

The 168th Annual Convention of the  
Episcopal Diocese of Iowa

*The Simple Way*

Virtual Convention October 24th



# Addendum to Reports to the 168<sup>th</sup> Annual Convention of the Episcopal Diocese of Iowa October 24, 2020

Held Virtually using the WHOVA App

These reports are available on the  
[Diocesan website: www.iowaepiscopal.org](http://www.iowaepiscopal.org)  
[And within the Convention APP which requires pre-registration as a Delegate or Visitor](#)

Published 10/23/2020

## CONTENTS of the Addendum

---

### **Financial Reports of the Board of Directors**

Audit Report for Episcopal Corporation of the Diocese of Iowa.....	1
Diocesan Foundation Fund	
Foundation Description .....	16
Foundation Statistical History .....	16
Audit Report for Diocesan Foundation Fund .....	17
Clergy Compensation 2019 .....	44
Lay Compensation 2019 .....	45

### **Diocesan Coordinators/Resources**

The Way Station .....	46
-----------------------	----

---

**For the benefit our planet**, we encourage you to read this booklet electronically (on your computer, pad or phone) instead of printing it. The Century Gothic font was chosen to reduce your ink cartridge usage if you do choose to print it on standard letter sized paper.

**EPISCOPAL CORPORATION OF THE DIOCESE OF IOWA  
IOWA DIOCESAN FOUNDATION FUND  
Des Moines, Iowa  
FINANCIAL STATEMENTS  
December 31, 2019 and 2018  
(With Independent Auditor's Report Thereon)**

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

Des Moines, Iowa

**Table of Contents**

	<u>Pages</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6
Schedule of Investments in Securities	7
Notes to Financial Statements	8-13

INDEPENDENT AUDITOR'S REPORT

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

*Report on the Financial Statements*

We have audited the accompanying financial statements of the 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, 2019 and 2018, 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.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Episcopal Corporation of the Diocese of Iowa - Iowa Diocesan Foundation Fund as of December 31, 2019 and 2018, and the results of its activities, changes in net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

October 7, 2020  
West Des Moines, Iowa

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

**Statements of Financial Position**

December 31,

	2019	2018
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 60,712	42,492
Investments	12,967,769	11,609,081
Total Assets	13,028,481	11,651,573
<b>Current Liabilities</b>		
Income Distributable to Participants	34,533	28,996
Accounts Payable - Corporation	73,786	61,500
Accounts Payable	30,540	31,643
Total Liabilities	138,859	122,139
<b>Net Assets</b>	\$ 12,889,622	11,529,434

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,

	<u>2019</u>	<u>2018</u>
<b>Investment Income</b>		
Interest	\$ 5,974	4,519
Dividends	72,364	31,582
Other	1,021	984
	<u>79,359</u>	<u>37,085</u>
<b>Expenses</b>		
Trustee's Fees	67,563	71,961
Professional Fees and Other Expenses	7,346	7,317
	<u>74,909</u>	<u>79,278</u>
Net Investment Income (Loss)	<u>4,450</u>	<u>(42,193)</u>
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>		
Net Realized Gain (Loss) on Sale of Investments	305,436	524,255
Change in Net Unrealized Gain or Loss on Investments	1,735,054	(1,630,042)
Net Gain (Loss) on Investments	<u>2,040,490</u>	<u>(1,105,787)</u>
Increase (Decrease) in Net Assets Resulting from Operations	<u>\$ 2,044,940</u>	<u>(1,147,980)</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 Changes in Net Assets**

Years Ended December 31,

	2019	2018
<b>Increase in Net Assets from Operations</b>		
Net Investment Income (Loss)	\$ 4,450	(42,193)
Net Realized Gain (Loss) on Sale of Investments	305,436	524,255
Change in Net Unrealized Gain or Loss on Investments	1,735,054	(1,630,042)
Net Increase (Decrease) in Net Assets Resulting from Operations - Unrestricted	2,044,940	(1,147,980)
Distributions to Participants of Net Investment Income	(578,324)	(602,297)
<b>Participant Transactions</b>		
Participant Purchases	295,722	593,838
Participant Redemptions	(402,150)	(722,477)
	(106,428)	(128,639)
Net Increase (Decrease)	1,360,188	(1,878,916)
<b>Net Assets at Beginning of Year</b>	11,529,434	13,408,350
<b>Net Assets at End of Year</b>	\$ 12,889,622	11,529,434

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,

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets Resulting from Operations	\$ 2,044,940	(1,147,980)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Gain on Sale of Investments	(305,436)	(524,255)
Change in Net Unrealized Gain or Loss on Investments	(1,735,054)	1,630,042
Increase (Decrease) in Income Distributable to Participants	5,537	(1,144)
Increase (Decrease) in Due to Corporation	12,286	7,239
Increase (Decrease) in Accounts Payable	(1,103)	(1,557)
Total Adjustments	<u>(2,023,770)</u>	<u>1,110,325</u>
Net Cash Provided (Used) by Operating Activities	<u>21,170</u>	<u>(37,655)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments	(2,449,721)	(2,860,929)
Proceeds from Sale of Investments	<u>3,131,523</u>	<u>3,623,557</u>
Net Cash Provided by Investing Activities	<u>681,802</u>	<u>762,628</u>
<b>Cash Flows from Financing Activities</b>		
Net Distributions to Participants of Net Investment Income	(578,324)	(602,297)
Participant Purchases	295,722	593,838
Participant Redemptions	<u>(402,150)</u>	<u>(722,477)</u>
Net Cash Used by Financing Activities	<u>(684,752)</u>	<u>(730,936)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	18,220	(5,963)
<b>Cash - Beginning of Year</b>	<u>42,492</u>	<u>48,455</u>
<b>Cash - End of Year</b>	<u>\$ 60,712</u>	<u>42,492</u>

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,

	2019		2018	
	Shares	Fair Value	Shares	Fair Value
<b>Cash/Money Market - 1.97% (5.40% in 2018)</b>		<u>\$ 255,576</u>		<u>626,608</u>
<b>Mutual Funds, Common Trust Funds, and Exchange Traded Funds - 98.03% (94.60% in 2018)</b>				
Large Cap Equities - 29.30% (32.41% in 2018)				
DJ-UBS Roll Select Commodity Index SM	82,064	516,508	95,995	569,154
S & P 500 Common Trust Fund	19,431	3,208,373	23,809	2,990,547
		<u>3,724,881</u>		<u>3,559,701</u>
Small/Mid Cap Equities - 10.36% (10.71% in 2018)				
S & P Mid Cap Lending CTF	10,341	654,721	10,703	536,954
Small Cap Index Plus CTF 9	16,624	662,733	19,248	639,080
		<u>1,317,454</u>		<u>1,176,034</u>
International Equities - 27.77% (26.58% in 2018)				
Active Intl Small Cap SL CTF	9,612	527,463	9,523	420,528
Daily Active Emerging Mkt CTF	31,654	1,066,559	27,985	812,847
International Alpha Select CTF	101,587	1,936,046	104,060	1,685,559
		<u>3,530,068</u>		<u>2,918,934</u>
REIT - 7.72% (4.22% in 2018)				
REIT Index CTF	9,872	496,630	5,657	231,368
SPDR Dow Jones Intl Real Estate Fund	12,491	484,526	6,572	232,255
		<u>981,156</u>		<u>463,623</u>
Fixed Income - 24.85% (26.08% in 2018)				
High Yield CTF	--	--	51,645	706,550
Passive Bond Market SL CTF	74,975	1,287,173	73,005	1,152,817
Passive High Yield CTF	45,474	635,903	--	--
TCW Emerging Markets Income Fund I	74,825	632,275	47,959	367,843
Treasury Inflation Protected Securities Index CTF Fund	38,766	603,283	44,388	636,971
		<u>3,158,634</u>		<u>2,864,181</u>
Total Mutual, Common Trust and Exchange Traded Funds		<u>12,712,193</u>		<u>10,982,473</u>
<b>Total - 100.00% (Cost \$10,675,959 (\$11,052,324 in 2018))</b>		<u>\$ 12,967,769</u>		<u>11,609,081</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, 2019 and 2018

**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. Monthly 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 2018 financial statements have been made to conform to the 2019 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, 2019 and 2018.

#### *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, 2019 and 2018 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, 2019				
Cash/Money Market Funds	\$ 255,576	255,576	--	--
Assets Measured at Net Asset Value	12,712,193			
Total	<u>\$12,967,769</u>			
December 31, 2018				
Cash/Money Market Funds	\$ 626,608	626,608	--	--
Assets Measured at Net Asset Value	10,982,473			
Total	<u>\$11,609,081</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:

	2019		2018	
	Cost	Market Value	Cost	Market Value
Cash/Money Market Funds	\$ 255,576	255,576	626,608	626,608
Fixed Income Funds	2,877,708	3,158,634	2,776,405	2,864,181
Equity Based Funds/Securities	6,604,281	8,572,403	7,155,105	7,654,669
REIT Funds	938,394	981,156	494,206	463,623
	<u>\$10,675,959</u>	<u>12,967,769</u>	<u>11,052,324</u>	<u>11,609,081</u>

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

	2019			2018		
	Gross Sales Proceeds	Realized Gains	Realized Losses	Gross Sales Proceeds	Realized Gains	Realized Losses
Fixed Income Funds	\$1,273,426	106,281	--	399,997	25,140	(2,490)
Equity Funds/Securities	1,630,563	248,133	(62,536)	2,967,575	524,266	(22,792)
REIT Funds	227,534	13,558	--	255,985	3,501	(3,370)
	<u>\$3,131,523</u>	<u>367,972</u>	<u>(62,536)</u>	<u>3,623,557</u>	<u>552,907</u>	<u>(28,652)</u>

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

	2019		2018	
	Unrealized Gains	Unrealized Losses	Unrealized Gains	Unrealized Losses
Fixed Income Funds	\$ 280,926	--	102,246	(14,470)
Equity Based Funds/Securities	1,985,231	(17,109)	760,487	(260,923)
REIT Funds	55,300	(12,537)	5,221	(35,804)
	<u>\$2,321,457</u>	<u>(29,646)</u>	<u>867,954</u>	<u>(311,197)</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, 2019 and 2018. 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, 2019					
Common Trust and Exchange Traded Funds					
Large Cap Equities	\$ 3,724,881	--	Immediate	None	3-4 Days
Small/Mid Cap Equities	1,317,454	--	Immediate	None	3-4 Days
International Equities	3,530,068	--	Immediate	None	3-4 Days
REITs	981,156	--	Immediate	None	3-4 Days
Fixed Income	3,158,634	--	Immediate	None	3-4 Days
	<u>\$ 12,712,193</u>	<u>--</u>			
December 31, 2018					
Common Trust and Exchange Traded Funds					
Large Cap Equities	\$ 3,559,701	--	Immediate	None	3-4 Days
Small/Mid Cap Equities	1,176,034	--	Immediate	None	3-4 Days
International Equities	2,918,934	--	Immediate	None	3-4 Days
REITs	463,623	--	Immediate	None	3-4 Days
Fixed Income	2,864,181	--	Immediate	None	3-4 Days
	<u>\$ 10,982,473</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 \$67,564 during the year ended December 31, 2019 (\$71,961 in 2018). During the year ended December 31, 2019 \$18,738 (\$19,297 in 2018) of the total fees were paid to the Episcopal Church Foundation, an affiliate of the Foundation.

**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 52.4% and 50.7% of the Fund at December 31, 2019 and 2018, respectively. The Corporation's total equity in the Fund at December 31, 2019 and 2018 was \$6,798,651 and \$5,891,171, respectively.

At December 31, 2019, the Iowa Diocesan Foundation Fund owed the Episcopal Corporation of the Diocese of Iowa \$95,558 (\$78,229 in 2018).

**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>2019</u>	<u>2018</u>
Total Expenses to Average Net Assets	0.61%	0.64%
Net Investment Return to Average Net Assets	16.75%	(9.21)%

**11. Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2019 for potential items required to be recognized or disclosed in the financial statements. In March 2020, the global coronavirus pandemic began to disrupt the United States economy. We cannot reasonably estimate the length or severity of this pandemic or the extent to which the disruption may materially impact our financial status and operations in 2020. Subsequent events were evaluated through October 7, 2020, the date the financial statements were available for issuance.

**IOWA DIOCESAN FOUNDATION FUND**  
**Description**

The Iowa Diocesan Foundation Fund was established in 1959 and offers a convenient, professionally managed investment fund for the congregations of the Diocese of Iowa, and most of the special purpose funds given to the Diocese. By creating a common pool of investable funds, participants are able to invest in a well-diversified portfolio.

The Investment Policy of the Iowa Diocesan Foundation Fund establishes the investment policies and objectives of the Iowa Diocesan Foundation Fund to assist the Investment Committee and Board of Directors of the Episcopal Corporation of the Diocese of Iowa and the Investment Consultant in effectively supervising, monitoring and evaluating investments (<http://iowaepiscopal.org/investment-policy.html>).

State Street Global Advisors, as part of the Endowment Management Solutions Program of the Episcopal Church Foundation, was retained in 2015 for asset management of the Foundation Fund, 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.

During 2019, the Episcopal Church Foundation took over the tracking and reporting for all the individual organizations. Their reporting no longer uses participating units as a basis of determining the identity for each participating organization, but instead reports on market value for each account for every participating organization.

Valuation dates are fixed by the Foundation as the last day of each month, and distributions of 5%, based on a rolling three-year average of the portfolio balance, less operating and management expenses, are made to participating organizations. This distribution is made monthly, and participants may reinvest their earnings if they chose to do so. Trades may be issued or withdrawn on the first day of each month, provided that such request to make investment or withdrawal has been received by check or in writing at the office of the Diocese of Iowa prior to the valuation date on which investment or withdrawal is to take place.

Performance Reports and Audited financial statements are available for review at the Diocesan Office.

**The Iowa Diocesan Foundation Fund Statistical History**

Year	Number of Participating Units	Equity of Participants	Unit Value	Income from Interest & Dividends	Expenses	*Total Return
2010	165,105	8,984,997	\$54.42	\$188,837	\$46,102	13.70%
2011	164,727	8,875,390	\$53.88	\$186,071	\$53,183	3.40%
2012	166,427	9,625,234	\$57.83	\$209,386	\$51,449	12.90%
2013	168,103	11,788,954	\$70.13	\$221,595	\$58,366	21.30%
2014	168,453	12,986,251	\$77.09	\$246,903	\$63,772	13.40%
2015	165,861	11,835,830	\$71.36	\$88,578	\$77,263	-0.90%
2016	164,882	11,944,544	\$72.44	\$52,240	\$79,202	6.60%
2017	166,690	13,408,350	\$80.44	\$43,287	\$80,451	15.20%
2018	165,302	11,609,081	\$69.75	\$37,085	\$79,278	-9.20%
2019		12,889,622		\$79,359	\$74,909	16.60%

*Units are no longer tracked in 2019*

**EPISCOPAL DIOCESE OF IOWA**

**Des Moines, Iowa**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA**

**December 31, 2019 and 2018**

**(With Independent Auditor's Report Thereon)**

EPISCOPAL DIOCESE OF IOWA

Des Moines, Iowa

**Table of Contents**

	<u>Pages</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3-4
Statements of Activities and Changes in Net Assets	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-19
Statement of Revenue and Expenses Compared to Budget	20-22
Statement of Changes in Net Assets	23-25

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Episcopal Diocese of Iowa  
Des Moines, Iowa

*Report on the Financial Statements*

We have audited the accompanying financial statements of Episcopal Diocese of Iowa, which comprise the Statements of Financial Position as of December 31, 2019 and 2018, 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.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

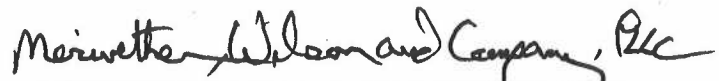
*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Episcopal Diocese of Iowa as of December 31, 2019 and 2018, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Other Matters*

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  
Certified Public Accountants

October 7, 2020  
West Des Moines, Iowa

## EPISCOPAL DIOCESE OF IOWA

## Statements of Financial Position

December 31,

## Assets

	2019	2018
<b>Current Assets</b>		
Cash	\$ 570,597	574,531
Receivables		
Notes Receivable - Current	19,122	24,407
Diocesan Ministry and Mission Support Receivable	23,892	42,319
Accounts Receivable - Other	10,568	11,160
Conditional Grant - Current	3,200	3,200
Receivable - Iowa Diocesan Foundation Participants	169,061	154,219
Pledges Receivable - Gilead - Current	335,197	--
Prepaid Expense	189	3,827
Total Current Assets	<u>1,131,826</u>	<u>813,663</u>
<b>Receivables - Noncurrent</b>		
Contribution Receivable - Remainder Trust	16,667	13,668
Beneficial Interest in Perpetual Trusts	190,079	195,036
Conditional Grant - Noncurrent	23,645	26,845
Notes Receivable - Noncurrent	119,658	138,276
Accounts Receivable - Noncurrent	--	3,049
Pledges Receivable - Gilead - Noncurrent	343,350	--
Total Receivables - Noncurrent	<u>693,399</u>	<u>376,874</u>
<b>Investments</b>		
Certificates of Deposit, Money Funds, and Securities	2,306,545	2,187,759
Iowa Diocesan Foundation Fund	6,798,651	5,891,171
Funds Held for the Benefit of Others	6,229,830	5,760,402
Total Investments	<u>15,335,026</u>	<u>13,839,332</u>
<b>Property, Plant, and Equipment</b>		
Land	22,500	23,500
Buildings	634,692	671,192
Furnishings and Equipment	15,302	13,727
	<u>672,494</u>	<u>708,419</u>
Less Accumulated Depreciation	518,117	544,013
Net Property, Plant, and Equipment	<u>154,377</u>	<u>164,406</u>
Total Assets	<u>\$ 17,314,628</u>	<u>15,194,275</u>

## EPISCOPAL DIOCESE OF IOWA

**Statements of Financial Position**

December 31,

**Liabilities and Net Assets**

	<u>2019</u>	<u>2018</u>
<b>Liabilities</b>		
Accounts Payable	\$ 34,689	13,045
Retiree Health Insurance Payable - Current	2,812	6,732
Total Current Liabilities	<u>37,501</u>	<u>19,777</u>
<b>Long-Term Liabilities</b>		
Funds Held for the Benefit of Others	6,229,830	5,760,402
Retiree Health Insurance Payable - Noncurrent	--	1,325
Total Long-Term Liabilities	<u>6,229,830</u>	<u>5,761,727</u>
Total Liabilities	<u>6,267,331</u>	<u>5,781,504</u>
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	7,048,369	6,302,006
Net Assets With Donor Restrictions	3,998,928	3,110,765
Total Net Assets	<u>11,047,297</u>	<u>9,412,771</u>
Total Liabilities and Net Assets	<u><u>\$ 17,314,628</u></u>	<u><u>15,194,275</u></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,

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Diocesan Ministry and Mission Support Income	\$ 795,162	--	795,162
Tye Trust, Gifts, and Special Purpose	163,218	122,661	285,879
Investment Income Earned	192,015	96,165	288,180
Net Realized (Loss) Gain on Investments	(20,000)	--	(20,000)
Exchange Reserve Contributions	--	1,224,570	1,224,570
Net Assets Released from Restrictions - Satisfaction of Usage Restrictions	555,233	(555,233)	--
Total Support and Revenue	<u>1,685,628</u>	<u>888,163</u>	<u>2,573,791</u>
<b>Operating Expenses</b>			
Episcopate	410,369	--	410,369
Administration	314,167	--	314,167
Commissions and Committees	1,268,090	--	1,268,090
Real Estate	11,604	--	11,604
Total Operating Expenses	<u>2,004,230</u>	<u>--</u>	<u>2,004,230</u>
<b>Excess (Deficiency) of Support and Revenue To Expenses before Unrealized (Loss) Gain On Investments</b>	(318,602)	888,163	569,561
<b>Net Unrealized Gain (Loss) on Investments</b>	<u>1,064,965</u>	<u>--</u>	<u>1,064,965</u>
<b>Change in Net Assets</b>	<u>746,363</u>	<u>888,163</u>	<u>1,634,526</u>
<b>Net Assets at Beginning of Year</b>	<u>6,302,006</u>	<u>3,110,765</u>	<u>9,412,771</u>
<b>Net Assets at End of Year</b>	<u>\$ 7,048,369</u>	<u>3,998,928</u>	<u>11,047,297</u>

## EPISCOPAL DIOCESE OF IOWA

## Statements of Activities and Changes in Net Assets

Years Ended December 31,

Without Donor Restrictions	2018 With Donor Restrictions	Total
783,496	--	783,496
568,609	183,299	751,908
333,955	94,764	428,719
160,742	--	160,742
--	168,169	168,169
81,232	(81,232)	--
1,928,034	365,000	2,293,034
398,343	--	398,343
203,638	--	203,638
1,399,346	--	1,399,346
11,777	--	11,777
2,013,104	--	2,013,104
(85,070)	365,000	279,930
(1,286,391)	--	(1,286,391)
(1,371,461)	365,000	(1,006,461)
7,673,467	2,745,765	10,419,232
6,302,006	3,110,765	9,412,771

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

## EPISCOPAL DIOCESE OF IOWA

**Statement of Functional Expenses**

Year Ended December 31, 2019

	Management and General	Episcopate	Commissions and Committees	Total
Personnel Costs	\$ 193,511	370,718	153,385	717,614
Travel	--	31,225	19,490	50,715
Convention, Conferences, and Meetings	22,695	2,122	18,551	43,368
Office and Printing	36,049	--	--	36,049
Professional Fees	16,808	--	--	16,808
Insurance	20,104	--	--	20,104
Repairs, Maintenance, and Utilities	25,000	--	--	25,000
Real Estate	11,604	--	--	11,604
Councils and Commissions	--	304	4,983	5,287
Reserve Expenditures and Support to Others	--	6,000	858,840	864,840
Other Program Support				
One World, One Church	--	--	159,268	159,268
Congregational Life	--	--	10,526	10,526
Youth Ministry Development Team	--	--	30,107	30,107
Jubilee Ministry	--	--	11,310	11,310
Stewardship	--	--	--	--
Designated Purpose Expenditures	--	--	1,630	1,630
Total	<u>\$ 325,771</u>	<u>410,369</u>	<u>1,268,090</u>	<u>2,004,230</u>

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

## EPISCOPAL DIOCESE OF IOWA

**Statement of Functional Expenses**

Year Ended December 31, 2018

	Management and General	Episcopate	Commissions and Committees	Total
Personnel Costs	\$ 99,786	358,004	217,087	674,877
Travel	--	28,203	19,751	47,954
Convention, Conferences, and Meetings	8,033	1,636	23,064	32,733
Office and Printing	38,463	--	--	38,463
Professional Fees	16,779	--	--	16,779
Insurance	16,577	--	--	16,577
Repairs, Maintenance, and Utilities	24,000	--	--	24,000
Real Estate	11,777	--	--	11,777
Councils and Commissions	--	500	4,655	5,155
Reserve Expenditures and Support to Others	--	10,000	911,692	921,692
Other Program Support				--
One World, One Church	--	--	162,992	162,992
Congregational Life	--	--	9,175	9,175
Youth Ministry Development Team	--	--	39,246	39,246
Jubilee Ministry	--	--	10,000	10,000
Stewardship	--	--	--	--
Designated Purpose Expenditures	--	--	1,684	1,684
Total	<u>\$ 215,415</u>	<u>398,343</u>	<u>1,399,346</u>	<u>2,013,104</u>

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	
	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Excess (Deficit) of Support and Revenue to Expenses	\$ 1,634,526	(1,006,461)
Adjustments to Reconcile the Change in Net Assets to Net Cash Used by Operating Activities		
Depreciation Expense	10,604	10,777
Gain of Sale of Assets	(6,242)	(31,081)
Unrealized Loss (Gain) on Investments	(1,064,965)	1,286,391
Realized (Gain) Loss on Investments	20,000	(160,742)
Change in Assets and Liabilities		
(Increase) Decrease in Diocesan Ministry and Mission Support Receivable	18,427	(24,660)
(Increase) Decrease in Accounts Receivable	3,641	4,224
(Increase) Decrease in Conditional Grant Receivable	3,200	3,200
(Increase) Decrease in Receivable from the Foundation	(14,842)	(6,618)
(Increase) Decrease in Pledges Receivable	(678,547)	--
(Increase) Decrease in Prepaid Expense	3,638	(3,003)
Increase (Decrease) in Accounts Payable and Other Liabilities	16,399	(17,278)
Net Cash Provided (Used) by Operating Activities	<u>(54,161)</u>	<u>54,749</u>
<b>Cash Flows from Investing Activities</b>		
Net Change in Notes Receivable	23,903	30,329
(Increase) Decrease in Trusts Receivable	1,958	14,509
Proceeds from the Sale and Maturity of Investment Securities	1,644,405	360,513
Purchase of Investment Securities	(1,639,205)	(230,500)
Purchase of Property, Plant, and Equipment	(1,576)	(1,166)
Proceeds from Sale of Assets	20,742	32,081
Net Cash Provided (Used) by Investing Activities	<u>50,227</u>	<u>205,766</u>
<b>Increase (Decrease) in Cash</b>	(3,934)	260,515
<b>Cash - Beginning of Year</b>	<u>574,531</u>	<u>314,016</u>
<b>Cash - End of Year</b>	<u>\$ 570,597</u>	<u>574,531</u>

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

EPISCOPAL DIOCESE OF IOWA

**Notes to Financial Statements**

December 31, 2019 and 2018

**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 his 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 May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. This ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Episcopal Diocese of Iowa adopted the new standard effective January 1, 2019, the first day of the organization's fiscal year using the modified retrospective approach. The adoption of this new standard resulted in no significant changes to the measurement or recognition of revenue in prior periods.

**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. Accounts receivable over ninety days old as of December 31, 2019 and 2018 were \$12,188 and \$2,836, respectively.

**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 6.

**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 21 years as of December 31, 2019 (6% for 22 years in 2018).

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 40 years.

Retiree Health Insurance Payable – liability is measured using present value of the premiums expected to be paid based on retiree life expectancy calculated using the mortality table published by the Office of the Actuary of the Social Security Administration, discounted at 3%. Eligible individuals under age 68 are discounted an additional 10% for each year under 68. During 2010, the Board of Directors elected to terminate the retiree health insurance program effective December 31, 2020.

### **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
Computers 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 2018 financial statements have been made to conform to the 2019 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 \$226,746 and \$272,677 deposited in excess of the insured limits at December 31, 2019 and 2018.



#### 4. Notes Receivable

The Diocese maintains a revolving loan fund which enables congregations to borrow funds to meet various needs. The fund contains approximately 4 loans with balances ranging from \$5,521 to \$70,278 at December 31, 2019. Interest rates vary from 5.25% to 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 Bishop of Iowa granting \$80,000 for the down payment on a home. The grant is amortizable over 25 years and is factored into the Bishop's annual compensation. In the event the home is sold or destroyed by fire or other natural disaster, the remaining unamortized balance is due and payable from any applicable proceeds. As of December 31, 2019 and 2018, the unamortized balance of the grant was \$26,845 and \$30,045, respectively.

#### 6. Pledges Receivable – Gilead

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

	2019	2018
Unrestricted Promises to Give	\$ 693,020	--
Unamortized Discounts	(14,473)	--
Allowance for Uncollectible Pledges	--	--
Ending Balance	<u>\$ 678,547</u>	<u>--</u>

Unconditional promises to give are recognized at present value using a weighted average discount rate of 2.088% (-0% in 2018). Due dates for the unconditional promises to give are summarized as follows:

##### Amounts Due In:

Less Than One Year	\$ 342,352
One to Five Years	350,668

#### 7. Remainder and Perpetual Trusts

The Diocese is beneficiary of three trusts. Each trust is valued at the Diocese's share of the underlying investments. All trusts consist of marketable securities and are perpetually restricted net assets. At December 31, 2019, the remainder trust valued at \$16,667 was discounted at 6% over 21 years, the life expectancy of the primary beneficiaries.

#### 8. 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, 2019	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash and Cash Equivalents				
Included in Investments	\$ 79,864	79,864	--	--
Debt Securities	700,000	700,000	--	--
Mutual Funds	1,587,393	1,587,393	--	--
Contribution Receivable - Remainder Trust	16,667	--	16,667	--
Beneficial Interest in Perpetual Trusts	190,079	--	145,869	44,210
	<u>2,574,003</u>	<u>2,367,257</u>	<u>162,536</u>	<u>44,210</u>
Assets Measured at Net Asset Value	<u>12,967,769</u>			
Total	<u>\$ 15,541,772</u>			
<b>Liabilities</b>				
Retiree Health Insurance Payable	\$ 2,812	--	--	2,812

December 31, 2018	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash and Cash Equivalents				
Included in Investments	\$ 121,905	121,905	--	--
Debt Securities	625,000	625,000	--	--
Mutual Funds	1,483,346	1,483,346	--	--
Contribution Receivable - Remainder Trust	13,668	--	13,668	--
Beneficial Interest in Perpetual Trusts	195,036	--	150,498	44,538
	<u>2,438,955</u>	<u>2,230,251</u>	<u>164,166</u>	<u>44,538</u>
Assets Measured at Net Asset Value	<u>11,609,081</u>			
Total	<u>\$ 14,048,036</u>			
<b>Liabilities</b>				
Retiree Health Insurance Payable	<u>\$ 8,057</u>	<u>--</u>	<u>--</u>	<u>8,057</u>

Following is an analysis of Level 3 fair value measurements:

	Beneficial Interest in Perpetual Trusts	Retiree Health Insurance Payable
December 31, 2019		
Beginning Balance	\$ 44,538	8,057
Change in Discounted Present Value	<u>(328)</u>	<u>(5,245)</u>
Ending Balance	<u>\$ 44,210</u>	<u>2,812</u>
December 31, 2018		
Beginning Balance	\$ 44,847	15,227
Change in Discounted Present Value	<u>(309)</u>	<u>(7,170)</u>
Ending Balance	<u>\$ 44,538</u>	<u>8,057</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 December 31, 2019. 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, 2019				
Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Iowa Diocesan Foundation Fund	<u>\$ 12,967,769</u>	<u>--</u>	Monthly	None 1-30 Days
December 31, 2018				
Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Iowa Diocesan Foundation Fund	<u>\$ 11,609,081</u>	<u>--</u>	Monthly	None 1-30 Days

9. **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
	2019		
Without Donor Restrictions			
Undesignated and Designated Reserves			
Savings and Daily Cash Funds	\$ 9,689	--	9,689
Certificates of Deposits	68,297	--	68,297
Notes and Mortgages to Community Development Funds	285,834	--	285,834
Total Without Donor Restrictions	<u>363,820</u>	<u>--</u>	<u>363,820</u>
With Donor Purpose Restrictions			
Savings and Daily Cash Funds	2,232	--	2,232
Certificate of Deposit	15,728	--	15,728
Notes and Mortgages to Community Development Funds	65,823	--	65,823
Total With Donor Purpose Restrictions	<u>83,783</u>	<u>--</u>	<u>83,783</u>
With Donor Perpetual Restrictions			
Savings and Daily Cash Funds	7,231	--	7,231
Certificates of Deposit	50,975	--	50,975
Mutual Funds	1,539,841	47,552	1,587,393
Notes and Mortgages to Community Development Funds	213,343	--	213,343
Total With Donor Perpetual Restrictions	<u>1,811,390</u>	<u>47,552</u>	<u>1,858,942</u>
Total Investments	<u>\$ 2,258,993</u>	<u>47,552</u>	<u>2,306,545</u>
	Cost	Gross Unrealized Gains (Losses)	Market Value
	2018		
Without Donor Restrictions			
Undesignated and Designated Reserves			
Savings and Daily Cash Funds	\$ 29,986	--	29,986
Certificates of Deposits	32,097	--	32,097
Notes and Mortgages to Community Development Funds	203,905	--	203,905
Total Without Donor Restrictions	<u>265,988</u>	<u>--</u>	<u>265,988</u>
With Donor Purpose Restrictions			
Savings and Daily Cash Funds	9,252	--	9,252
Certificate of Deposit	9,903	--	9,903
Notes and Mortgages to Community Development Funds	62,910	--	62,910
Total With Donor Purpose Restrictions	<u>82,065</u>	<u>--</u>	<u>82,065</u>
With Donor Perpetual Restrictions			
Savings and Daily Cash Funds	40,175	--	40,175
Certificates of Deposit	43,000	--	43,000
Mutual Funds	1,630,025	(146,679)	1,483,346
Notes and Mortgages to Community Development Funds	273,185	--	273,185
Total With Donor Perpetual Restrictions	<u>1,986,385</u>	<u>(146,679)</u>	<u>1,839,706</u>
Total Investments	<u>\$ 2,334,438</u>	<u>(146,679)</u>	<u>2,187,759</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>2019</u>	<u>2018</u>
Sale Proceeds	<u>\$ 1,644,405</u>	<u>360,213</u>
Gross Realized Losses	<u>\$ (30,105)</u>	<u>--</u>
Gross Realized Gains	<u>\$ 10,105</u>	<u>\$ 160,742</u>

Investment income for the year ended December 31, 2019 is reported in the Statement of Activities net of \$17,660 in investment advisory fees (\$17,072 in 2018).

#### 10. 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>2019</u>	<u>2018</u>
Operating Funds		
Undesignated Reserves		
Undesignated Funds	\$ 1,013,773	1,049,430
Net Gain on Investments	2,907,274	1,978,953
Other	<u>(7,688)</u>	<u>(13,001)</u>
	<u>3,913,359</u>	<u>3,015,382</u>
Designated Reserves		
New Mission Development	81,193	37,007
Working Capital Supplement	238,491	280,000
Land Sites	50,788	50,788
Episcopate Election Reserve	174,631	170,024
GIL - 2018-2019 Events	45,995	127,378
Revolving Fund	2,139,578	2,136,208
Mills House Repairs	32,934	28,478
Communications Reserve	9,677	23,523
Diocesan Campaign	(185,614)	(125,035)
Altedruse Bequest - E-Seminary	99,936	99,883
Red Oak Reserve	35,754	16,975
Other	<u>46,645</u>	<u>50,182</u>
	<u>2,770,008</u>	<u>2,895,411</u>
Episcopal Center of Camps and Conferences	<u>210,625</u>	<u>260,889</u>
Real Estate Funds	<u>154,377</u>	<u>130,324</u>
Total Net Assets Without Donor Restrictions	<u>\$ 7,048,369</u>	<u>6,302,006</u>

Net Assets With Donor Restrictions – The Episcopal 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 at December 31:

	<u>2019</u>	<u>2018</u>
Subject to Purpose or Time Restrictions		
Exchange Reserves		
GILEAD Diocesan Campaign	\$ 1,159,015	305,091
General	16,719	17,808
Other	11,615	19,153
	<u>1,187,349</u>	<u>342,052</u>
Special Purpose Reserves		
John Miller Scholarship	28,510	28,510
Morgan Estate - Grinnell College	192,168	187,229
Bishop's Fund for Continuing Clergy Education	181,057	156,501
Agape Café	10,720	18,360
Grant - Reconciliation & Justice	36,105	51,258
Grant - Beloved Community	--	18,641
Waters of Hope	13,199	22,319
College Fund for Clergy Youth	18,466	19,524
The Way Station	67,013	--
Other	(46,982)	(46,910)
	<u>500,256</u>	<u>455,432</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	190,079	195,036
Bishop's Fund for Theological Education	152,470	152,470
Bishop's Crisis Relief Fund	23,193	23,193
Other	32,107	29,108
	<u>2,311,323</u>	<u>2,313,281</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,998,928</u>	<u>3,110,765</u>

#### 11. 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>2019</u>	<u>2018</u>
Financial Assets at Year-End		
Cash	\$ 570,597	472,142
Receivables	1,037,515	387,098
Investments	15,335,026	13,839,332
	<u>16,943,138</u>	<u>14,698,572</u>
Less Those Unavailable for General Expenditures Within One Year		
Receivables - Noncurrent	(463,008)	(141,325)
Funds Held for the Benefit of Others	(6,229,830)	(5,760,402)
Board Designated Reserves	(2,770,008)	(2,895,411)
Episcopal Center for Camps and Conferences Reserve	(210,625)	(260,889)
Real Estate Funds Reserve	(154,377)	(130,324)
Net Assets with Donor Restrictions	<u>(3,998,928)</u>	<u>(3,110,765)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$3,116,362</u>	<u>2,399,456</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.

**12. 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, 2019 was \$69,947 (\$70,533 in 2018).

**13. 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, 2019, was \$14,378 (\$11,411 in 2018).

**14. Operating Leases**

The Diocese leases various office equipment expiring at various times through 2021. Rent expense for the years ending December 31, 2019 and 2018, totaled \$4,209 and \$7,533, respectively.

Minimum future rental payments under these leases as of December 31 through their final maturities are as follows:

2020	\$ 873
2021	<u>509</u>
	<u>\$ 1,382</u>

**15. 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 Board of Directors of the Diocese has not fully reviewed and interpreted the provisions of Uniform Prudent Management of Institutional Funds Act, which was adopted as law in the State of Iowa during 2008. At the present time, 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, 2019 and 2018, respectively.

	2019				
	Endowment Funds				
	Unrestricted	Board- Designated Discretionary	Purpose Restricted	Perpetually Restricted	Total
Endowment Net Assets, Beginning of Year	\$1,583,294	2,895,411	797,484	2,313,281	7,589,470
Investment Income (Loss)	--	192,015	98,123	(1,958)	288,180
Realized and Unrealized Gain on Investments	1,044,965	--	--	--	1,044,965
Total Investment Gain	1,044,965	192,015	98,123	(1,958)	1,333,145
Contributions	--	163,218	1,347,231	--	1,510,449
Appropriation of Endowment Assets for Expenditure	(974,552)	(480,636)	(555,233)	--	(2,010,421)
Endowment Assets, End of Year	<u>\$1,653,707</u>	<u>2,770,008</u>	<u>1,687,605</u>	<u>2,311,323</u>	<u>8,422,643</u>
	2018				
	Endowment Funds				
	Unrestricted	Board- Designated Discretionary	Purpose Restricted	Perpetually Restricted	Total
Endowment Net Assets, Beginning of Year	\$3,195,982	2,813,667	417,975	2,327,790	8,755,414
Investment Income (Loss)	(303,255)	637,210	109,273	(14,509)	428,719
Realized and Unrealized Gain on Investments	(1,125,649)	--	--	--	(1,125,649)
Total Investment Gain	(1,428,904)	637,210	109,273	(14,509)	(696,930)
Contributions	--	583,118	336,959	--	920,077
Appropriation of Endowment Assets for Expenditure	(183,784)	(1,138,584)	(66,723)	--	(1,389,091)
Endowment Assets, End of Year	<u>\$1,583,294</u>	<u>2,895,411</u>	<u>797,484</u>	<u>2,313,281</u>	<u>7,589,470</u>

#### 16. Subsequent Events

The Diocese has evaluated events and transactions occurring after December 31, 2019, for potential items required to be recognized or disclosed in the financial statements. In March 2020, the global coronavirus pandemic began to disrupt the United States economy. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our financial status and operations in 2020. Subsequent events were evaluated through October 7, 2020, 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, 2019

	Actual	Budget	Actual Over (Under) Budget
Revenue			
Congregational Pledges	\$ 795,162	795,586	(424)
Investment Income Earned	138,700	147,000	(8,300)
Income from Trusts	22,554	30,000	(7,446)
Total Revenue	<u>956,416</u>	<u>972,586</u>	<u>(16,170)</u>
ECCC Fund Transfers	33,970	41,550	(7,580)
Theological Education Fund Transfers	32,516	33,000	(484)
Episcopate Fund Transfers	95,800	95,800	--
Racial Reconciliation Donations	--	7,500	(7,500)
Sustainability Group Income	--	15,000	(15,000)
Total Revenue and Transfers	<u>1,118,702</u>	<u>1,165,436</u>	<u>(46,734)</u>
Expenses			
One World, One Church			
General Church Program	148,575	148,575	--
Ecumenical/Interfaith	2,035	1,500	535
Global Episcopal Mission Network	500	1,700	(1,200)
Episcopal Relief and Development Travel	500	600	(100)
Convention Exhibit Expenses	--	300	(300)
Companion Travel/Event Expenses	5,000	5,000	--
International Development	8,158	8,158	--
Congregational Life			
Ministries Retreat	1,561	2,500	(939)
Communications	5,492	6,000	(508)
Collaborative Ministry Partnerships	4,062	4,000	62
Transition Officer Salary and Benefits	34,226	49,210	(14,984)
Transition Officer Travel and Supplies	802	6,000	(5,198)
New Clergy Development	972	1,000	(28)
Older Adult MDT	--	1,000	(1,000)
Youth Ministry Development Team			
Young Adult Missioner - Salary	--	34,000	(34,000)
Young Adult Missioner - Pension	--	6,120	(6,120)
Young Adult Missioner - Travel	219	3,000	(2,781)
Young Adult Missioner - Medical/Life Insurance	--	9,090	(9,090)
Young Adult Program	745	2,500	(1,755)
Regional Youth Missioners - Salary	39,000	39,000	--
Youth Missioner - Pension	3,510	3,510	--
Youth Missioner - Travel	4,931	4,000	931
Youth Missioner - Medical/Life Insurance	235	--	235
Training Conferences, Workshop and Event Participation	615	5,000	(4,385)
Outdoor Ministries Program	11,196	13,000	(1,804)
Diocesan Events for Young People	1,121	2,000	(879)
Scholarship for Youth Events	7,969	4,500	3,469
Iowa Religious Media Center	2,000	2,000	--
Ministry Development Team Publicity	--	200	(200)
Happening	1,005	2,500	(1,495)
Diocesan Convention Attendance	73	2,500	(2,427)



## EPISCOPAL DIOCESE OF IOWA

## Statement of Revenue and Expenses Compared to Budget

Year Ended December 31, 2019

	Actual	Budget	Actual Over (Under) Budget
Youth Ministry Development Team (continued)			
General Convention Reserve	2,000	2,000	--
Youth Ministry Development Team Operation and Travel	880	1,500	(620)
Youth Ministries Library	--	150	(150)
Godly Play Development	--	200	(200)
Nursery Care at Diocesan Events	2,850	4,000	(1,150)
EYE Designated Fund	2,000	2,000	--
New Beginnings	1,221	2,000	(779)
Jubilee Ministry			
St. Paul's Indian Mission			
Salary and Housing	56,195	56,195	--
Pension	10,115	10,115	--
Travel	4,658	3,000	1,658
Medical/Life Insurance	10,104	10,104	--
St. Paul's Operating Aid	10,000	10,000	--
Chemical Dependency Program	310	310	--
Faith in Action	1,000	1,000	--
Stewardship			
Program Training, Development and Promotion	--	1,000	(1,000)
Stewardship Commission Operation and Travel	--	1,500	(1,500)
Episcopate Function			
Bishop's Salary and Housing	121,200	118,000	3,200
Bishop's Pension	21,240	21,239	1
Bishop's Travel	29,240	28,000	1,240
Bishop's Medical/Life	10,822	8,540	2,282
Executive Assistant to the Bishop Salary and Benefits	93,941	93,843	98
Financial Officer Salary and Benefits	83,246	83,630	(384)
Financial Officer Travel	1,985	3,500	(1,515)
Operations Manager Salary and Benefits	40,269	40,269	--
Council of Deacons	304	500	(196)
Training/Conferences	2,122	1,500	622
Election Reserve	6,000	6,000	--
Administrative Function			
Diocesan Convention Expense	22,695	10,000	12,695
Printing - Journal and Report Booklet	--	2,000	(2,000)
Diocesan Administrative Assistants Salaries	22,848	22,848	--
Episcopal Life Editor Salary and Benefits	79,648	79,160	488
Missioner Administrative Salary and Benefits	53,195	--	53,195
Lay Pension	2,056	2,055	1
Office Expense	36,049	40,000	(3,951)
Payroll Taxes	17,349	13,200	4,149
Audit Expense	16,808	18,000	(1,192)
Fidelity Bond and Insurance	20,104	22,000	(1,896)
Support Staff Medical/Life Insurance	18,415	18,415	--
Diocesan House Maintenance and Utilities	25,000	25,000	--

## EPISCOPAL DIOCESE OF IOWA

**Statement of Revenue and Expenses Compared to Budget**

Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
Multicultural Commission			
Multicultural Commission/Anti-Racism	2,421	8,000	(5,579)
Designated Purpose Expenditures			
General Convention Expense	10,000	10,000	--
Provincial Synod Assessment	1,500	1,500	--
Lambeth Conference Travel	2,500	2,500	--
Board/Task Force/Ad Hoc Committee Expense	2,371	3,500	(1,129)
Diocesan Altar Guild	130	200	(70)
Clergy Conference/Clergy Family	1,931	4,500	(2,569)
Commission on Ministry	2,562	4,000	(1,438)
Total Expenses	<u>1,133,786</u>	<u>1,165,436</u>	<u>(31,650)</u>
Transfers to Other Funds	<u>15,084</u>	<u>--</u>	<u>15,084</u>
Excess of Revenue over Expenses	<u>\$ --</u>	<u>--</u>	<u>--</u>

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY DATA

## EPISCOPAL DIOCESE OF IOWA

## Statement of Changes in Net Assets

Year Ended December 31, 2019

	Balance 1/1/19	Revenue and Other Additions	Expenses and Other Deductions	Net Transfers Between Funds	Balance 12/31/19
Net Assets Without Donor Restrictions					
Operations Under Budget	\$ --	956,416	1,133,786	177,370	--
Undesignated Reserves					
Gifts	565	--	--	--	565
McMullen Bequest	(5,509)	68	--	--	(5,441)
Retiree Health Insurance Fund	(8,057)	5,245	--	--	(2,812)
Undesignated Funds	1,049,430	--	--	(35,657)	1,013,773
Designated Reserves					
New Mission Development	37,007	114,519	45,848	(24,485)	81,193
Latino Ministry - ELCA/Episcopal	(2,904)	--	--	--	(2,904)
Working Capital Supplement	280,000	169	26,594	(15,084)	238,491
Journey to Adulthood	437	--	--	--	437
Land Sites	50,788	--	--	--	50,788
Campus Ministry Housing	399	26	--	--	425
General Convention Travel	5,958	10,000	--	--	15,958
Provincial Synod Travel	1,630	--	--	--	1,630
Lambeth Conference	8,738	2,500	13,003	--	(1,765)
Episcopate Election Reserve	170,024	6,107	1,500	--	174,631
Bishop's Ordination Gifts	(1,330)	--	--	--	(1,330)
Equipment Replacement and Repair	5,658	--	--	--	5,658
Bishop Vestments and Supplies	1,823	--	--	--	1,823
Computer Reserve	425	--	--	--	425
Lay Pastoral Training Event	1,825	--	--	--	1,825
Revival 2017	1,851	--	--	--	1,851
GIL - 2018 - 2019 Events	127,378	2,405	83,788	--	45,995
Revolving Fund	2,136,208	3,370	--	--	2,139,578
Mills House Repairs	28,478	4,456	--	--	32,934
Evangelism/Communication Reserve	2,905	--	3,200	--	(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)
Strengthening Spirituality	2,156	--	843	--	1,313
Marjanna Sue Smith Trust	4,972	--	--	--	4,972
Collaborative Ministry Reserve	1,713	--	1,713	--	--
Journal Printing Reserve	2,000	--	--	--	2,000
Youth Conference Reserve	2,266	2,000	--	--	4,266
Youth General Conference Reserve	1,972	2,000	--	--	3,972
Commission on Ministry Reserve	2,880	--	--	--	2,880
Communication Reserve	23,523	286	14,132	--	9,677
Diocesan Campaign	(125,035)	10,000	70,579	--	(185,614)
Altekruse Bequest - E-Seminary	99,883	53	--	--	99,936
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	16,975	20,744	1,965	--	35,754
Albia Reserve	--	35	--	--	35
One World One Church Reserve	5,069	--	--	--	5,069
Multi Cultural Comm Reserve	1,339	--	1,339	--	--
Older Adult Ministry Team	2,174	--	--	--	2,174
Episcopal Center of Camps and Conferences	260,889	282	16,576	(33,970)	210,625
Real Estate	130,324	--	11,604	35,657	154,377
Net Gain (Loss) on Investments	1,978,953	1,056,637	--	(128,316)	2,907,274
<b>Total Net Assets Without Donor Restrictions</b>	<b>\$ 6,302,006</b>	<b>2,197,318</b>	<b>1,426,470</b>	<b>(24,485)</b>	<b>7,048,369</b>

EPISCOPAL DIOCESE OF IOWA  
Statement of Changes in Net Assets  
Year Ended December 31, 2019

	Balance 1/1/19	Revenue and Other Additions	Expenses and Other Deductions	Net Transfers Between Funds	Balance 12/31/19
Net Assets With Donor Restrictions - Purpose					
Exchange Reserves					
Iowa Episcopalian	\$ (22,154)	16,712	15,942	--	(21,384)
Good Friday Offering	885	883	--	--	1,768
Episcopal Relief and Development	(340)	1,292	--	--	952
Bishop's Discretionary Fund	1,636	3,028	3,728	--	936
Education for Ministry	3,585	4,520	6,059	--	2,046
The Alleluia Fund	6,398	--	--	--	6,398
Convention Offering	4,520	1,193	--	--	5,713
Ordination Offerings	500	3,106	1,836	--	1,770
Swaziland Wire Transfers	11,577	34,385	41,000	--	4,962
Swaziland Travel	6,921	3,460	8,169	--	2,212
Nzara Wire Transfers	2,064	31,918	36,944	--	(2,962)
Nzara - Emergency Fund	31	2,000	750	--	1,281
Ecumenical Events	343	--	--	--	343
Harris Christmas Mission Project	10	--	--	--	10
Ad Campaign	3	--	--	--	3
GILEAD Diocesan Campaign	305,091	986,091	132,167	--	1,159,015
United Thank Offering	7,325	5,514	--	--	12,839
Theological Seminary Support	6,645	--	--	--	6,645
Multi-Peril Insurance	528	--	--	--	528
Medical/Life Insurance - Iowa	(17,229)	54,599	54,775	--	(17,405)
Dental Insurance	5,555	671	--	--	6,226
Diocesan Youth Choir	25	--	--	--	25
Gift Exchange	325	2,900	4,516	--	(1,291)
General	17,808	72,298	73,387	--	16,719
Special Purpose					
John Miller Scholarship	28,510	--	--	--	28,510
Morgan Estate - Grinnell College	187,229	4,939	--	--	192,168
Sudanese Theological Education Fund	600	--	--	--	600
Bishop's Fund for Theological Education	8,546	71,609	71,807	--	8,348
E-Seminary for Theological Education	(9,500)	--	--	--	(9,500)
E-Seminary Appeal	25	--	--	--	25
Bishop's Fund for Clergy Assistance	(71,044)	17,475	19,028	--	(72,597)
Harper Scholarship Fund	2,915	--	--	--	2,915
Annuity Trust	13,906	--	--	--	13,906
Bishop's Fund for Continuing Clergy Education	156,501	24,556	--	--	181,057
Bishop's Crisis Relief	(25,410)	964	728	--	(25,174)
Bishop's Appeal	1,933	--	--	--	1,933
Swaziland - Shively Medical	5,576	--	--	--	5,576
Agape Café	18,360	8,515	16,155	--	10,720
Brechin Discretionary Fund	1,809	--	--	--	1,809
Weise Fund	854	--	--	--	854
Adult Lay Education	540	--	--	--	540
Wholly Quiet Retreat Program	276	--	--	--	276
Cathedral to Cathedral Run	588	--	--	--	588
Ministry Retreat Scholarships	2,195	1,501	300	--	3,396
Brechin Product Sales	239	--	--	--	239
Grant - Reconciliation & Justice	51,258	2,471	17,624	--	36,105
Grant - Campus Ministry 2017	1,783	--	--	--	1,783
Grant - Armed Forces	5,000	--	10,000	--	(5,000)
Grant - BCI @ Old Brick	4,684	--	797	--	3,887
Grant - Beloved Community	18,641	369	19,010	--	--
Pathways Retreats	880	2,914	1,986	--	1,808
Beloved Community Initiative	975	9,350	53	--	10,272
Waters of Hope	22,319	--	9,120	--	13,199
Camp for Children of Imprisoned	3,407	--	--	--	3,407
Health Reimbursement Account	(12,004)	1,200	2,092	--	(12,896)
Disaster Relief Office	12,151	140	661	--	11,630
Jubilee Mission Grant	30	--	--	--	30

EPISCOPAL DIOCESE OF IOWA  
Statement of Changes in Net Assets  
Year Ended December 31, 2019

	Balance 1/1/19	Revenue and Other Additions	Expenses and Other Deductions	Net Transfers Between Funds	Balance 12/31/19
Special Purpose (Continued)					
Humphrey Congregational Development	\$ 2,008	--	--	--	2,008
College Fund Clergy Youth	19,524	2,942	4,000	--	18,466
Young Adult Ministry	951	--	--	--	951
Young Adult Ministry - Trips	(915)	--	--	--	(915)
Native American Ministries	92	--	--	--	92
Youth Fund for AED	--	100	--	--	100
The Way Station	--	67,525	24,997	24,485	67,013
The Way Station - Youth Account	--	163	129	--	34
2020 Young Adult Companions	--	2,093	--	--	2,093
	<u>\$ 797,484</u>	<u>1,443,396</u>	<u>577,760</u>	<u>24,485</u>	<u>1,687,605</u>
Total Net Assets With Donor Restrictions - Purpose					
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	195,036	(4,957)	--	--	190,079
Remainder Trust	13,668	2,999	--	--	16,667
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
	<u>\$ 2,313,281</u>	<u>(1,958)</u>	<u>--</u>	<u>--</u>	<u>2,311,323</u>
Total Net Assets With Donor Restrictions - Perpetual					
Total Net Assets	<u>\$ 9,412,771</u>	<u>3,638,756</u>	<u>2,004,230</u>	<u>--</u>	<u>11,047,297</u>

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY DATA

## Clergy Compensation - 2019

<u>Church</u>	<u>Position</u>	<u>2019 Annual Compensation</u>	<u>Housing Provided</u>
Algona, St. Thomas'	Pastor/Rector	\$20,400	
Ames, St. John's	Rector	87,196	
Ankeny, St. Anne's	Rector	34,008	
Bettendorf, St. Peter's	Rector	55,848	
Burlington, Christ	Rector	63,336	
Carroll, Trinity (Trinity Cluster)	Priest in Charge	12,000	
Cedar Falls, St. Luke's	Rector	69,615	
Cedar Rapids, Christ	Rector	72,700	Yes
Cedar Rapids, Grace	Priest in Charge	26,796	
Chariton, St. Andrew's	Vicar	8,700	
Clinton, Christ	Rector	60,935	
Davenport, Trinity Cathedral	Dean	75,425	
Davenport, Trinity Cathedral	Curate	57,680	
Des Moines, Diocese of Iowa	Bishop	118,000	
Des Moines, Diocese of Iowa	Operations Manager	27,777	
Des Moines, Diocese of Iowa	Missioner-Communications & Reconciliation	62,000	
Des Moines, Diocese of Iowa	Missioner-Congregational	21,000	
Des Moines, Diocese of Iowa	Missioner-Congregational	17,000	
Des Moines, St. Andrew's	Rector	51,000	
Des Moines, St. Luke's	Rector	60,067	
Des Moines, St. Mark's	Rector	18,000	
Des Moines, St. Mark's	Priest	13,639	
Des Moines, St. Paul's Cathedral	Dean	83,524	
Des Moines, St. Paul's Cathedral	Deacon Canon Administrator	46,461	
Dubuque, St. John's	Rector	51,000	Yes
Emmetsburg, Trinity	Priest	3,720	
Fort Dodge, St. Mark's	Priest in Charge	56,200	
Grinnell, St. Paul's	Rector	51,149	
Indianola, All Saints'	Priest	18,500	
Iowa City, Trinity	Rector	76,419	
Keokuk, St. John's	Priest in Charge	No Report	
Maquoketa, Iowa, St. Mark's	Rector	7,200	
Mason City, St. John's	Priest in Charge	53,589	
Mount Pleasant, St. Michael's	Priest in Partnership	8,976	
Muscatine, Trinity	Interim Priest	75,000	
Orange city, Savior	Vicar	15,000	
Oskaloosa, St. James'	Rector	18,360	
Perry, St. Martin's	Priest	16,800	
Shenandoah, St. John's	Priest in Partnership	27,279	
Sioux City, St. Paul's Indian Mission	Bishop's Vicar	56,195	
Spencer, The Way Station	Missioner	13,440	
Spirit Lake, St. Alban's	Priest in Charge	53,200	
Storm Lake, All Saints'	Priest in Charge	33,279	
Waterloo, Trinity	Priest in Charge	53,589	
West Des Moines, St. Timothy's	Rector	82,416	

## Lay Compensation - 2019

<u>Church</u>	<u>Position</u>	<u>2019 Annual Compensation</u>
Ames, St John's	Secretary	32,250
Ankeny, St Anne's	Janitor	3,300
Burlington, Christ	Executive Assistant	13,708
Cedar Rapids, Grace	Sexton/Secretary	13,840
Coralville, New Song	Office Administrator	18,000
Davenport, Trinity Cathedral	Music Director	48,240
Davenport, Trinity Cathedral	Office Manager &	59,592
Des Moines, Diocese of Iowa	Comptroller	59,830
Des Moines, Diocese of Iowa	Diocesan Assistant	22,848
Des Moines, Diocese of Iowa	Executive Assistant to the Bishop	59,830
Des Moines, Diocese of Iowa	Financial Assistant	2,340
Des Moines, Diocese of Iowa	Missioner-Administration	48,533
Des Moines, Diocese of Iowa	Youth Missioner	39,000
Des Moines, St Luke's	Administrative Assistant	33,680
Des Moines, St. Paul's Cathedral	Assistant to the Dean	20,955
Des Moines, St. Paul's Cathedral	Bookkeeper	9,926
Des Moines, St. Paul's Cathedral	Choir Master/Organist	32,111
Des Moines, St. Paul's Cathedral	Sexton	14,007
Dubuque, St John's	Parish Administrator &	24,681
Fort Dodge, St Mark's	Administrative Assistant	17,482
Iowa City, Trinity	Financial Administrator	21,970
Iowa City, Trinity	Parish Life Coordinator	47,541
Iowa City, Trinity	Sexton	28,530
Marshalltown, St Paul's	Parish Secretary	19,134
Mason City, St John's	Parish Administrator	18,478
Perry, St Martin's	Secretary	7,510
Sioux City, St Thomas'	Office Manager	10,413
Waterloo, Trinity	Parish Administrator	16,250

## **The Way Station** **The Rev. Beth Preston**

Entering into our second year of operation, the fledgling Way Station grew wings and took off flying. We left the nest of St. Alban's in April, becoming a free-standing outreach of the Diocese. We launched YSL, the Youth Service League, when our youth on their own decided to make and sell bead bracelets to raise money for a toy giveaway at Christmas. They also made 'kindness cards' that they distributed throughout the business district, making us proud that they were well on their way to "sharing God's extravagant love," our motto. Our YSL also volunteered at the local animal shelter, participated in a Blessing of the Animals there, helped serve a meal at the community outreach center, and assisted neighbors in need.

In August 2019, we also launched GPS, the God Positioning System (Where is God? Where am I? What path do I follow to grow closer to God?), which we held on Thursdays from 6 to 7 p.m. We averaged seven or eight youth at these meetings, but had up to 14 at times. We sang, read from the Bible and a Christian book and then discussed the readings, prayed, and took "God sightings," where and how we saw God at work that week.

Besides these exciting developments, some of the highlights of the year were the baptism of one of our young women the Sunday after Easter; the Bishop's visit in July, when we had 21 worshipping with us; the Moon Party in July; and having a House Blessing for one of our volunteers. We were thrilled to receive a Genesis Seed Grant from the Episcopal Church for \$30,000.00, which we have used this spring for the down payment on our new building.

We enjoyed partnering with others, including Hope Haven, Spencer Middle School, and local churches. We hosted the local clergy association, a contemplative prayer circle hosted by an ELCA pastor, and a clergy women's book group. We also participated in Spencer Main Street events, which brought in lots of people who all received a tour and a treat. From chili and root beer, to wassail and Christmas treats, besides a book and toy giveaway, The Way Station was able to share God's extravagant love through radical hospitality.

During this time, we really became a worshipping community as well as a mission outreach. We dropped the 4:30 Sunday service since everyone seemed to prefer the 3 p.m. service. We averaged around six on Sunday and had 17 this past Ash Wednesday, mostly youth.

Food is an important part of this ministry. During the entire summer of 2019, a Core Team member and her daughter provided food. We would either prepare or order enough food on Thursday to last through the weekend. Adults as well as youth count on a hot, nutritious meal.

In January, 2020, the building we were renting sold. With the help of the Property Commission and the Genesis Grant money, we purchased an old house in the business district. With more space, we will be able to do everything we were doing and more, when health conditions allow our full reopening.