIWETHER, WILSON AND COMPANY, PLLC
 Certified Public Accountants

June 23, 2023
 West Des Moines, Iowa

EPISCOPAL DIOCESE OF IOWA

Statements of Financial Position

December 31,

Assets

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 578,981	640,019
Receivables		
Notes Receivable - Current	20,636	18,095
Diocesan Ministry and Mission Support Receivable	9,326	7,170
Accounts Receivable - Other	13,774	12,981
Receivable - Iowa Diocesan Foundation Participants	152,485	143,425
Pledges Receivable - Gilead - Current	142,027	233,477
Prepaid Expense	5,645	23,420
Total Current Assets	<u>922,874</u>	<u>1,078,587</u>
Receivables - Noncurrent		
Contribution Receivable - Remainder Trust	20,210	22,558
Beneficial Interest in Perpetual Trusts	189,625	209,364
Conditional Grant - Noncurrent	9,725	9,725
Notes Receivable - Noncurrent	30,094	49,936
Total Receivables - Noncurrent	<u>249,654</u>	<u>291,583</u>
Investments		
Certificates of Deposit, Money Funds, and Securities	2,243,095	2,502,344
Iowa Diocesan Foundation Fund	6,475,493	7,763,050
Funds Held for the Benefit of Others	5,654,539	6,453,179
Total Investments	<u>14,373,127</u>	<u>16,718,573</u>
Property, Plant, and Equipment		
Land	39,400	39,400
Buildings	776,792	851,792
Furnishings and Equipment	18,746	17,048
Vehicles	40,982	50,982
	<u>875,920</u>	<u>959,222</u>
Less Accumulated Depreciation	569,202	550,420
Net Property, Plant, and Equipment	<u>306,718</u>	<u>408,802</u>
Total Assets	<u>\$ 15,852,373</u>	<u>18,497,545</u>

EPISCOPAL DIOCESE OF IOWA

Statements of Financial Position

December 31,

Liabilities and Net Assets

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Accounts Payable	\$ 11,944	85,285
Long-Term Liabilities		
Funds Held for the Benefit of Others	<u>5,654,539</u>	<u>6,453,179</u>
Total Liabilities	<u>5,666,483</u>	<u>6,538,464</u>
Net Assets		
Net Assets Without Donor Restrictions	6,336,316	7,981,561
Net Assets With Donor Restrictions	<u>3,849,574</u>	<u>3,977,520</u>
Total Net Assets	<u>10,185,890</u>	<u>11,959,081</u>
Total Liabilities and Net Assets	<u>\$ 15,852,373</u>	<u>18,497,545</u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL DIOCESE OF IOWA

Statements of Activities and Changes in Net Assets

Years Ended December 31,

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Diocesan Ministry and Mission Support Income	\$ 766,608	--	766,608
Tye Trust, Gifts, and Special Purpose	339,295	142,858	482,153
Investment Income Earned	186,181	97,833	284,014
Net Realized Gain (Loss) on Investments	(6,476)	--	(6,476)
Exchange Reserve Contributions	1,698	143,396	145,094
Net Assets Released from Restrictions - Satisfaction of Usage Restrictions	512,033	(512,033)	--
Total Support and Revenue	<u>1,799,339</u>	<u>(127,946)</u>	<u>1,671,393</u>
Operating Expenses			
Episcopate	434,698	--	434,698
Administration	310,528	--	310,528
Commissions and Committees	1,013,186	--	1,013,186
Real Estate	103,782	--	103,782
Total Operating Expenses	<u>1,862,194</u>	<u>--</u>	<u>1,862,194</u>
Excess (Deficiency) of Support and Revenue to Expenses before Unrealized Gain (Loss) on Investments	(62,855)	(127,946)	(190,801)
Net Unrealized Gain (Loss) on Investments	<u>(1,582,390)</u>	<u>--</u>	<u>(1,582,390)</u>
Change in Net Assets	<u>(1,645,245)</u>	<u>(127,946)</u>	<u>(1,773,191)</u>
Net Assets at Beginning of Year	<u>7,981,561</u>	<u>3,977,520</u>	<u>11,959,081</u>
Net Assets at End of Year	<u>\$ 6,336,316</u>	<u>3,849,574</u>	<u>10,185,890</u>

EPISCOPAL DIOCESE OF IOWA

Statements of Activities and Changes in Net Assets

Years Ended December 31,

	2021	
Without Donor Restrictions	With Donor Restrictions	Total
781,358	--	781,358
285,666	202,281	487,947
376,661	224,158	600,819
12	--	12
--	231,557	231,557
487,294	(487,294)	--
<u>1,930,991</u>	<u>170,702</u>	<u>2,101,693</u>
477,515	--	477,515
285,290	--	285,290
1,201,219	--	1,201,219
17,971	--	17,971
<u>1,981,995</u>	<u>--</u>	<u>1,981,995</u>
(51,004)	170,702	119,698
<u>524,174</u>	<u>--</u>	<u>524,174</u>
<u>473,170</u>	<u>170,702</u>	<u>643,872</u>
<u>7,508,391</u>	<u>3,806,818</u>	<u>11,315,209</u>
<u><u>7,981,561</u></u>	<u><u>3,977,520</u></u>	<u><u>11,959,081</u></u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL DIOCESE OF IOWA
Statements of Functional Expenses

Years Ended December 31,

	2022			Total
	Management and General	Episcopate	Commissions and Committees	
Personnel Costs	\$ 188,364	406,742	125,398	720,504
Travel	--	16,041	7,557	23,598
Convention, Conferences, and Meetings	12,025	1,639	22,690	36,354
Office and Printing	44,623	--	--	44,623
Professional Fees	18,120	--	--	18,120
Insurance	24,571	--	--	24,571
Repairs, Maintenance, and Utilities	22,825	--	--	22,825
Real Estate	103,782	--	--	103,782
Councils and Commissions	--	276	10,574	10,850
Reserve Expenditures and Support to Others	--	10,000	649,124	659,124
Other Program Support				
One World, One Church	--	--	147,294	147,294
Congregational Life	--	--	13,881	13,881
Youth Ministry Development Team	--	--	24,418	24,418
Jubilee Ministry	--	--	10,750	10,750
Stewardship	--	--	--	--
Designated Purpose Expenditures	--	--	1,500	1,500
	\$ 414,310	434,698	1,013,186	1,862,194
Total	\$ 414,310	434,698	1,013,186	1,862,194

EPISCOPAL DIOCESE OF IOWA

Statements of Functional Expenses

Years Ended December 31,

	2021			Total
	Management and General	Episcopate	Commissions and Committees	
Personnel Costs	\$ 174,066	448,517	137,707	760,290
Travel	--	18,037	9,419	27,456
Convention, Conferences, and Meetings	--	651	17,580	18,231
Office and Printing	48,031	--	--	48,031
Professional Fees	17,725	--	--	17,725
Insurance	20,468	--	--	20,468
Repairs, Maintenance, and Utilities	25,000	--	--	25,000
Real Estate	17,971	--	--	17,971
Councils and Commissions	--	310	7,488	7,798
Reserve Expenditures and Support to Others	--	10,000	834,734	844,734
Other Program Support				
One World, One Church	--	--	157,792	157,792
Congregational Life	--	--	6,871	6,871
Youth Ministry Development Team	--	--	17,281	17,281
Jubilee Ministry	--	--	10,500	10,500
Stewardship	--	--	--	--
Designated Purpose Expenditures	--	--	1,847	1,847
Total	\$ 303,261	477,515	1,201,219	1,981,995

The accompanying notes are an integral part of these financial statements.

EPISCOPAL DIOCESE OF IOWA

Statements of Cash Flows

Years Ended December 31,

	Total All Funds	
	2022	2021
Cash Flows from Operating Activities		
Excess (Deficit) of Support and Revenue to Expenses	\$ (1,773,191)	643,872
Adjustments to Reconcile the Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	23,782	17,971
Gain on Sale of Assets	(29,402)	--
Unrealized (Gain) Loss on Investments	1,582,390	(524,174)
Realized (Gain) Loss on Investments	6,476	(12)
Change in Assets and Liabilities		
(Increase) Decrease in Diocesan Ministry and Mission Support Receivable	(2,156)	6,697
(Increase) Decrease in Accounts Receivable	(793)	1,627
(Increase) Decrease in Conditional Grant Receivable	--	13,920
(Increase) Decrease in Receivable from the Foundation	(9,060)	2,687
(Increase) Decrease in Pledges Receivable	91,450	224,833
(Increase) Decrease in Prepaid Expense	17,775	(16,539)
Increase (Decrease) in Accounts Payable and Other Liabilities	(73,341)	36,064
Net Cash Provided (Used) by Operating Activities	<u>(166,070)</u>	<u>406,946</u>
Cash Flows from Investing Activities		
Net Change in Notes Receivable	17,301	32,430
(Increase) Decrease in Trusts Receivable	22,087	(2,197)
Proceeds from the Sale and Maturity of Investment Securities	104,069	42,773
Proceeds from the Sale of Property, Plant and Equipment	109,402	--
Purchase of Investment Securities	(146,129)	(357,808)
Purchase of Property, Plant, and Equipment	(1,698)	(52,728)
Net Cash Provided (Used) by Investing Activities	<u>105,032</u>	<u>(337,530)</u>
Increase (Decrease) in Cash	(61,038)	69,416
Cash - Beginning of Year	<u>640,019</u>	<u>570,603</u>
Cash - End of Year	<u>\$ 578,981</u>	<u>640,019</u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL DIOCESE OF IOWA

Notes to Financial Statements

December 31, 2022 and 2021

1. Nature of Business and Organization

The Episcopal Diocese of Iowa (the Diocese) was incorporated under the laws of the State of Iowa for the purpose of accounting for all funds received through church pledges, gifts, and bequests. Funds are disbursed in the many program areas of the Church upon receiving vouchers from the many individual boards, committees, commissions, or agencies which have been authorized to act on behalf of the Diocese of Iowa. The Diocese also accounts for all property purchased, donated, or sold on behalf of the Protestant Episcopal Church in the Diocese of Iowa.

As part of its operations, the Diocese periodically makes unsecured loans to congregations which are a part of the Diocese of Iowa. Payments on the loans are to be made from the operating budgets of these organizations in accordance with an agreed upon payment schedule.

The operations of the Diocese are carried out primarily by volunteers throughout the Diocese of Iowa as well as the Diocesan office (i.e., the Bishop and staff) which is organized to facilitate the overall program development and administration of the Diocese.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) which requires the recognition of lease assets and lease liabilities on the balance sheet for certain lease obligations and disclosures of key information about leasing arrangements. ASU 2016-02 may require the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous generally accepted accounting principles. The Diocese adopted ASU 2016-02 beginning January 1, 2022 using the modified retrospective approach and elected to not restate financial statements for the fiscal year ending December 31, 2021. The adoption of this standard had no material impact on the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents, for purposes of reporting on the Statements of Cash Flows, consists of checking and savings accounts used for general operations.

Receivables

The Diocese records as receivable only those unpaid amounts, which are believed to be collectible. Therefore, no allowance for doubtful accounts has been provided for in the financial statements. No finance charges are applied to past due accounts.

Investments and Security Valuation

Investments include those that belong to the Diocese as well as those held by the Iowa Diocesan Foundation Fund on behalf of others. All investments in securities are recorded at their estimated fair value as described in Note 7.

Funds Held for the Benefit of Others – Iowa Diocesan Foundation Fund

The Board of Directors of the Diocese acts as trustee of the Iowa Diocesan Foundation Fund, a common investment fund available to congregations and other organizations of the Diocese of Iowa. The Foundation Fund invests primarily in marketable equity and debt securities which are carried at fair market value.

In the ordinary course of business, the Diocese through the Iowa Diocesan Foundation Fund, acts as a custodian for funds owned by others and for which no benefit of income or principal is received. In these cases, the balances are treated as liabilities, rather than included in the Diocese's net assets, and as assets held in investment accounts. The income derived from these investments is not included on the Statements of Activities but reflected as a change in the value of related assets and liabilities.

Fair Value of Financial Instruments

The Diocese records financial assets and liabilities using a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 – Quoted prices (unadjusted) are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 – Significant inputs to pricing have little or no observability as of the reporting date. The types of assets or liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as complex and subjective models and forecasts used to determine fair value.

As required by FASB ASC 820-10, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Diocese's assessment of significance of a specific input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following valuation techniques were used by the Diocese in estimating the fair values of financial instruments:

Mutual Funds – The fair values of mutual funds are based on quoted market prices of the shares owned by the Diocese.

Cash and cash equivalents and short-term investments – amounts reported for these instruments are historical cost which approximates their fair value.

Pledges Receivable – Unconditional promises to give are recognized at present value.

Iowa Diocesan Foundation Fund – consists of mutual funds, common trust funds, and exchange traded funds representing debt and equity securities that generally are not publicly traded and primarily are valued based upon net asset value which is generally determined on the last day of each month.

Contribution Receivable – Remainder Trust – Trust assets are measured using present value of cash flows discounted at a 6% rate for 18 years as of December 31, 2022 (6% for 19 years in 2021).

Beneficial Interest in Perpetual Trusts:

Artemus Bush – Helen Jones Trust – consists of publicly traded debt and equity securities, of which the Corporation has a 20% interest in its investment income. The Diocese's interest in this trust recorded at 20% of its fair market value.

Paul Beer Trust – Trust assets are measured using present value of the annual amount received discounted at a 6% rate for 35 years.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost of acquisition. All land and buildings owned by the Diocese of Iowa are recorded as real estate at their historical cost or fair market value, in the case of gifts. Proceeds from the sale of land and buildings may be retained by the Diocese or passed through to the church. The use of the sales proceeds is determined by the Board on a case-by-case basis.

Depreciation of plant and equipment is recorded over the estimated useful lives of the respective assets using the straight-line method.

<u>Type</u>	<u>Estimated Useful Lives</u>	<u>Method</u>
Buildings	40 Years	Straight-Line
Vehicles	5 Years	Straight-Line
Furnishings and Equipment	3 - 5 Years	Straight-Line

Expenditures for major repairs or replacements are capitalized and expenditures for repairs and minor replacements are charged to expense.

Long-Lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. When required, impairment losses on assets are recognized based upon the fair value of the asset.

Restricted Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. The Organization records contributions received depending on the existence of any donor restrictions. When a donor purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Income from the restricted net asset funds is classified consistent with such restrictions. Donor restricted contributions whose restrictions are met within the same fiscal year as received are reported as additions to unrestricted net assets.

Revenue Recognition

Contributions are recognized when a donor makes a promise to give to the Diocese that is, in substance, unconditional. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions which may be purpose, time, or perpetual in nature. Perpetually restricted net assets represent net assets to be held indefinitely, the income of which is expendable.

Functional Expenses

The allocations of expenses shown on the Statements of Functional Expenses were made by direct assignment of costs to functional categories where a direct relationship exists. Other common expenses have been allocated to separate functional categories based on management's estimate of time spent in each area.

Income Taxes

The Diocese is organized exclusively for religious purposes and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Estimates

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

Reclassifications

Certain reclassifications to the 2021 financial statements have been made to conform to the 2022 presentation.

3. **Concentration of Credit Risk**

Financial instruments that potentially subject the Diocese to concentrations of credit risk consist principally of demand deposits located at one financial institution. Frequently, the balances of these cash deposits have exceeded the federally insured limit of \$250,000. The Diocese had \$513,973 and \$576,923 deposited in excess of the insured limits at December 31, 2022 and 2021.

4. **Notes Receivable**

The Diocese maintains a revolving loan fund which enables congregations to borrow funds to meet various needs. The fund contained two loans with balances of \$10,248 and \$40,482 as of December 31, 2022. Interest rates are at 5.50% per annum with maturities generally being 10 years or less.

5. **Conditional Grant**

On April 17, 2003, the Diocese entered into an agreement with the former Bishop granting \$80,000 for the down payment on a home. The grant was amortizable over 25 years and was factored into the Bishop's annual compensation. As of December 31, 2022 and 2021, the unamortized balance of the grant in the amount of \$9,725 is frozen and will be recovered upon future sale of the home.

6. **Pledges Receivable – Gilead**

Unconditional promises to give to the Gilead Diocesan Campaign consisted of the following as of December 31:

	2022	2021
Unrestricted Promises to Give	\$ 142,027	235,573
Unamortized Discounts	--	(2,096)
Allowance for Uncollectible Pledges	--	--
Ending Balance	<u>\$ 142,027</u>	<u>233,477</u>

Unconditional promises to give are recognized at present value using a weighted average discount rate of 0.89% in 2021. All promises to give are due current so no discount rate is used in the current year.

7. **Fair Value Measurements**

The Diocese's assets and liabilities which are measured at fair value on a recurring basis are presented below based on the fair value hierarchy levels:

December 31, 2022	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and Cash Equivalents				
Included in Investments	\$ 277,411	277,411	--	--
Debt Securities	710,000	710,000	--	--
Mutual Funds	1,501,542	1,501,542	--	--
Contribution Receivable - Remainder Trust	20,210	--	--	20,210
Beneficial Interest in Perpetual Trusts	189,625	--	146,521	43,104
	<u>2,698,788</u>	<u>2,488,953</u>	<u>146,521</u>	<u>63,314</u>
Assets Measured at Net Asset Value	<u>11,884,174</u>			
Total	<u>\$ 14,582,962</u>			

December 31, 2021	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and Cash Equivalents				
Included in Investments	\$ 254,050	254,050	--	--
Debt Securities	710,000	710,000	--	--
Mutual Funds	1,775,662	1,775,662	--	--
Contribution Receivable - Remainder Trust	22,558	--	--	22,558
Beneficial Interest in Perpetual Trusts	209,364	--	165,869	43,495
	<u>2,971,634</u>	<u>2,739,712</u>	<u>165,869</u>	<u>66,053</u>
Assets Measured at Net Asset Value	<u>13,978,861</u>			
Total	<u>\$ 16,950,495</u>			

Following is an analysis of Level 3 fair value measurements:

	<u>Beneficial Interest in Perpetual Trusts</u>
December 31, 2022	
Beginning Balance	\$ 66,053
Change in Discounted Present Value	<u>(2,739)</u>
Ending Balance	<u>\$ 63,314</u>
December 31, 2021	
Beginning Balance	\$ 63,210
Change in Discounted Present Value	<u>2,843</u>
Ending Balance	<u>\$ 66,053</u>

Net Asset Value (NAV) per Share

The Diocese has disclosed the category, fair value, redemption frequency, and redemption notice period of those assets whose fair value is estimated using the net asset value per share as of the year-end date. The following tables set forth a summary of the investments with a reported NAV.

Fair Value Estimated Using Net Asset Value per Share

		December 31, 2022				
	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period	
Iowa Diocesan Foundation Fund	<u>\$11,884,174</u>	<u>--</u>	Monthly	None	1-30 Days	
		December 31, 2021				
	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period	
Iowa Diocesan Foundation Fund	<u>\$13,978,861</u>	<u>--</u>	Monthly	None	1-30 Days	

8. **Investments**

Investments in CDs, money funds, and securities are stated at fair market value and are summarized as follows as of December 31:

	Cost	Gross Unrealized Gains (Losses)	Market Value
	2022		
Without Donor Restrictions			
Undesignated and Designated Reserves			
Savings and Daily Cash Funds	\$ 11,915	--	11,915
Certificates of Deposits	50,976	--	50,976
Notes and Mortgages to Community Development Funds	217,120	--	217,120
Total Without Donor Restrictions	<u>280,011</u>	<u>--</u>	<u>280,011</u>
With Donor Purpose Restrictions			
Savings and Daily Cash Funds	3,676	--	3,676
Certificate of Deposit	15,728	--	15,728
Notes and Mortgages to Community Development Funds	66,988	--	66,988
Total With Donor Purpose Restrictions	<u>86,392</u>	<u>--</u>	<u>86,392</u>
With Donor Perpetual Restrictions			
Savings and Daily Cash Funds	15,962	--	15,962
Certificates of Deposit	68,296	--	68,296
Mutual Funds	1,410,515	91,027	1,501,542
Notes and Mortgages to Community Development Funds	290,892	--	290,892
Total With Donor Perpetual Restrictions	<u>1,785,665</u>	<u>91,027</u>	<u>1,876,692</u>
Total Investments	<u>\$2,152,068</u>	<u>91,027</u>	<u>2,243,095</u>
	2021		
Without Donor Restrictions			
Undesignated and Designated Reserves			
Savings and Daily Cash Funds	\$ 6,299	--	6,299
Certificates of Deposits	50,976	--	50,976
Notes and Mortgages to Community Development Funds	217,120	--	217,120
Total Without Donor Restrictions	<u>274,395</u>	<u>--</u>	<u>274,395</u>
With Donor Purpose Restrictions			
Savings and Daily Cash Funds	1,943	--	1,943
Certificate of Deposit	15,728	--	15,728
Notes and Mortgages to Community Development Funds	66,988	--	66,988
Total With Donor Purpose Restrictions	<u>84,659</u>	<u>--</u>	<u>84,659</u>
With Donor Perpetual Restrictions			
Savings and Daily Cash Funds	8,440	--	8,440
Certificates of Deposit	68,296	--	68,296
Mutual Funds	1,459,086	316,576	1,775,662
Notes and Mortgages to Community Development Funds	290,892	--	290,892
Total With Donor Perpetual Restrictions	<u>1,826,714</u>	<u>316,576</u>	<u>2,143,290</u>
Total Investments	<u>\$2,185,768</u>	<u>316,576</u>	<u>2,502,344</u>

Realized gains and losses are determined based on the average cost method. Sales proceeds and gross realized gains and losses on marketable equity and debt securities were as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Sale Proceeds	<u>\$ 104,069</u>	<u>42,773</u>
Gross Realized Losses	<u>\$ (8,577)</u>	<u>--</u>
Gross Realized Gains	<u>\$ 2,101</u>	<u>12</u>

Investment income for the year ended December 31, 2022 is reported in the Statement of Activities net of \$13,912 in investment advisory fees (\$14,509 in 2021).

9. Net Assets

Net Assets Without Donor Restrictions – The Episcopal Diocese of Iowa's net assets without donor restrictions were received without external restrictions and are generally available for ongoing operating purposes. The undesignated and designated reserves consist of separate reserves, which are established for specific purposes and are administered by the Episcopal Diocese of Iowa Board of Directors and/or the Bishop of the Diocese of Iowa, summarized as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Operating Funds		
Undesignated Reserves		
Undesignated Funds	\$ 1,365,171	1,283,284
Net Gain on Investments	1,850,300	3,526,277
Other	<u>(5,819)</u>	<u>34,181</u>
	<u>3,209,652</u>	<u>4,843,742</u>
Designated Reserves		
New Mission Development	117,075	40,175
Working Capital Supplement	283,469	280,000
General Convention Travel	22,148	35,958
Episcopate Election Reserve	27,536	31,808
Revolving Fund	1,838,975	1,821,521
Mills House Repairs	25,673	25,673
Collaborative Ministry Reserve	26,848	--
Altekruse Bequest - E-Seminary	90,334	99,208
Waverly Reserve	147,557	--
GIL - 2018-2019 Events	--	10,000
Land Sites	--	50,788
Red Oak Reserve	--	35,759
Other	<u>62,214</u>	<u>98,435</u>
	<u>2,641,829</u>	<u>2,529,325</u>
Episcopal Center of Camps and Conferences	<u>178,117</u>	<u>199,692</u>
Real Estate Funds	<u>306,718</u>	<u>408,802</u>
Total Net Assets Without Donor Restrictions	<u>\$ 6,336,316</u>	<u>7,981,561</u>

Net Assets With Donor Restrictions – The Diocese has received donations and bequests, which under terms of their receipt are to be used for specific purposes and are classified net assets with donor restrictions. The exchange reserves serve as clearing accounts for receipts designated by the source, either inside or outside of the Diocesan structure, for transmittal outside the Diocese. Special purpose funds were established to account for contributions restricted by an outside source for special purpose expenditures and are administered by the Bishop and/or the Board of Directors. Net assets with restrictions perpetual in nature are contributions received by the Diocese to generate income for transferal to other funds. These funds are administered by the Diocese in accordance with the terms specified by the donor at the time of the gift or bequest.

A summary of these net assets is as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Subject to Purpose or Time Restrictions		
Exchange Reserves		
GILEAD Diocesan Campaign	\$ 607,010	759,551
Swaziland Wire Transfers	15,288	16,676
Opportunity Fund Donations	35,000	--
General	15,696	15,696
Other	11,507	(1,120)
	<u>684,501</u>	<u>790,803</u>
Special Purpose Reserves		
John Miller Scholarship	28,510	28,510
Morgan Estate - Grinnell College	242,816	241,029
Bishop's Fund for Theological Education	177,640	123,483
Bishop's Fund for Continuing Clergy Education	281,830	258,599
Agape Café	8,798	13,479
Grant - Reconciliation & Justice	11,994	18,864
Annuity Trust	13,906	13,906
Bishop Retirement Gift	--	29,759
Beloved Community Initiative	16,474	10,112
Waters of Hope	13,199	13,199
Disaster Relief Office	11,283	11,304
College Fund for Clergy Youth	12,405	11,798
Bishop Election 2021	(53)	59,979
The Way Station	46,319	36,739
Other	(14,460)	(20,542)
	<u>850,661</u>	<u>850,218</u>
Perpetual in Nature		
Gordon V. and Florence K. Smith Episcopate Fund	1,651,713	1,651,713
Bishop's Fund for Continuing Clergy Education	100,000	100,000
Council Program	92,626	92,626
Bishop's Fund for Clergy Assistance	69,135	69,135
Perpetual Trust	189,625	209,364
Bishop's Fund for Theological Education	152,470	152,470
Bishop's Crisis Relief Fund	23,193	23,193
Other	35,650	37,998
	<u>2,314,412</u>	<u>2,336,499</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,849,574</u>	<u>3,977,520</u>

10. **Liquidity and Availability of Financial Assets**

Episcopal Diocese of Iowa's financial assets available for general expenditure within one year of the balance sheet date are summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End		
Cash	\$ 578,981	640,019
Receivables - Current	338,248	415,148
Investments	14,373,127	16,718,573
	<u>15,290,356</u>	<u>17,773,740</u>
Less Those Unavailable for General Expenditures Within One Year		
Funds Held for the Benefit of Others	(5,654,539)	(6,453,179)
Board Designated Reserves	(2,641,829)	(2,529,325)
Episcopal Center for Camps and Conferences Reserve	(178,117)	(199,692)
Net Assets with Donor Restrictions	<u>(3,849,574)</u>	<u>(3,977,520)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,966,297</u>	<u>4,614,024</u>

Episcopal Diocese of Iowa receives substantial support from restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, sufficient resources must be maintained to meet those responsibilities to its donors. As a result, financial assets may not be available for general expenditure within one year. As part of Episcopal Diocese of Iowa's liquidity management it follows the policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Board has established designated reserves which may be drawn, upon Board approval, in the event of an immediate liquidity need.

11. **Retirement Compensation Plans**

In order to provide retirement benefits to the full-time employees of the Diocesan office, the Episcopal Diocese of Iowa participates in a multi-employer pension plan. The plan provides benefits to substantially all employees in the Diocese. The pension expense for the year ended December 31, 2022 was \$81,378 (\$90,973 in 2021).

12. **Medical and Life Insurance for Retired Clergy**

It is the policy of the Convention of the Diocese of Iowa to maintain medical and life insurance coverage up to certain limits for the lifetime of all retired and disabled Diocesan clergy who meet certain required criteria. Medical and life insurance premiums paid for retired clergy for the year ended December 31, 2022, was \$2,455 (\$2,565 in 2021).

13. **Operating Leases**

The Diocese leases equipment under various short-term leases with no substantial payments required over terms greater than one year.

Total rent and lease expense for the years ended December 31, 2022 and 2021, was \$2,074 and \$2,639, respectively.

14. **Endowment Funds**

The Diocese's endowment funds consist of net assets without donor restrictions (undesignated and designated reserves) and net assets with donor restrictions (subject to purpose restrictions available for projects and perpetual in nature which provide that the principal be invested for perpetuity with only the income available for use). As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Diocese has adopted the practice of preserving the fair value of the original gift as of the gift date of the perpetually restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Diocese classifies as perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) the change in estimated value of third-party trusts held for the benefit of, but not managed by, the Diocese. Use of the investment income from the assets under Diocese control may be unrestricted and used as the Diocese deems necessary for the purposes for which the original restricted gift was received. Currently, the Diocese considers the following factors in determining whether to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Diocese and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Diocese
- The investment policies of the Diocese

From time to time, the fair value of assets associated with donor-restricted funds (excluding trust funds) may fall below the level that the donor requires the Diocese to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$-0- and \$-0- at December 31, 2022 and 2021, respectively.

	2022				
	Endowment Funds				
	Unrestricted	Board- Designated Discretionary	Purpose Restricted	Perpetually Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 3,019,617	2,529,325	1,641,021	2,336,499	9,526,462
Investment Income (Loss)	186,181	--	119,920	(22,087)	284,014
Realized and Unrealized Gain on Investments	(1,588,866)	--	--	--	(1,588,866)
Total Investment Gain	(1,402,685)	--	119,920	(22,087)	(1,304,852)
Contributions	1,698	339,295	286,254	--	627,247
Appropriation of Endowment Assets for Expenditure	(10,540)	(226,791)	(512,033)	--	(749,364)
Endowment Assets, End of Year	\$ 1,608,090	2,641,829	1,535,162	2,314,412	8,099,493
	2021				
	Endowment Funds				
	Unrestricted	Board- Designated Discretionary	Purpose Restricted	Perpetually Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 2,324,908	2,617,338	1,472,516	2,334,302	8,749,064
Investment Income (Loss)	376,661	--	221,961	2,197	600,819
Realized and Unrealized Gain on Investments	524,186	--	--	--	524,186
Total Investment Gain	900,847	--	221,961	2,197	1,125,005
Contributions	--	255,459	433,838	--	689,297
Appropriation of Endowment Assets for Expenditure	(206,138)	(343,472)	(487,294)	--	(1,036,904)
Endowment Assets, End of Year	\$ 3,019,617	2,529,325	1,641,021	2,336,499	9,526,462

15. **Subsequent Events**

The Diocese has evaluated events and transactions occurring after December 31, 2022, for potential items required to be recognized or disclosed in the financial statements. Subsequent events were evaluated through June 23, 2023, the date the financial statements were available for issuance.

EPISCOPAL DIOCESE OF IOWA

Statement of Revenue and Expenses Compared to Budget

Year Ended December 31, 2022

	Actual	Budget	Actual Over (Under) Budget
Revenue			
Congregational Pledges	\$ 766,608	829,924	(63,316)
Investment Income Earned	126,378	131,000	(4,622)
TEC Grant	40,000	40,000	--
Income from Trusts	32,577	25,000	7,577
Total Revenue	<u>965,563</u>	<u>1,025,924</u>	<u>(60,361)</u>
ECCC Fund Transfers	22,846	30,000	(7,154)
Theological Education Fund Transfers	19,187	20,500	(1,313)
Episcopate Fund Transfers	74,400	73,500	900
Sustainability Group Income	--	15,000	(15,000)
Total Revenue and Transfers	<u>1,081,996</u>	<u>1,164,924</u>	<u>(82,928)</u>
Expenses			
One World, One Church			
General Church Program	137,194	137,194	--
Ecumenical/Interfaith	300	850	(550)
Convention Exhibit Expenses	100	250	(150)
Global Episcopal Mission Network	500	1,100	(600)
Companion Travel/Event Expenses	3,500	3,500	--
International Development	9,300	9,300	--
Congregational Life			
Ministries Retreat	495	1,500	(1,005)
Communications	9,577	8,000	1,577
Collaborative Ministry Partnerships	3,304	3,304	--
New Clergy Development	1,000	1,000	--
Youth Ministry Development Team			
Young Adult Program	9,517	9,550	(33)
Regional Youth Missioners - Salary	42,000	42,000	--
Youth Missioner - Pension	3,780	3,780	--
Youth Missioner - Travel	1,652	3,000	(1,348)
Youth Missioner - Medical/Life Insurance	583	466	117
Training Conferences, Workshop and Event Participation	1,280	3,000	(1,720)
Outdoor Ministries Program	9,448	15,000	(5,552)
Diocesan Events for Young People	3,570	2,500	1,070
Scholarship for Youth Events	1,225	4,500	(3,275)
Ministry Development Team Publicity	--	200	(200)
Happening	328	2,500	(2,172)
Diocesan Convention Attendance	1,823	2,500	(677)
General Convention Reserve	2,000	2,000	--
Youth Ministry Development Team Operation and Travel	1,171	1,500	(329)
Youth Ministries Library	9	150	(141)
Resource Mailing Costs	214	--	214
Nursery Care at Diocesan Events	--	3,000	(3,000)
New Beginnings	107	2,000	(1,893)

EPISCOPAL DIOCESE OF IOWA

Statement of Revenue and Expenses Compared to Budget

Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
Multicultural Ministry			
St. Paul's Indian Mission			
Salary and Housing	57,938	57,938	--
Pension	10,429	10,429	--
Travel	234	4,500	(4,266)
Medical/Life Insurance	10,668	10,668	--
St. Paul's Operating Aid	10,000	10,000	--
Reparations Task Force	--	2,000	(2,000)
Chemical Dependency Program	250	250	--
Faith in Action	500	500	--
Stewardship			
Program Training, Development and Promotion	--	500	(500)
Stewardship Commission Operation and Travel	--	500	(500)
Episcopate Function			
Bishop's Salary and Housing	120,000	120,000	--
Bishop's Pension	21,600	21,600	--
Bishop's Travel	16,041	25,000	(8,959)
Bishop's Medical/Life	25,822	25,124	698
Executive Assistant to the Bishop Salary and Benefits	92,770	92,875	(105)
Financial Officer Salary and Benefits	86,118	91,207	(5,089)
Financial Assistant Salary and Benefits	26,638	26,610	28
Operations Manager Salary and Benefits	33,794	34,029	(235)
Council of Deacons	276	500	(224)
Training/Conferences	1,639	2,000	(361)
Election Reserve	10,000	10,000	--
Administrative Function			
Diocesan Convention Expense	12,025	10,000	2,025
Printing - Journal and Report Booklet	--	2,000	(2,000)
Diocesan Administrative Assistants Salaries	23,557	23,557	--
Canon to the Ordinary Salary and Benefits	83,784	82,929	855
Missioner Administrative Salary and Benefits	31,942	31,942	--
Lay Pension	2,120	2,120	--
Administration Travel/Conferences	96	3,000	(2,904)
Office Expense	44,527	42,500	2,027
Payroll Taxes	26,659	26,000	659
Audit Expense	18,120	18,000	120
Fidelity Bond and Insurance	24,571	21,000	3,571
Support Staff Medical/Life Insurance	20,302	20,302	--
Diocesan House Maintenance and Utilities	22,825	25,000	(2,175)
Multicultural Commission			
Multicultural Commission/Anti-Racism	10,453	25,000	(14,547)

EPISCOPAL DIOCESE OF IOWA

Statement of Revenue and Expenses Compared to Budget

Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
Designated Purpose Expenditures			
General Convention Expense	10,000	10,000	--
Provincial Synod Assessment	1,500	1,500	--
Lambeth Conference Travel	1,000	1,000	--
Board/Task Force/Ad Hoc Committee Expense	1,694	2,500	(806)
Diocesan Altar Guild	--	200	(200)
Clergy Conference/Clergy Family	5,298	4,500	798
Commission on Ministry	121	2,000	(1,879)
Total Expenses	<u>1,109,288</u>	<u>1,164,924</u>	<u>(55,636)</u>
Transfers to Other Funds	<u>27,292</u>	<u>--</u>	<u>27,292</u>
Excess of Revenue over Expenses	<u>\$ --</u>	<u>--</u>	<u>--</u>

SEE INDEPENDENT AUDITOR'S REPORT

EPISCOPAL DIOCESE OF IOWA

Statement of Changes in Net Assets

Year Ended December 31, 2022

	Balance 1/1/22	Revenue and Other Additions	Expenses and Other Deductions	Net Transfers Between Funds	Balance 12/31/22
Net Assets Without Donor Restrictions					
Operations Under Budget	\$ --	965,563	1,109,288	143,725	--
Undesignated Reserves					
Gifts	40,565	--	40,000	--	565
McMullen Bequest	(6,384)	--	--	--	(6,384)
Undesignated Funds	1,283,284	119,602	1,698	(36,017)	1,365,171
Designated Reserves					
New Mission Development	40,175	29,343	15,780	63,337	117,075
Latino Ministry - ELCA/Episcopal	(2,904)	--	--	2,904	--
Working Capital Supplement	280,000	--	31,309	34,778	283,469
Journey to Adulthood	437	--	--	--	437
Land Sites	50,788	--	--	(50,788)	--
Campus Ministry Housing	61	--	--	--	61
General Convention Travel	35,958	20,438	35,878	1,630	22,148
Provincial Synod Travel	1,630	--	--	(1,630)	--
Lambeth Conference	2,639	11,089	73	--	13,655
Episcopate Election Reserve	31,808	9,785	--	(14,057)	27,536
Behavioral Health Training	2,500	--	2,502	--	(2)
Bishop's Ordination Gifts	12,721	175	1,450	(11,446)	--
Equipment Replacement and Repair	1,364	--	1,117	425	672
Bishop Vestments and Supplies	1,823	--	140	11,446	13,129
Computer Reserve	425	--	--	(425)	--
Lay Pastoral Training Event	1,825	--	--	--	1,825
Revival 2021	40	--	40	--	--
GIL - 2018 - 2019 Events	10,000	--	--	(10,000)	--
Revolving Fund	1,821,521	30,656	13,202	--	1,838,975
Mills House Repairs	25,673	--	--	--	25,673
Evangelism/Communication Reserve	(295)	--	--	295	--
L.A.N.D. Scholarship	500	--	--	(500)	--
L.A.N.D. Conference	5,058	--	--	(5,058)	--
Mission Church Meeting	289	--	--	(289)	--
ECCC Reserve	13,286	--	--	--	13,286
LINC Reserve	2,554	--	--	(2,554)	--
Sesquicentennial	(5,245)	--	--	--	(5,245)
Small Church Summit	(221)	--	--	289	68
Strengthening Spirituality	1,313	--	--	(1,313)	--
Youth Reserve Fund	2,000	--	--	--	2,000
Marjanna Sue Smith Trust	4,972	--	--	--	4,972
Journal Printing Reserve	6,000	--	--	--	6,000
Youth Conference Reserve	6,286	--	--	--	6,286
Youth General Conference Reserve	5,972	2,000	--	--	7,972
Commission on Ministry Reserve	2,880	--	--	--	2,880
Communication Reserve	5,995	--	--	2,446	8,441
Collaborative Ministry Reserve	--	1,863	--	24,985	26,848
Altekruse Bequest - E-Seminary	99,208	--	--	(8,874)	90,334
Altekruse Bequest - SW Cluster	(8,899)	--	--	8,899	--
Webb/Tides Grant	(12,551)	--	--	--	(12,551)
St. Paul Indian Mission Reserve	1,234	--	--	--	1,234
Red Oak Reserve	35,759	42	23,252	(12,549)	--
Clermont Reserve	(4,196)	148	6,032	--	(10,080)
Waverly Reserve	41,699	110,720	4,862	--	147,557
Unemployment Reserve	--	5,000	--	--	5,000
One World One Church Reserve	5,069	--	--	(5,069)	--
Older Adult Ministry Team	2,174	--	--	--	2,174
Episcopal Center of Camps and Conferences	199,692	1,271	--	(22,846)	178,117
Real Estate	408,802	1,698	103,782	--	306,718
Net Gain (Loss) on Investments	3,526,277	(1,582,390)	--	(93,587)	1,850,300
Total Net Assets Without Donor Restrictions	\$ 7,981,561	(272,997)	1,390,405	18,157	6,336,316

EPISCOPAL DIOCESE OF IOWA
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Balance 1/1/22	Revenue and Other Additions	Expenses and Other Deductions	Net Transfers Between Funds	Balance 12/31/22
Net Assets With Donor Restrictions - Purpose					
Exchange Reserves					
Iowa Episcopalian	\$ (17,360)	15,982	18,002	--	(19,380)
Good Friday Offering	1,867	233	--	--	2,100
Episcopal Relief and Development	874	1,807	7	1,146	3,820
Bishop's Discretionary Fund	6,585	2,087	855	--	7,817
Education for Ministry	2,046	515	1,750	--	811
Opportunity Fund Donations	--	35,000	--	--	35,000
The Alleluia Fund	6,398	--	--	(2,904)	3,494
Convention Offering	1,197	6,763	430	(5,695)	1,835
Ordination Offerings	841	1,577	427	--	1,991
Swaziland Wire Transfers	16,676	32,160	33,548	--	15,288
Swaziland Travel	2,212	--	--	(2,212)	--
Nzara Wire Transfers	(2,516)	18,522	29,746	12,795	(945)
Nzara - Emergency Fund	1,281	--	--	(1,281)	--
YA Pilgrimage-IA Hosted	--	7,010	--	2,885	9,895
Ecumenical Events	343	--	343	--	--
Harris Christmas Mission Project	10	--	--	(10)	--
Ad Campaign	3	--	--	(3)	--
GILEAD Diocesan Campaign	759,551	15,654	185,704	17,509	607,010
United Thank Offering	3,108	2,233	--	--	5,341
Theological Seminary Support	6,895	2,150	--	--	9,045
Multi-Peril Insurance	528	--	528	--	--
Medical/Life Insurance - Iowa	(20,355)	--	--	--	(20,355)
Dental Insurance	6,226	--	--	--	6,226
Diocesan Youth Choir	25	--	--	--	25
Gift Exchange	(1,328)	1,703	588	--	(213)
General	15,696	--	--	--	15,696
Special Purpose					
John Miller Scholarship	28,510	--	--	--	28,510
Morgan Estate - Grinnell College	241,029	1,787	--	--	242,816
Sudanese Theological Education Fund	600	--	--	(600)	--
Bishop's Fund for Theological Education	123,483	74,119	19,962	--	177,640
E-Seminary for Theological Education	(9,500)	--	--	--	(9,500)
E-Seminary Appeal	25	--	--	(25)	--
Bishop's Fund for Clergy Assistance	(54,340)	11,667	3,209	--	(45,882)
Harper Scholarship Fund	2,915	--	--	--	2,915
Annuity Trust	13,906	--	--	--	13,906
Bishop's Fund for Continuing Clergy Education	258,599	23,714	483	--	281,830
Bishop's Crisis Relief	(9,506)	--	--	--	(9,506)
Bishop's Appeal	1,933	--	--	(2,738)	(805)
Swaziland - Shively Medical	5,576	--	--	--	5,576
Agape Café	13,479	19,984	24,675	10	8,798
Agape Café - Checking Activity	912	9,717	8,620	--	2,009
Brechin Discretionary Fund	1,809	--	--	--	1,809
Bishop Retirement Gift	29,759	2,750	--	(32,509)	--
CAST Coaching Training	--	2,850	1,555	(1,295)	--
Weise Fund	854	--	--	(854)	--
Adult Lay Education	540	--	--	(540)	--
Wholly Quiet Retreat Program	276	--	--	(276)	--
Cathedral to Cathedral Run	588	--	--	(588)	--
Ministry Retreat Scholarships	3,396	997	1,045	--	3,348
Brechin Product Sales	239	--	--	--	239
Grant - Reconciliation & Justice	18,864	--	6,870	--	11,994
Grant - Campus Ministry 2017	1,783	--	--	--	1,783
Grant - BCI @ Old Brick	3,559	--	27	--	3,532

EPISCOPAL DIOCESE OF IOWA
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Balance 1/1/22	Revenue and Other Additions	Expenses and Other Deductions	Net Transfers Between Funds	Balance 12/31/22
Special Purpose (Continued)					
Grant - BCI Ethnic Stud Acad 2019	747	--	390	--	357
Grant - Beloved Community	--	--	53	--	(53)
Grant - Center for Social Ministry	1,188	--	1,188	--	--
Grant - GILEAD Year 2 2021	26,159	--	10,952	--	15,207
Grant - GILEAD Year 3 2022	--	--	--	15,000	15,000
Pathways Retreats	2,003	40	539	--	1,504
Beloved Community Initiative	10,112	7,420	1,088	30	16,474
Waters of Hope	13,199	--	--	--	13,199
Camp for Children of Imprisoned	3,407	--	3,407	--	--
Health Reimbursement Account	(12,050)	--	--	--	(12,050)
Humphrey Congregational Development	2,008	--	--	(2,008)	--
Disaster Relief Office	11,304	160	181	--	11,283
Jubilee Mission Grant	30	--	--	(30)	--
JustChurch (Ministry of BCI)	--	10,327	2,722	--	7,605
College Fund Clergy Youth	11,798	1,207	600	--	12,405
Young Adult Ministry	820	--	27	(793)	--
Young Adult Ministry - Trips	(915)	--	--	915	--
Bishop Election 2021	59,979	889	48,925	(11,996)	(53)
Native American Ministries	92	--	--	--	92
Youth Fund for AED	1,482	60	7	--	1,535
The Way Station	36,739	72,703	63,126	3	46,319
The Way Station - Youth Account	34	--	--	--	34
The Way Station - Discretionary Fund	701	300	210	--	791
2020 Young Adult Companions	2,093	--	--	(2,093)	--
Total Net Assets With Donor Restrictions - Purpose	\$ 1,641,021	384,087	471,789	(18,157)	1,535,162
Net Assets With Donor Restrictions - Perpetual					
Gordon V. and Florence K. Smith Episcopate Fund	\$ 1,651,713	--	--	--	1,651,713
Bishop's Fund for Continuing Clergy Education	100,000	--	--	--	100,000
Council Program	92,626	--	--	--	92,626
Bishop's Fund for Clergy Assistance	69,135	--	--	--	69,135
Annuity Trust	9,922	--	--	--	9,922
Perpetual Trust	209,364	(19,739)	--	--	189,625
Remainder Trust	22,558	(2,348)	--	--	20,210
Bishop's Fund for Theological Education	152,470	--	--	--	152,470
Margaret William Campbell Fund for Theological Education	4,853	--	--	--	4,853
Bishop's Crisis Relief Fund	23,193	--	--	--	23,193
Frank Davis Scholarship	665	--	--	--	665
Total Net Assets With Donor Restrictions - Perpetual	\$ 2,336,499	(22,087)	--	--	2,314,412
Total Net Assets	\$ 11,959,081	89,003	1,862,194	--	10,185,890

SEE INDEPENDENT AUDITOR'S REPORT

**EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA
IOWA DIOCESAN FOUNDATION FUND**

Des Moines, Iowa

FINANCIAL STATEMENTS

December 31, 2022 and 2021

(With Independent Auditor's Report Thereon)

EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA -
IOWA DIOCESAN FOUNDATION FUND

Des Moines, Iowa

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Episcopal Corporation of the Diocese of Iowa -
Iowa Diocesan Foundation Fund
Des Moines, Iowa

Opinion

We have audited the financial statements of Episcopal Corporation of the Diocese of Iowa - Iowa Diocesan Foundation Fund, which comprise the statements of financial position, including the schedule of investments in securities as of December 31, 2022 and 2021, and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Episcopal Corporation of the Diocese of Iowa - Iowa Diocesan Foundation Fund as of December 31, 2022 and 2021, and the results of its activities, changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Episcopal Corporation of the Diocese of Iowa - Iowa Diocesan Foundation Fund's ability to continue as a going concern for one year after the date that the financial statements are issued.

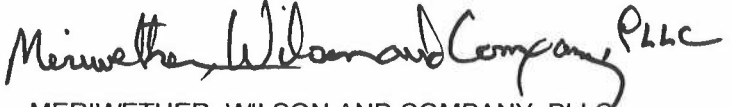
Auditor's Responsibilities for the Audit of the Financial Statements

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Episcopal Corporation of the Diocese of Iowa - Iowa Diocesan Foundation Fund'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 Corporation of the Diocese of Iowa - Iowa Diocesan Foundation Fund'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.


 MERIWETHER, WILSON AND COMPANY, PLLC
 Certified Public Accountants

June 13, 2023
 West Des Moines, Iowa

EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA -
IOWA DIOCESAN FOUNDATION FUND

Statements of Financial Position

December 31,

	2022	2021
Current Assets		
Cash and Cash Equivalents	\$ 49,073	46,135
Receivable - Corporation	196,785	191,233
Investments	11,884,174	13,978,861
Total Assets	12,130,032	14,216,229
Current Liabilities		
Accounts Payable - Corporation	85,180	76,120
Accounts Payable	25,708	29,191
Total Liabilities	110,888	105,311
Net Assets	\$ 12,019,144	14,110,918

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA -
IOWA DIOCESAN FOUNDATION FUND

Statements of Activities

Years Ended December 31,

	2022	2021
Investment Income		
Interest	\$ 12,176	28
Dividends	54,700	57,806
Other	1,082	305
	67,958	58,139
Expenses		
Trustee's Fees	48,066	61,476
Professional Fees and Other Expenses	9,122	6,035
	57,188	67,511
Net Investment Income (Loss)	10,770	(9,372)
Net Realized and Unrealized Gain (Loss) on Investments		
Net Realized Gain (Loss) on Sale of Investments	559,737	1,635,340
Capital Gains Distributions	24,766	255,683
Change in Net Unrealized Gain or Loss on Investments	(2,496,070)	(133,674)
Net Gain (Loss) on Investments	(1,911,567)	1,757,349
Increase (Decrease) in Net Assets Resulting from Operations	\$ (1,900,797)	1,747,977

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA -
IOWA DIOCESAN FOUNDATION FUND

Statements of Changes in Net Assets

Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Increase in Net Assets from Operations		
Net Investment Income (Loss)	\$ 10,770	(9,372)
Net Realized Gain (Loss) on Sale of Investments	559,737	1,635,340
Capital Gains Distributions	24,766	255,683
Change in Net Unrealized Gain or Loss on Investments	<u>(2,496,070)</u>	<u>(133,674)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations - Unrestricted	<u>(1,900,797)</u>	<u>1,747,977</u>
Distributions to Participants of Net Investment Income	<u>(383,311)</u>	<u>(371,209)</u>
Participant Transactions		
Participant Purchases	281,611	521,982
Participant Redemptions	<u>(89,277)</u>	<u>(118,832)</u>
	<u>192,334</u>	<u>403,150</u>
Net Increase (Decrease)	(2,091,774)	1,779,918
Net Assets at Beginning of Year	<u>14,110,918</u>	<u>12,331,000</u>
Net Assets at End of Year	<u><u>\$ 12,019,144</u></u>	<u><u>14,110,918</u></u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA -
IOWA DIOCESAN FOUNDATION FUND

Statements of Cash Flows

Years Ended December 31,

	2022	2021
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets Resulting from Operations	\$ (1,900,797)	1,747,977
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities		
Gain on Sale of Investments	(559,737)	(1,635,340)
Change in Net Unrealized Gain or Loss on Investments	2,496,070	133,674
(Increase) Decrease in Receivable from Corporation	(5,552)	(191,233)
Increase (Decrease) in Due to Corporation	9,060	6,001
Increase (Decrease) in Accounts Payable	(3,483)	2,029
Total Adjustments	1,936,358	(1,684,869)
Net Cash Provided (Used) by Operating Activities	35,561	63,108
Cash Flows from Investing Activities		
Purchase of Investments	(5,734,265)	(6,605,995)
Proceeds from Sale of Investments	5,892,619	6,513,161
Net Cash Provided (Used) by Investing Activities	158,354	(92,834)
Cash Flows from Financing Activities		
Net Distributions to Participants of Net Investment Income	(383,311)	(371,209)
Participant Purchases	281,611	521,982
Participant Redemptions	(89,277)	(118,832)
Net Cash Provided (Used) by Financing Activities	(190,977)	31,941
Net Increase (Decrease) in Cash and Cash Equivalents	2,938	2,215
Cash - Beginning of Year	46,135	43,920
Cash - End of Year	\$ 49,073	46,135

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA -
IOWA DIOCESAN FOUNDATION FUND

Schedule of Investments in Securities

December 31,

	2022		2021	
	Shares	Fair Value	Shares	Fair Value
Cash/Money Market - 3.33% (4.99% in 2021)		\$ 396,080		697,841
Mutual Funds, Common Trust Funds, and Exchange Traded Funds - 96.67% (95.01% in 2021)				
Large Cap Equities - 28.41% (30.78% in 2021)				
DJ-UBS Roll Select Commodity Index SM	77,350	722,986	99,248	810,060
S & P 500 Common Trust Fund	12,341	2,541,187	13,035	3,278,098
		<u>3,264,173</u>		<u>4,088,158</u>
Small/Mid Cap Equities - 10.09% (12.48% in 2021)				
S & P Mid Cap Lending CTF	7,678	598,750	7,635	684,996
State Street Institutional Small Cap Equity Fund	34,490	560,122	48,505	972,532
		<u>1,158,872</u>		<u>1,657,528</u>
International Equities - 30.95% (32.49% in 2021)				
Aberdeen Emerging Markets Institutional Fund	33,095	413,357	30,255	521,604
Active Intl Small Cap SL CTF	9,490	499,800	8,448	552,280
Daily Active Emerging Mkt CTF	12,690	407,588	12,666	490,284
Harbor FDS Diversified Retirement Fund	103,162	1,110,022	106,420	1,356,850
International Alpha Select CTF	58,789	1,124,862	62,734	1,394,705
		<u>3,555,629</u>		<u>4,315,723</u>
REIT - 3.15% (2.15% in 2021)				
State Street Global Real Estate Fund	18,496	362,068	10,981	285,113
Fixed Income - 27.40% (22.10% in 2021)				
Intermediate Credit Index CTF	23,383	346,539	50,833	829,641
Passive Bond Market SL CTF	73,853	1,166,283	26,302	478,195
Passive High Yield CTF	33,576	476,483	34,160	539,869
TCW Emerging Markets Income Fund I	95,093	576,261	87,452	674,257
Treasury Inflation Protected Securities Index CTF Fund	36,120	581,786	22,545	412,536
		<u>3,147,352</u>		<u>2,934,498</u>
Total Mutual, Common Trust, and Exchange Traded Funds		<u>11,488,094</u>		<u>13,281,020</u>
Total - 100.00% (Cost \$11,666,253 (\$11,264,871 in 2021))		<u>\$ 11,884,174</u>		<u>13,978,861</u>

The accompanying notes are an integral part of these financial statements.

EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA -
IOWA DIOCESAN FOUNDATION FUND

Notes to Financial Statements

December 31, 2022 and 2021

1. Nature of Organization

The Iowa Diocesan Foundation Fund is a common investment fund available to all parishes, missions, and other organizations of the Episcopal Corporation of the Diocese of Iowa. State Street Global Advisors of Boston, Massachusetts, holds the Foundation Fund's investment assets in trust and executes transactions therein at the direction of the Board of Directors of the Episcopal Corporation of the Diocese of Iowa. Trustee fees are based on the market value of all investments in the trust at the end of each quarter.

The Fund is valued as of the monthly valuation dates set by the Foundation, which is generally the last day of each month. Fund ownership may be purchased or withdrawn on the first day of each month. Quarterly distributions of 5%, based on a rolling three-year average of the portfolio balance, less operating and management expenses, are made to participating organizations. The accounting records of the Fund are maintained on the accrual basis.

2. Summary of Significant Accounting Policies

Cash

For the purposes of the Statements of Cash Flows, cash and cash equivalents are comprised of cash on hand, savings, and checking accounts.

Estimates

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

Security Valuation

All investments in securities are recorded at their estimated fair value as described in Note 3.

Fair Value of Financial Instruments

The Foundation records financial assets and liabilities using a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 – Quoted prices (unadjusted) are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 – Significant inputs to pricing have little or no observability as of the reporting date. The types of assets or liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as complex and subjective models and forecasts used to determine fair value.

As required by FASB ASC 820-10, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a specific input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments.

Investments in marketable securities, including certain mutual funds, and cash equivalents are measured at fair value based on quoted prices in active markets and are categorized as Level 1.

Investments in certain mutual funds are measured at fair value based on the underlying unit value reported at net asset value, which is based on the fair value of the underlying investments held by the funds less their liabilities.

The carrying amounts of cash, receivables, accounts payable, accrued expenses, and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

Other

The Foundation records security transactions based on a trade date. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis. Discounts and premiums on securities purchased are accreted and amortized over the lives of the respective securities. Withholding taxes on foreign dividends have been provided for in accordance with the Foundation's understanding of the applicable country's tax rules and rates.

Reclassifications

Certain reclassifications to the 2021 financial statements have been made to conform to the 2022 presentation.

3. Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Cash/Money Market Funds

The fair value of the cash or money market funds is generally based on quoted prices in active markets.

Common Trust Funds and Exchange Traded Funds

The fair value of the Common Trust Funds and Exchange Traded Funds is based on the underlying unit value reported at the net asset values (NAV). The NAV is based on the fair value of the underlying investments held by the funds less their liabilities. These accounts consist of portfolios of assets as follows:

Large Cap Equities – This asset class is generally comprised of investments in approximately 500 leading companies in leading industries in the U.S. market with approximately 75% coverage of the U.S. Stock market capitalization. Stocks typically carry more risk than fixed income investment options but have the potential for higher returns over longer time periods. All investment options in this category have the potential to lose value.

Small/Mid Cap Equities – This asset class is generally comprised of investments in approximately 400 U.S. mid-cap securities as well as the Russell 2000 Index. Small/Mid Cap stocks typically carry more risk than larger U.S. equity investments but have the potential for higher returns. All investment options in this category have the potential to lose value.

International Equities – This asset class is generally comprised of investments in stocks or shares of ownership in companies with their principal place of business or office outside the United States. International investments often carry more risk than U.S. equity investments but may have the potential for higher returns. All investment options in this category have the potential to lose value.

REITs – This asset class is generally comprised of investment funds that seek a return that approximates the Dow Jones U.S. Select REIT Index and the SPDR Dow Jones International Real Estate ETF. These funds are managed using a "passive" or "indexing" approach which attempts to replicate the performance of those previously mentioned indexes. These investments include real estate holdings, both domestic and international and as such often carry significant risk. All investment options in this category have the potential to lose value.

Fixed Income - This asset class is generally comprised of various types of fixed income investments, typically bonds or U.S. Treasury securities. Although typically lower in risk than investment options that invest solely in equities, all investment options in this category have the potential to lose value.

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

The Foundation's assets which are measured at fair value on a recurring basis as of December 31, 2022 and 2021 are presented below based on the fair value hierarchy levels:

	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
December 31, 2022				
Cash/Money Market Funds	\$ 396,080	396,080	--	--
Assets Measured at Net Asset Value	11,488,094			
Total	<u>\$ 11,884,174</u>			
December 31, 2021				
Cash/Money Market Funds	\$ 697,841	697,841	--	--
Assets Measured at Net Asset Value	13,281,020			
Total	<u>\$ 13,978,861</u>			

The Foundation's investment funds may participate in an agency securities lending program sponsored by State Street Bank and Trust Company for the purpose of lending securities and investing the collateral in a collateral reinvestment fund. None of the collateral pools are FDIC insured bank deposits or otherwise guaranteed. Investors may lose money by participating in the lending program and through investments in the collateral pool.

4. Investments

Investments are presented in the financial statements at their aggregate market values. The change in the difference between the market value and the cost of investments is reflected in the statements as the change in unrealized gain or loss on investments. All investments are held for trading purposes.

Investments are comprised of the following as of December 31:

	2022		2021	
	Cost	Market Value	Cost	Market Value
Cash/Money Market Funds	\$ 396,080	396,080	697,841	697,841
Fixed Income Funds	3,413,002	3,147,352	2,765,266	2,934,498
Equity Based Funds/Securities	7,424,978	7,978,674	7,535,570	10,061,409
REIT Funds	432,193	362,068	266,194	285,113
	<u>\$11,666,253</u>	<u>11,884,174</u>	<u>11,264,871</u>	<u>13,978,861</u>

Gross realized gains and losses on investments for the years ended December 31 were as follows:

	2022			2021		
	Gross Sales Proceeds	Realized Gains	Realized Losses	Gross Sales Proceeds	Realized Gains	Realized Losses
Fixed Income Funds	\$ 1,579,598	19,868	(54,618)	778,113	103,473	--
Equity Funds/Securities	4,083,310	870,096	(236,490)	5,593,971	1,529,496	(5,696)
REIT Funds	229,711	--	(39,119)	141,077	13,961	(5,894)
	<u>\$ 5,892,619</u>	<u>889,964</u>	<u>(330,227)</u>	<u>6,513,161</u>	<u>1,646,930</u>	<u>(11,590)</u>

Gross unrealized gains and losses on investments for the years ended December 31 were as follows:

	2022		2021	
	Unrealized Gains	Unrealized Losses	Unrealized Gains	Unrealized Losses
Fixed Income Funds	\$ --	(265,649)	189,001	(19,769)
Equity Based Funds/Securities	1,178,136	(624,442)	2,849,113	(323,274)
REIT Funds	--	(70,125)	18,919	--
	<u>\$ 1,178,136</u>	<u>(960,216)</u>	<u>3,057,033</u>	<u>(343,043)</u>

5. Net Asset Value (NAV) per Share

The plan has disclosed the category, fair value, redemption frequency, and redemption notice period of those assets whose fair value is estimated using the net asset value per share as of December 31, 2022 and 2021. The following tables set forth a summary of the investments with a reported NAV.

	Fair Value Estimated Using Net Asset Value per Share				
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
December 31, 2022					
Common Trust and Exchange Traded Funds					
Large Cap Equities	\$ 3,264,173	--	Immediate	None	3-4 Days
Small/Mid Cap Equities	1,158,872	--	Immediate	None	3-4 Days
International Equities	3,555,629	--	Immediate	None	3-4 Days
REITs	362,068	--	Immediate	None	3-4 Days
Fixed Income	3,147,352	--	Immediate	None	3-4 Days
	<u>\$ 11,488,094</u>	<u>--</u>			
December 31, 2021					
Common Trust and Exchange Traded Funds					
Large Cap Equities	\$ 4,088,159	--	Immediate	None	3-4 Days
Small/Mid Cap Equities	1,657,528	--	Immediate	None	3-4 Days
International Equities	4,315,722	--	Immediate	None	3-4 Days
REITs	285,113	--	Immediate	None	3-4 Days
Fixed Income	2,934,498	--	Immediate	None	3-4 Days
	<u>\$ 13,281,020</u>	<u>--</u>			

6. Principal Risks

The Foundation in the normal course of business makes investments in financial instruments and derivatives where the risk of potential loss exists due to changes in the market (market risk), or failure or inability of the counterparty to a transaction to perform (credit and counterparty risk). See below for a detailed description of how the Foundation's investment advisor State Street Global Advisors (SSgA) manages the principal risks.

Risk Management

Risk is monitored and managed in several ways at SSgA. First, SSgA has an independent risk team that reviews the portfolio and provides reporting on the contribution to risk of the various exposures in the portfolio. Second, the process involves several asset class committee meetings, portfolio management meetings, and a "politics and policy" team meeting that ultimately culminates in a final "alpha meeting" where the quantitative and qualitative aspects of SSgA's investment approach are synthesized into final investment decisions. This process also plays an important role in risk management.

Exposure Analytics - Compliance with Risk Guidelines

Asset class exposures are bounded by each client's customized investment objectives and constraints. SSgA codifies these limits and benchmarks into its trading/rebalancing system. Within this system, systematic pre- and post-trade tolerance checks are run to verify compliance with portfolio guidelines and policy targets or bands. Active decisions are made by overweighting attractive asset classes and underweighting less attractive ones, relative to benchmark. Maximum exposures from a benchmark are dependent upon the desired level of aggressiveness in a mandate definition.

Operational Risk Management

SSgA manages for risk at several levels. At the investment-team level, the portfolio managers conduct ongoing reviews of the portfolios they manage. Every portfolio has risk management guidelines accompanied by appropriate escalation procedures should the portfolios move outside of various constraints (i.e., sector). Other tasks specific to their risk-management process include, but are not limited to, the following:

- Understanding thoroughly, investment guidelines/restrictions with regard to client agreements/fund mandates and managing portfolios in accordance with those mandates.
- Following SSgA Investment Policies articulated by the investment team's respective global asset class Chief Investment Officer.
- Constructing portfolios with risk characteristics consistent to their investment strategies and parameters.
- Complying with the SSgA Code of Ethics, which governs personal trading activity.

SSgA's Investment Risk Management Team provides additional portfolio oversight. The Investment Risk Management Team is composed of risk managers globally, most of whom have advanced degrees in quantitative methods, economics, and finance.

The Investment Risk Management Team's role is one of both control and support. Control in that they seek to confirm that risks are in line with client/management tolerances. Support in that they determine whether portfolio managers are taking risks where they have the greatest expertise. They work both to ensure that risk contributions are consistent with return expectations and to highlight intentional and unintentional exposures. The Investment Risk Management Team also monitors portfolio risk exposures to ensure they are consistent with client guidelines and with the intended alpha generation targets. Attention is focused on where SSgA has risk, how much risk it has, and whether the risk exposures are consistent with its views and client objectives. Risk exposure is monitored in relation to the client's Investment Management Agreement.

The Investment Risk Management Team works closely with the portfolio managers and Information Technology Team to identify, calculate, and produce portfolio-level analytics for SSgA's equity, currency, cash, and fixed-income portfolios. The underlying analytics system integrates risk monitoring, risk measurement, and risk management into the investment process.

Finally, risk profiles of lead equity, currency, investment solutions, cash, and fixed income strategies are reviewed monthly by the Investment Committee.

7. **Investment Advisory Fees**

The Foundation receives investment management and advisory services under agreements with SSgA and the Episcopal Church Foundation. The Foundation incurred fees totaling \$48,066 during the year ended December 31, 2022 (\$61,476 in 2021). During the year ended December 31, 2022, \$18,603 (\$20,981 in 2021) of the total fees were paid to the Episcopal Church Foundation, the Foundation's investment manager.

8. **Related Party Transactions**

The Convention of the Diocese of Iowa elects and provides guidance to the Board of Directors of the Episcopal Corporation of the Diocese of Iowa, which in turn, functions as the trustee to the Iowa Diocesan Foundation Fund.

The Episcopal Corporation of the Diocese of Iowa (the Corporation) owned 54.5% and 55.5% of the Fund at December 31, 2022 and 2021, respectively. The Corporation's total equity in the Fund at December 31, 2022 and 2021 was \$6,475,493 and \$7,763,050 respectively.

At December 31, 2022, the Episcopal Corporation of the Diocese of Iowa owed the Iowa Diocesan Foundation Fund \$196,785 (\$191,233 in 2021) for various gifts and contributions collected by the Corporation, and the Iowa Diocesan Foundation Fund owed the Episcopal Corporation of the Diocese of Iowa \$85,180 (\$76,120 in 2021) for general expenses.

9. **Income Taxes**

The Foundation is organized exclusively for religious purposes and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

10. **Financial Highlights**

The Foundation's significant financial ratios are as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Total Expenses to Average Net Assets	0.44%	0.51%
Net Investment Return to Average Net Assets	(14.55)%	13.22%

11. **Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2022 for potential items required to be recognized or disclosed in the financial statements. Subsequent events were evaluated through June 13, 2023, the date the financial statements were available for issuance.

DIOCESAN COORDINATORS/RESOURCES

Altar Guild (amended)

Ms. Stephanie Murphy, Director

Diocesan services supported by the diocesan Altar Guild over the course of this past year have included Chrism mass (with prepared oils and a lunch following) and ordinations held at St Paul's Cathedral. Also: organizing donated items that can be shared with churches in the Diocese. Please contact Stephanie at 515-229-7737 if you have questions about what is available and an online catalogue will be published in early 2024.

IOWA REGIONAL MISSION CHAPTERS

North Cedar Valley Chapter

No Report submitted

South Central Chapter The Rev.

Kevin Emge

The Southcentral Chapter met at the general chapter meetings this last year. All agreed this format was excellent. In the absence of Fr. Kleven the chapter was represented this last year by Chariton and Ottumwa. Our hope is that this next year with the return of Fr. Kleven we can return to a three-church chapter. We proposed to hold our next chapter meeting at Trinity in Ottumwa with fellowshiping between the 3 church bodies after the general meeting.

The chapter discussed the budget at the last meeting. Questioned whether more churches could come up with their total asking amount to decrease the deficit. Booth churches represented felt strongly that borrowing from our investment accounts was a sound plan for the short term as our financial future is reevaluated by Ways and Means and the Board of Directors.

Kevin Emge will join the study group on the future of chapters in our diocese. This will include their structure and how they may function more collegially and to better function as disciples of Christ in our regions.

West Chapter Report:

Toby Varvais, notetaker

Met via Zoom on August 26, 2023

Churches represented:

St. Thomas, Sioux City – Toby Varvais and Bob Kistler

All Saints, Storm Lake – Rev. Stacey Gerhart

St Paul's, Sioux City – Rev. Milyn Van Deffelen

St. Alban's, Spirit Lake – Terry Shively

St. George, Le Mars and Church of our Savior, Orange City not present

We talked mostly about what was happening in our respective churches. All Saints, Storm Lake is in discernment about how to move forward when Rev. Stacey leaves on January 1, 2024, she has reduced her time spent there as of June 1st.

St. Thomas Sioux City continues with their Food Pantry, weekly, serving about 70 families each week. The community garden is doing well despite the heat. We are partnering with 2 sober living homes, Hope Street, for men and Eunoia House for women; they help with lawn mowing, the food pantry's food delivery and the garden. We also have welcomed several families from South Sudan.

Rev. Marilyn spoke on the work at St. Paul's, serving the native population in the Siouxland area. They rent out space for meals, funerals, wakes, family gatherings etc. They charge \$100.00 and this has helped with their finances. They have been inactive during the summer months due to participation in Pow Wows around the area.

Terry from St Alban's Spirit Lake spoke about their search for a ½ time priest. They have completed their profile and now the search begins. They have been fortunate and thankful for the supply priests that serve them.

We did not discuss the budget to any degree but agreed it looks well thought out.