

# **THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**

## **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

***As of and for the Year Ended December 31, 2023  
(With Comparative Totals for December 31, 2022)***

***And Report of Independent Auditor***

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
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## Report of Independent Auditor

To the Executive Board  
The Protestant Episcopal Church in the Diocese of Virginia  
Richmond, Virginia

### Opinion

We have audited the accompanying financial statements of The Protestant Episcopal Church in the Diocese of Virginia (the “Diocese”) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Diocese's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Comparative Information**

We have previously audited the Diocese's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2024. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules on pages 16 through 24 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements as of December 31, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Cherry Bekaert LLP*

Richmond, Virginia  
April 18, 2025

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)

|                                           | <b>2023</b>          | <b>2022</b>          |
|-------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                             |                      |                      |
| Current Assets:                           |                      |                      |
| Cash and cash equivalents                 | \$ -                 | \$ 831,784           |
| Investments - STAMP                       | 827,562              | 787,774              |
| Accounts receivable                       | 1,278,941            | 1,073,369            |
| Contributions receivable                  | 112,333              | 52,217               |
| Prepaid expenses and other current assets | 43,010               | 43,010               |
| Real estate held for sale                 | 1,091,000            | 1,091,000            |
| <b>Total Current Assets</b>               | <b>3,352,846</b>     | <b>3,879,154</b>     |
| Investments - Trustees of the Funds       | 28,997,948           | 25,445,883           |
| Property and equipment - net              | 308,334              | 83,560               |
| Other Assets:                             |                      |                      |
| Real estate                               | 55,271,457           | 55,271,457           |
| Beneficial interest in trusts             | 238,905              | 218,837              |
| <b>Total Other Assets</b>                 | <b>55,510,362</b>    | <b>55,490,294</b>    |
| Assets Held as Agent:                     |                      |                      |
| Investments held for others               | 1,606,055            | 1,226,491            |
| Less investment held for others           | (1,606,055)          | (1,226,491)          |
| <b>Total Assets</b>                       | <b>\$ 88,169,490</b> | <b>\$ 84,898,891</b> |
| <b>LIABILITIES</b>                        |                      |                      |
| Current Liabilities:                      |                      |                      |
| Accounts payable and other liabilities    | \$ 341,472           | \$ 245,596           |
| <b>Total Liabilities</b>                  | <b>341,472</b>       | <b>245,596</b>       |
| <b>NET ASSETS</b>                         |                      |                      |
| Without Donor Restrictions:               |                      |                      |
| Undesignated                              | 12,763,406           | 11,417,319           |
| Board designated                          | 58,077,603           | 58,247,179           |
| <b>Total Without Donor Restrictions</b>   | <b>70,841,009</b>    | <b>69,664,498</b>    |
| With Donor Restrictions                   | 16,987,009           | 14,988,797           |
| <b>Total Net Assets</b>                   | <b>87,828,018</b>    | <b>84,653,295</b>    |
| <b>Total Liabilities and Net Assets</b>   | <b>\$ 88,169,490</b> | <b>\$ 84,898,891</b> |

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

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

|                                                                               | 2023                       |                         | 2022          |
|-------------------------------------------------------------------------------|----------------------------|-------------------------|---------------|
|                                                                               | Without Donor Restrictions | With Donor Restrictions | Total         |
| Operating Revenue                                                             | \$ 350,063                 | \$ -                    | \$ 350,063    |
| Support and Other Revenue:                                                    |                            |                         |               |
| Gain from sale of real estate                                                 | -                          | -                       | -             |
| Contributions from churches                                                   | 4,238,385                  | -                       | 4,238,385     |
| Individual contributions and gifts                                            | 71,672                     | -                       | 71,672        |
| Health insurance reimbursement                                                | 113,272                    | -                       | 113,272       |
| Investment return, net                                                        | 2,432,846                  | 2,205,342               | 4,638,188     |
| Change in beneficial interest in trust                                        | -                          | 20,068                  | 20,068        |
| Other income                                                                  | 266,758                    | 122,021                 | 388,779       |
|                                                                               | 7,122,933                  | 2,347,431               | 9,470,364     |
| Net assets released from restrictions                                         | 349,219                    | (349,219)               | -             |
| Total Support and Other Revenue                                               | 7,472,152                  | 1,998,212               | 9,470,364     |
| Total Revenue and Support                                                     | 7,822,215                  | 1,998,212               | 9,820,427     |
| Expenses and Other Deductions:                                                |                            |                         |               |
| Program Services Expenses:                                                    |                            |                         |               |
| Support of Our Greater Church Community                                       | 727,064                    | -                       | 727,064       |
| Ministry Areas in the Diocese                                                 | 2,341,879                  | -                       | 2,341,879     |
| Governance and commission support                                             | 813,915                    | -                       | 813,915       |
| Communications and Technology Across the Diocese                              | 402,961                    | -                       | 402,961       |
| Camps and conferences                                                         | 543,532                    | -                       | 543,532       |
| Total Program Services Expenses                                               | 4,829,351                  | -                       | 4,829,351     |
| Supporting Services Expenses:                                                 |                            |                         |               |
| General administration                                                        | 1,800,988                  | -                       | 1,800,988     |
| Fundraising                                                                   | 15,365                     | -                       | 15,365        |
| Total Supporting Services Expenses                                            | 1,816,353                  | -                       | 1,816,353     |
| Total Expenses and Other Deductions                                           | 6,645,704                  | -                       | 6,645,704     |
| Excess (deficiency) of revenue and support over expenses and other deductions | 1,176,511                  | 1,998,212               | 3,174,723     |
| Change in net assets                                                          | 1,176,511                  | 1,998,212               | 3,174,723     |
| Net assets, beginning of year                                                 | 69,664,498                 | 14,988,797              | 84,653,295    |
| Net assets, end of year                                                       | \$ 70,841,009              | \$ 16,987,009           | \$ 87,828,018 |

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

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2023*  
*(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)*

|                            | 2023                                             |                                     |                                            |                                                           |                             |                              | 2022                      |                  |                                 | Total               | Total               |
|----------------------------|--------------------------------------------------|-------------------------------------|--------------------------------------------|-----------------------------------------------------------|-----------------------------|------------------------------|---------------------------|------------------|---------------------------------|---------------------|---------------------|
|                            | Program Services                                 |                                     |                                            |                                                           |                             | Supporting Services          |                           |                  |                                 |                     |                     |
|                            | Support of<br>Our Greater<br>Church<br>Community | Ministry<br>Areas in<br>the Diocese | Governance<br>and<br>Commission<br>Support | Communications<br>and Technology<br>Across<br>the Diocese | Camps<br>and<br>Conferences | Total<br>Program<br>Services | General<br>Administration | Fund<br>Raising  | Total<br>Supporting<br>Services | Total               | Total               |
| Salaries and wages         | \$ -                                             | \$ 1,001,201                        | \$ 467,750                                 | \$ 346,344                                                | \$ 157,032                  | \$ 1,972,327                 | \$ 824,629                | \$ 14,400        | \$ 839,029                      | \$ 2,811,356        | \$ 2,823,328        |
| Room and board             | -                                                | -                                   | -                                          | -                                                         | 306,198                     | 306,198                      | -                         | -                | -                               | 306,198             | 253,883             |
| Travel                     | 77,121                                           | 47,531                              | 17,625                                     | 20,191                                                    | 10,445                      | 172,913                      | 21,031                    | 965              | 21,996                          | 194,909             | 186,676             |
| Grants                     | -                                                | 243,561                             | -                                          | -                                                         | -                           | 243,561                      | -                         | -                | -                               | 243,561             | 268,248             |
| Scholarships               | -                                                | -                                   | -                                          | -                                                         | -                           | -                            | -                         | -                | -                               | -                   | 4,105               |
| Committees                 | -                                                | 37,254                              | 1,741                                      | -                                                         | -                           | 38,995                       | -                         | -                | -                               | 38,995              | 59,816              |
| Ministries                 | -                                                | 47,826                              | 30,942                                     | -                                                         | -                           | 78,768                       | 3,470                     | -                | 3,470                           | 82,238              | 115,654             |
| Other                      | 649,943                                          | 960                                 | 125,217                                    | 3,701                                                     | 18,125                      | 797,946                      | 3,086                     | -                | 3,086                           | 801,032             | 850,365             |
| Insurance                  | -                                                | -                                   | -                                          | -                                                         | -                           | -                            | 160,699                   | -                | 160,699                         | 160,699             | 100,958             |
| Aid for mission churches   | -                                                | 433,380                             | -                                          | -                                                         | -                           | 433,380                      | -                         | -                | -                               | 433,380             | 511,981             |
| Aid to churches            | -                                                | 25,295                              | -                                          | -                                                         | -                           | 25,295                       | -                         | -                | -                               | 25,295              | 20,890              |
| Aid to other organizations | -                                                | 57,000                              | -                                          | -                                                         | -                           | 57,000                       | -                         | -                | -                               | 57,000              | 47,000              |
| College ministries support | -                                                | 326,283                             | -                                          | -                                                         | -                           | 326,283                      | -                         | -                | -                               | 326,283             | 313,845             |
| Support services           | -                                                | 63                                  | -                                          | -                                                         | -                           | 63                           | -                         | -                | -                               | 63                  | 4,754               |
| Auto expense and reserve   | -                                                | -                                   | -                                          | -                                                         | -                           | -                            | 27,990                    | -                | 27,990                          | 27,990              | 58,033              |
| Telephone                  | -                                                | -                                   | -                                          | -                                                         | 10,789                      | 10,789                       | 20,736                    | -                | 20,736                          | 31,525              | 26,247              |
| Office supplies            | -                                                | 12,727                              | 1,311                                      | -                                                         | 20,668                      | 34,706                       | 45,373                    | -                | 45,373                          | 80,079              | 124,107             |
| Building expenses          | -                                                | 22,391                              | -                                          | -                                                         | -                           | 22,391                       | 284,733                   | -                | 284,733                         | 307,124             | 221,231             |
| Professional fees          | -                                                | 600                                 | 169,329                                    | 4,295                                                     | -                           | 174,224                      | 139,406                   | -                | 139,406                         | 313,630             | 372,045             |
| Miscellaneous              | -                                                | 85,807                              | -                                          | 28,430                                                    | 20,275                      | 134,512                      | 217,947                   | -                | 217,947                         | 352,459             | 230,064             |
|                            | 727,064                                          | 2,341,879                           | 813,915                                    | 402,961                                                   | 543,532                     | 4,829,351                    | 1,749,100                 | 15,365           | 1,764,465                       | 6,593,816           | 6,593,230           |
| Depreciation               | -                                                | -                                   | -                                          | -                                                         | -                           | -                            | 51,888                    | -                | 51,888                          | 51,888              | 35,170              |
| <b>Total Expenses</b>      | <b>\$ 727,064</b>                                | <b>\$ 2,341,879</b>                 | <b>\$ 813,915</b>                          | <b>\$ 402,961</b>                                         | <b>\$ 543,532</b>           | <b>\$ 4,829,351</b>          | <b>\$ 1,800,988</b>       | <b>\$ 15,365</b> | <b>\$ 1,816,353</b>             | <b>\$ 6,645,704</b> | <b>\$ 6,628,400</b> |

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

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

|                                                                                            | <u>2023</u>      | <u>2022</u>       |
|--------------------------------------------------------------------------------------------|------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                               |                  |                   |
| Change in net assets                                                                       | \$ 3,174,723     | \$ (5,872,906)    |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |                  |                   |
| Depreciation                                                                               | 51,888           | 35,170            |
| Gain from sale of real estate                                                              | -                | (427,469)         |
| Unrealized (gain) loss on investments - net                                                | (3,362,975)      | 6,311,484         |
| (Decrease) increase in beneficial interest in trusts                                       | (20,068)         | 53,258            |
| Change in:                                                                                 |                  |                   |
| Accounts receivable                                                                        | (205,572)        | (496,675)         |
| Contributions receivable                                                                   | (60,116)         | 2,094             |
| Accounts payable and other liabilities                                                     | 95,876           | (82,286)          |
| Net cash flows from operating activities                                                   | <u>(326,244)</u> | <u>(477,330)</u>  |
| <b>Cash flows from investing activities:</b>                                               |                  |                   |
| Purchase of investments, including reinvested income                                       | (456,193)        | (411,416)         |
| Proceeds from sale of investments                                                          | 227,315          | 3,600             |
| Proceeds from sale of real estate                                                          | -                | 599,918           |
| Purchase of property and equipment                                                         | <u>(276,662)</u> | <u>-</u>          |
| Net cash flows from investing activities                                                   | <u>(505,540)</u> | <u>192,102</u>    |
| <b>Cash flows from financing activities:</b>                                               |                  |                   |
| Principal payments on notes payable                                                        | <u>-</u>         | <u>(983,032)</u>  |
| Net cash flows from financing activities                                                   | <u>-</u>         | <u>(983,032)</u>  |
| Net change in cash and cash equivalents                                                    | (831,784)        | (1,268,260)       |
| Cash and cash equivalents, beginning of year                                               | <u>831,784</u>   | <u>2,100,044</u>  |
| Cash and cash equivalents, end of year                                                     | <u>\$ -</u>      | <u>\$ 831,784</u> |
| <b>Supplemental disclosure of cash flow information:</b>                                   |                  |                   |
| Cash paid for interest                                                                     | <u>\$ -</u>      | <u>\$ 13,762</u>  |

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

# THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

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### **Note 1—Organization and nature of activities**

The Protestant Episcopal Church in the Diocese of Virginia (“Diocese”) is a community of members and clergy in counties throughout central, northern, and northwestern Virginia. Established in 1785, the Diocese serves the world through its congregations, schools, diocesan centers, and diocesan homes.

### **Note 2—Summary of significant accounting policies**

*Reporting Entity and Related Organizations* – These statements present the financial position, changes in net assets, and cash flows for funds under control of the Annual Council of the Diocese. The statements do not present such information on individual church, parish, or regional organizations or separately organized and controlled entities in the Diocese, such as Trustees of the Funds of the Protestant Episcopal Church in the Diocese of Virginia, Inc. (“Trustees of the Funds” or “TOTF”), Memorial Trustees under the will of Annie Rose Walker and Roslyn Managers Corporation (“Memorial Trustees”), Diocesan Missionary Society of Virginia (“DMS”), Church Schools of the Diocese of Virginia (“CSDV”), The Episcopal Church Women, Virginia Diocesan Homes, and Shrine Mont, Inc. (“Shrine Mont”).

*Basis of Presentation* – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Diocese financial statements have been prepared to focus on the organization as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Diocese and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Diocese. These net assets may be used at the discretion of the Diocese management and the Board of Directors. The Diocese has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position. The subclassifications are as follows:

*Undesignated* – Represents the cumulative net assets without donor restrictions excluding those net assets designated for specific activities.

*Board-Designated* – Comprised of funds set aside by the Board of Directors to be used for specific activities within general guidelines established by the Diocese.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Use of Estimates* – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

*Cash and Cash Equivalents* – For purposes of reporting cash flows, the Diocese considers demand deposits and investments with a purchased maturity of less than three months to be cash and cash equivalents.

# THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

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### Note 2—Summary of significant accounting policies (continued)

*Investments* – Investments are recorded at their net asset value (“NAV”), or its equivalent. Investment income is recorded when interest is earned, and dividends are declared. Gain or loss on investment sales is recorded on the trade-date based upon specific identification. Unrealized gains and losses on investments are recorded based on the change between cost basis and NAV of investments at year-end compared to the change in the prior year.

*Accounts Receivable* – Accounts receivable represent amounts due to the Diocese related to program revenues of which the Company has an unconditional right to receive. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses*, the Diocese makes ongoing estimates about the collectability of accounts receivable and records an allowance for estimated losses expected from the inability of its customers to make required payments. The Company establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses, and an allowance is recorded within the range. Accounts receivables are written off when there is no reasonable expectation of recovery. In management's opinion, no allowance for credit losses is needed at December 31, 2023.

*Property and Equipment* – Property and equipment are stated at cost. Major additions are capitalized. Repairs and renewals are expensed. Depreciation is computed using the straight-line method over a useful life of between five and seven years.

*Real Estate and Real Estate Held for Sale* – The Diocese holds real estate, recorded at cost, as a part of mission development projects in various regions. The intent is to transfer the properties to the particular parishes when they are authorized to appoint their own trustees. The real estate acquired through the property litigation has been recorded at the property's fair value at the time of acquisition. It will be carried at the acquisition date fair value until it is either disposed of or the value is deemed to be permanently impaired.

Property titled to trustees of individual congregations is not recorded by the Diocese. Under the Canon law of the Episcopal Church, this property is held in trust, in the names of the individual churches, for the benefit of the Episcopal Church and the Diocese.

*Income Tax Status* – The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Diocese has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2023.

*Concentration of Credit Risk* – Financial instruments which potentially subject the Diocese to concentrations of credit risk consist principally of temporary cash investments and trade receivables. The Diocese places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation provides insurance coverage for up to \$250,000 for substantially all depository accounts. The Diocese, from time to time, may have amounts on deposit in excess of the insured limits; however, the Diocese has not experienced any losses in such amounts. As of December 31, 2023 the Diocese had \$122,517 in deposits that exceeded these insured limits.

*Contributions* – Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

# THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

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### Note 2—Summary of significant accounting policies (continued)

*Functional Expenses* – The costs of providing the various programs and other activities of the Diocese have been summarized on a functional basis in the statement of functional expenses. Direct, identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to the various programs and supporting services based on time and effort.

*Reclassifications* – Certain prior year amounts have been reclassified to conform with current year presentation. These reclassifications had no effect on total net assets or changes in total net assets as of and for the year ended December 31, 2023.

*Adopted Accounting Pronouncements* – In June 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. The Diocese has evaluated the impact of ASU 2016-03, *Financial Instruments – Credit Losses (Topic 326)*, on its financial statements for the year ended December 31, 2023. The Diocese has concluded that the adoption of ASU 2016-03 did not have a material impact on its financial statements.

### Note 3—Liquidity and availability

Financial assets available for general expenditures within one year at December 31, 2023:

Financial assets at year-end:

|                                    |                |
|------------------------------------|----------------|
| Investments                        | \$ 29,825,510  |
| Accounts receivable                | 1,278,941      |
| Contributions receivable           | <u>112,333</u> |
| Total financial assets at year-end | 31,216,784     |

Less amounts not available to be used for general expenditures within one year:

|                                                       |                      |
|-------------------------------------------------------|----------------------|
| Net assets with donor restrictions                    | <u>16,987,009</u>    |
| Financial assets available to be used within one year | <u>\$ 14,229,775</u> |

The Diocese has board-designated assets limited to use which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets available to be used within one year. The Diocese has other assets limited to use for donor-restricted purposes and endowed investments. These assets are limited in use, which is more fully described in Notes 12 and 13 and are not available within one year.

As part of the Diocese’s liquidity management plan, cash in excess of daily requirements are invested in the investment accounts and are available to withdraw as needed. The Diocese considers general expenditures to include program expenses, management and administrative expenses, and any commitments or liabilities to be paid in the subsequent year.

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
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DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

**Note 4—Investments**

Investments are reported at fair value. Investments consist of the following at December 31, 2023:

|                                     | <u>Fair Value</u>    | <u>Cost</u>          |
|-------------------------------------|----------------------|----------------------|
| Investments - STAMP                 | \$ 827,562           | \$ 867,419           |
| Investments - Trustees of the Funds | 28,997,948           | 16,909,502           |
|                                     | <u>\$ 29,825,510</u> | <u>\$ 17,776,921</u> |

The Diocese also has amounts invested with the TOTF through a unitized investment pool for Diocesan organizations and parishes within the Diocese of Virginia. The funds are held as part of a diversified managed endowment model portfolio. Investment earnings net of fees are allocated to the participants based on units.

Investment income included the following for December 31, 2023:

|                                       |                     |
|---------------------------------------|---------------------|
| STAMP income                          | \$ 25,446           |
| STAMP unrealized gain                 | 14,344              |
| Trustees of the Funds income, net     | 1,249,767           |
| Trustees of the Funds unrealized gain | 3,348,631           |
|                                       | <u>\$ 4,638,188</u> |

**Note 5—Investments carried at net asset value or its equivalent**

All amounts held by TOTF are held in two accounts, TOTF and STAMP, with no restrictive redemption provisions and no unfunded commitment requirements. TOTF is managed with the overall investment objective of preserving a steady and consistent spending stream for the support of fund participants. The asset structure reflects TOTF's needs for liquidity, preservation, purchasing power, long-term growth of principal, and risk tolerance of the TOTF. TOTF investments are comprised of three parts: a bond fund, an equity fund, and a short-term fund. Each one has specific objectives and policy guidelines.

The table below sets forth a summary of investments that are valued using NAV at December 31, 2023. This category includes the following type of investment:

|                                      | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Lock-In Period</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|--------------------------------------|-------------------|-----------------------------|-----------------------|-----------------------------|---------------------------------|
| Trustees of the Funds <sup>(a)</sup> | \$ 28,997,948     | n/a                         | n/a                   | Daily                       | None                            |
| STAMP <sup>(b)</sup>                 | \$ 827,562        | n/a                         | n/a                   | Daily                       | None                            |

(a) This class includes funds of hedge funds across multiple strategies. Sub-strategies include but are not limited to long/short term debt, absolute return, and even driven.

(b) This class includes investments in shorter-term, investment grade bonds, U.S. Treasury and government agency bonds, pooled consumer bonds, mortgages, and asset-backed securities.

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(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

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**Note 6—Property and equipment**

Major classes of property and equipment consisted of the following at December 31, 2023:

|                               |                   |
|-------------------------------|-------------------|
| Equipment                     | \$ 446,162        |
| Vehicles                      | 274,189           |
|                               | <hr/>             |
|                               | 720,351           |
| Less accumulated depreciation | (412,017)         |
|                               | <hr/>             |
|                               | <u>\$ 308,334</u> |

**Note 7—Beneficial interest in trusts**

The Diocese is an income beneficiary of a perpetual trust. This trust makes distributions to the Diocese based on the Diocese's percentage interest as stated in the trust documents. The fair value of the interest in the trusts is \$238,905 at December 31, 2023, which has been recorded as an asset and is adjusted each year to reflect the change in value. The Diocese has also been named as a beneficiary in a charitable lead trust. No financial information is currently available to value this interest. Annual receipts on this trust are included in gift income.

**Note 8—Related party transactions**

The Diocese provides administrative and accounting services to several related organizations. TOTF and DMS reimburse the Diocese for a portion of the salary and benefits of the accounting staff under a "common paymaster" arrangement. Under this arrangement, any person employed by several related organizations is compensated by one organization, which is reimbursed by the other organizations. During 2023, salary costs incurred and subsequently reimbursed were \$144,947 and \$38,797 for TOTF and DMS, respectively. As of December 31, 2023, the Diocese also had related party receivables with Memorial Trustees and DMS in the amount of \$22,103, and \$11,385, respectively, and related party payable with TOTF of \$42,294, both of which are included on the statement of financial position.

TOTF, a nonstock, nonprofit corporation, was established in 1892 to receive, hold, and invest gifts and bequests of real and personal property for the Diocese, including the Mayo Memorial House, which is used as the general offices of the Diocese. The Diocese receives free use of the Mayo Memorial House. The value of this non-exchange transaction is not reflected in the financial statements.

The Diocese runs camps and conferences as a part of their summer programs. These activities are held at Shrine Mont, which is a separate Diocesan retreat facility. During 2023, the Diocese paid \$306,198 for room and board to Shrine Mont as a part of these programs.

**Note 9—Pension plan**

The Diocese has a defined contribution pension plan for all lay employees working at least 20 hours per week in accordance with the requirements of the Canons of the Episcopal Church. Plan contribution expense for 2023 was \$96,607. In addition, clergy employees of the Diocese participate in the defined benefit pension plan of the Church Pension Fund in accordance with the Canons of the Episcopal Church. Pension plan expense on behalf of clergy employees of the Diocese in 2023 was \$219,154.

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DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

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**Note 10—Commitments and contingencies**

The Diocese has guaranteed a \$6,000,000, 20-year tax-exempt bond issuance by Memorial Trustees. The bonds were originally issued in September 2001 and subsequently re-issued in 2012 at \$4,025,000. The outstanding balance on the bonds at December 31, 2023 was \$2,139,620. No liability has been accrued with respect to the guarantee.

The Diocese has outstanding commitments at year-end of approximately \$86,429 with respect to the Annual Convention for 2024. This convention typically takes place in the first week of November each year.

**Note 11—Board-designated net assets**

Net assets without donor restriction includes designated funds by the Diocese for the following purposes at December 31, 2023:

|                   |                      |
|-------------------|----------------------|
| Diocesan programs | <u>\$ 58,077,603</u> |
|-------------------|----------------------|

These amounts include an operating reserve that was established by the Diocese to provide for liquid funds in the event of short-term cash flow needs for unanticipated events that would necessitate the use of reserves to continue the operations and mission of the organization.

**Note 12—Restricted net assets**

The Diocese had restrictions on net assets as follows at December 31, 2023:

|                                                                       |                      |
|-----------------------------------------------------------------------|----------------------|
| Purpose restricted:                                                   |                      |
| Development funds                                                     | \$ 2,379,013         |
| Diocesan programs                                                     | 3,340,239            |
| Bishop's programs                                                     | 4,105,473            |
| Beneficial interest in perpetual trusts                               | 238,905              |
| Time restricted for endowments, some of which is perpetual in nature: |                      |
| Bishop's programs                                                     | <u>6,923,379</u>     |
| Total restricted net assets                                           | <u>\$ 16,987,009</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or other events specified by the donors as follows for the year at December 31, 2023:

|                                     |                   |
|-------------------------------------|-------------------|
| Satisfaction of purpose restriction | <u>\$ 349,219</u> |
|-------------------------------------|-------------------|

**Note 13—Endowment funds**

The Diocese's endowment consists of 29 individual funds. These funds are all donor-restricted endowment funds and were established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the board to function as endowments. As required by U.S. GAAP, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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**NOTES TO THE FINANCIAL STATEMENTS**

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(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

**Note 13—Endowment funds (continued)**

The management of donor-restricted endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as adopted by the Virginia state legislature in 2008. The law gives guidance for investment and spending practices, giving consideration for donor intent and the organization’s overall resources and charitable purpose. As a result of this interpretation, the Diocese classifies as net assets with donor restrictions: (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Diocese, and (7) the Diocese’s investment policies.

*Investment Return Objectives, Risk Parameters and Strategies* – The Diocese is guided by the investment and spending policies of the Trustees of the Funds for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. To support distributions and preserve purchasing power, the Trustees of the Funds’ objective is to maximize investment return within reasonable and prudent levels of risk. While it is understood the Diocese has the right to withdraw its investments at any time according to the then current withdrawal policy of the Trustees of the Funds, it is the express intent of the Trustees of the Funds to invest the fund for the long term and accept that level of portfolio risk consistent with achieving long-term growth and preservation of capital.

*Spending Policy* – In pursuit of this objective, the Trustees of the Funds have set an annual distribution rate policy range of 4% to 5%. The annual distribution, calculated using the current distribution rate, is based on a rolling 20-quarter market value average of the fund. The Trustees of the Funds authorize the annual distribution to be issued after the third quarter of each calendar year. The distribution rate will be reviewed annually for appropriateness in prevailing economic conditions. The Diocese may request a different payout percentage, subject to approval by the Trustees of the Funds. To serve these management objectives, the investment objective of the Diocese is to attain a real total return of at least 5% per annum over the long term.

*Funds with Deficiencies* – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA require the Diocese to retain as a fund of perpetual duration. At December 31, 2023, two underwater endowment funds with original gift values of \$183,598, fair values of \$166,382, and deficiencies of \$17,216 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations.

Endowment net asset composition by type of fund as of December 31, 2023:

|                                                                                                | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
|------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------|---------------------|
| Donor-restricted endowment funds:                                                              |                                       |                                    |                     |
| Original donor-restricted amounts and amounts required to be maintained in perpetuity by donor | \$ -                                  | \$ 2,272,734                       | \$ 2,272,734        |
| Accumulated investments gains                                                                  | -                                     | 4,650,645                          | 4,650,645           |
| Endowment net assets, end of year                                                              | <u>\$ -</u>                           | <u>\$ 6,923,379</u>                | <u>\$ 6,923,379</u> |

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

**Note 13—Endowment funds (continued)**

Changes in endowment net assets for the fiscal year ended December 31, 2023:

|                                         | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|-----------------------------------------|---------------------------------------|------------------------------------|---------------------|
| Endowment net assets, beginning of year | \$ -                                  | \$ 6,187,884                       | \$ 6,187,884        |
| Investment gain, net                    | -                                     | 735,495                            | 735,495             |
| Endowment net assets, end of year       | <u>\$ -</u>                           | <u>\$ 6,923,379</u>                | <u>\$ 6,923,379</u> |

**Note 14—Fair value measurements**

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

*Level 2* – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodology used for assets measured at fair value is listed below. There have been no changes in the methodology used during 2023.

*Beneficial Interest in Trusts* – Valued using the fair value of the underlying assets of the trust as an estimate for the present value of the expected future cash flows.

The preceding method 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 Diocese believes its valuation methods are appropriate and consistent with those of 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 PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

**Note 14—Fair value measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Diocese’s assets at fair value as of December 31, 2023:

|                                            | Assets at Fair Value as of December 31, 2021 |         |            |               |
|--------------------------------------------|----------------------------------------------|---------|------------|---------------|
|                                            | Level 1                                      | Level 2 | Level 3    | Total         |
| Beneficial interest in trusts              | \$ -                                         | \$ -    | \$ 238,905 | \$ 238,905    |
| Investments measured at NAV <sup>(a)</sup> | -                                            | -       | -          | 29,825,510    |
| Total assets at fair value                 | \$ -                                         | \$ -    | \$ 238,905 | \$ 30,064,415 |

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

*Level 3 Gains and Losses* – The table below sets forth a summary of changes in the fair value of the beneficial interest in trust for 2023.

|                            |            |
|----------------------------|------------|
| Balance, beginning of year | \$ 218,837 |
| Change in fair value       | 20,068     |
| Balance, end of year       | \$ 238,905 |

**Note 15—Comparative totals**

The summarized amounts shown for 2022 in the accompanying financial statements are included to provide a basis for comparison with 2023 and are not intended to present all information necessary for a fair presentation of the summarized 2022 statements in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Diocese’s financial statements for 2022, from which the summarized information was derived.

**Note 16—Subsequent events**

In preparing these financial statements, the Diocese has evaluated events and transactions for potential recognition or disclosure through April 18, 2025, the date the financial statements were available to be issued.

The Diocese sold a property in Goochland, Virginia in March 2024 for approximately \$579,000.

**SUPPLEMENTARY INFORMATION**

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULE OF OPERATING FUNDS, BUDGETARY COMPARISON OF SUPPORT,**  
**AND REVENUES AND EXPENSES**

*YEAR ENDED DECEMBER 31, 2023*  
*(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)*

|                                            | 2023             |                  | 2022             | Budget Variance                   |                |
|--------------------------------------------|------------------|------------------|------------------|-----------------------------------|----------------|
|                                            | Budget           | Actual           | Actual           | Favorable (Unfavorable)<br>Amount | Percent        |
| <b>Support and Revenue:</b>                |                  |                  |                  |                                   |                |
| Contributions from churches                | \$ 4,277,960     | \$ 4,238,385     | \$ 4,153,604     | \$ (39,575)                       | -0.93%         |
| Other gifts, grants, and promises to give  | 280,000          | 71,672           | 88,779           | (208,328)                         | -74.40%        |
| Investment income (loss)                   | -                | 143,982          | (182,669)        | 143,982                           | 100.00%        |
| Income from Virginia Episcopalian          | -                | (153)            | (60)             | (153)                             | 100.00%        |
| Health insurance administration            | 111,000          | 113,272          | 110,394          | 2,272                             | 2.05%          |
| Miscellaneous income                       | -                | 38,591           | 81,718           | 38,591                            | 100.00%        |
|                                            | <u>4,668,960</u> | <u>4,605,749</u> | <u>4,251,766</u> | <u>(63,211)</u>                   | <u>-1.35%</u>  |
| Net assets released from restrictions      | 948,000          | 349,219          | 803,391          | (598,781)                         | -63.16%        |
| Reserve release                            | 44,740           | -                | -                | (44,740)                          | -100.00%       |
| <b>Total Support and Revenue</b>           | <u>5,661,700</u> | <u>4,954,968</u> | <u>5,055,157</u> | <u>(706,732)</u>                  | <u>-12.48%</u> |
| <b>Expenses:</b>                           |                  |                  |                  |                                   |                |
| Ministry Areas:                            |                  |                  |                  |                                   |                |
| General Church Support                     | 626,900          | 635,900          | 634,788          | (9,000)                           | -1.44%         |
| Christian Formation:                       |                  |                  |                  |                                   |                |
| Committee on Christian Formation           | 406,800          | 316,283          | 318,845          | 90,517                            | 22.25%         |
| Youth ministry development                 | 5,000            | -                | 57               | 5,000                             | 100.00%        |
| Clergy and diocesan conferences            | 25,000           | 10,611           | 61,902           | 14,389                            | 57.56%         |
| Education for ministry program             | 2,750            | 1,750            | -                | 1,000                             | 36.36%         |
|                                            | <u>439,550</u>   | <u>328,644</u>   | <u>380,804</u>   | <u>110,906</u>                    | <u>25.23%</u>  |
| Strengthening Our Churches:                |                  |                  |                  |                                   |                |
| Aid to mission churches                    | 420,200          | 362,374          | 394,592          | 57,826                            | 13.76%         |
| Aid to mountain missions                   | 74,000           | 65,554           | 72,478           | 8,446                             | 11.41%         |
| Special ministries and other committees    | 4,200            | 5,908            | 50,017           | (1,708)                           | -40.67%        |
| Other areas for strengthening our churches | 153,800          | 43,323           | 36,760           | 110,477                           | 71.83%         |
|                                            | <u>652,200</u>   | <u>477,159</u>   | <u>553,847</u>   | <u>175,041</u>                    | <u>26.84%</u>  |
| Mission and Outreach:                      |                  |                  |                  |                                   |                |
| Committee on Mission and Outreach          | 30,320           | -                | -                | 30,320                            | 100.00%        |
| Other mission and outreach areas           | 72,000           | 67,000           | 57,000           | 5,000                             | 6.94%          |
|                                            | <u>102,320</u>   | <u>67,000</u>    | <u>57,000</u>    | <u>35,320</u>                     | <u>34.52%</u>  |
| Ministry:                                  |                  |                  |                  |                                   |                |
| Commission on Ministry                     | 97,350           | 89,047           | 61,350           | 8,303                             | 8.53%          |
| Human Dignity and Justice:                 |                  |                  |                  |                                   |                |
| Areas for Human Need and Justice           | 124,250          | 10,175           | 22,191           | 114,075                           | 91.81%         |
| <b>Total Ministry Areas</b>                | <u>2,042,570</u> | <u>1,607,925</u> | <u>1,709,980</u> | <u>434,645</u>                    | <u>21.28%</u>  |

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULE OF OPERATING FUNDS, BUDGETARY COMPARISON OF SUPPORT,**  
**AND REVENUES AND EXPENSES (CONTINUED)**

YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

|                                             | 2023             |                  | 2022             | Budget Variance                   |                 |
|---------------------------------------------|------------------|------------------|------------------|-----------------------------------|-----------------|
|                                             | Budget           | Actual           | Actual           | Favorable (Unfavorable)<br>Amount | Percent         |
| <b>Expenses (continued):</b>                |                  |                  |                  |                                   |                 |
| Governance and Committee Support:           |                  |                  |                  |                                   |                 |
| Standing Committee                          | \$ 5,900         | \$ 1,741         | \$ 215           | \$ 4,159                          | 70.49%          |
| Executive Board, Deans, and Presidents      | 2,900            | -                | 533              | \$ 2,900                          | 100.00%         |
| Other committee support                     | 34,850           | 14,043           | 8,887            | 20,807                            | 59.70%          |
|                                             | <u>43,650</u>    | <u>15,784</u>    | <u>9,635</u>     | <u>27,866</u>                     | <u>63.84%</u>   |
| Communications & Technology:                |                  |                  |                  |                                   |                 |
| Virginia Episcopalian and eCommunique       | 20,000           | -                | -                | 20,000                            | 100.00%         |
| Other communications expenses               | 12,460           | 40,068           | 14,105           | (27,608)                          | -221.57%        |
|                                             | <u>32,460</u>    | <u>40,068</u>    | <u>14,105</u>    | <u>(7,608)</u>                    | <u>-23.44%</u>  |
| Bishops, Staff, and Support:                |                  |                  |                  |                                   |                 |
| The Episcopate:                             |                  |                  |                  |                                   |                 |
| Bishops                                     | 607,000          | 485,885          | 540,518          | 121,115                           | 19.95%          |
| Episcopal office staff                      | 153,000          | 319,765          | 255,756          | (166,765)                         | -109.00%        |
| Other expenses of the Office of the Bishop  | 25,000           | 30,977           | 10,742           | (5,977)                           | -23.91%         |
| Bishops and Episcopal office travel         | 65,400           | 77,111           | 32,418           | (11,711)                          | -17.91%         |
|                                             | <u>850,400</u>   | <u>913,738</u>   | <u>839,434</u>   | <u>(63,338)</u>                   | <u>-7.45%</u>   |
| Staff:                                      |                  |                  |                  |                                   |                 |
| Professional staff                          | 2,017,000        | 1,742,898        | 1,772,584        | 274,102                           | 13.59%          |
| Staff travel                                | 51,840           | 41,450           | 14,906           | 10,390                            | 20.04%          |
| Other staff expenses                        | 7,500            | 32,146           | 32,217           | (24,646)                          | -328.61%        |
|                                             | <u>2,076,340</u> | <u>1,816,494</u> | <u>1,819,707</u> | <u>259,846</u>                    | <u>12.51%</u>   |
| Support:                                    |                  |                  |                  |                                   |                 |
| Automobile expenses                         | 20,000           | 65,103           | 80,282           | (45,103)                          | -225.52%        |
| Office supplies, equipment, and services    | 55,080           | 233,196          | 202,087          | (178,116)                         | -323.38%        |
| Building related expenses                   | 80,000           | 255,262          | 184,608          | (175,262)                         | -219.08%        |
| Professional fees                           | 40,000           | 131,523          | 100,376          | (91,523)                          | -228.81%        |
| Other expenses                              | 5,000            | 16,760           | 20,963           | (11,760)                          | -235.20%        |
|                                             | <u>200,080</u>   | <u>701,844</u>   | <u>588,316</u>   | <u>(501,764)</u>                  | <u>-250.78%</u> |
| Total Bishops, Staff, and Support           | <u>3,126,820</u> | <u>3,432,076</u> | <u>3,247,457</u> | <u>(305,256)</u>                  | <u>-9.76%</u>   |
| Expended assets released from restrictions: |                  |                  |                  |                                   |                 |
| Aid to individuals and organizations        | -                | 349,219          | 803,391          | (349,219)                         | 100.00%         |
| <b>Total Expenses</b>                       | <u>5,245,500</u> | <u>5,445,072</u> | <u>5,784,568</u> | <u>(199,572)</u>                  | <u>-3.80%</u>   |

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULE OF OPERATING FUNDS, BUDGETARY COMPARISON OF SUPPORT,**  
**AND REVENUES AND EXPENSES (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2023*  
*(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)*

|                                                                 | 2023              |                     | 2022                  | Budget Variance<br>Favorable (Unfavorable) |                 |
|-----------------------------------------------------------------|-------------------|---------------------|-----------------------|--------------------------------------------|-----------------|
|                                                                 | Budget            | Actual              | Actual                | Amount                                     | Percent         |
| <b>Excess (deficiency) of support and revenue over expenses</b> | <u>\$ 416,200</u> | <u>\$ (490,104)</u> | <u>\$ (729,411)</u>   | <u>\$ (906,304)</u>                        | <u>-217.76%</u> |
| Transfer of Funds:                                              |                   |                     |                       |                                            |                 |
| Reserve accounts                                                | (70,000)          | (210,714)           | (1,133,537)           | (280,714)                                  | 401.02%         |
| Shrine Mont Camp program support                                | (272,500)         | (125,000)           | (125,000)             | (147,500)                                  | 54.13%          |
| Other                                                           | (73,700)          | 445,137             | 450,131               | 371,437                                    | 100.00%         |
|                                                                 | <u>(416,200)</u>  | <u>109,423</u>      | <u>(808,406)</u>      | <u>(56,777)</u>                            | <u>13.64%</u>   |
| <b>Total Changes in Net Assets After Transfers</b>              | <u>\$ -</u>       | <u>\$ (380,681)</u> | <u>\$ (1,537,817)</u> | <u>\$ (963,081)</u>                        | <u>100.00%</u>  |

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULES OF DESIGNATED FUNDS**

*DECEMBER 31, 2023 AND 2022*

|                                             | <b>2023</b>       | <b>2022</b>       |
|---------------------------------------------|-------------------|-------------------|
| Annual Council Fund                         | \$ (452,065)      | \$ (245,364)      |
| Atlee Mission Fund                          | (385,771)         | (359,864)         |
| Auto Reserve                                | (234,015)         | (111,247)         |
| Biggar/Power Fund                           | 600               | 600               |
| Blakemore Trust Proceeds                    | 92,307            | 92,515            |
| Bishops & Staff Reserve                     | 47,575            | 47,575            |
| Bishop's DMS Grant                          | 130,464           | 130,464           |
| Bishop Goff Reace and Reconciliation Fund   | 8,099             | 7,999             |
| Bishop Goff retirement gift                 | 34,640            | 32,985            |
| Bishop's House                              | (258,110)         | (187,304)         |
| Bishop's house rent                         | (117,127)         | (82,427)          |
| Bovender Estate - Retreats                  | 150,000           | 150,000           |
| Building Repairs Reserve                    | 299,860           | 75,645            |
| CCM-Reserve for Special Needs               | 37,887            | 36,670            |
| CCM-Reserve for Transitions                 | 55,000            | 50,000            |
| Commission on Ministry Reserve              | 34,849            | 34,849            |
| Committee on Aging                          | 6,234             | 6,234             |
| Committee on Race Relations                 | 3,000             | 3,000             |
| Communications Reserve                      | 25,191            | 25,191            |
| Congo                                       | 630               | 630               |
| Congregational Development & Revitalization | 16,312            | 16,312            |
| Council Scholarship Fund                    | 360               | 360               |
| COVID-19 support                            | (7,188)           | (7,188)           |
| DaySpring                                   | (113,257)         | (17,876)          |
| DaySpring Real Estate Fund                  | 38,896,225        | 38,896,224        |
| Deacons Reserve                             | 38,105            | 39,253            |
| Des - St. Andrew's Charlottesville          | (32,486)          | (19,447)          |
| Designated Gift - S S Johnston              | 299               | 500               |
| Des - Trinity Highland Springs              | 17,200            | 21,942            |
| Diaconal Formation Institute                | (6,253)           | (6,253)           |
| Diocesan Cemetery Fund                      | 9,771             | 9,771             |
| Diocesan Historic Property Fund             | 1,160             | 1,160             |
| Diocesan Intern Program                     | 5,000             | 5,000             |
| Diocesan Program Office                     | 21,110            | 21,110            |
| Diocese of Madagascar                       | 100               | 100               |
| Diocese of Renk -- Sudan                    | 14,836            | 14,836            |
| Diocese of Tanzania                         | 113,957           | 113,957           |
| DOV Shout IT Facilities Fund                | 53,816            | 43,558            |
| East End Initiative                         | (65,328)          | (65,328)          |
| Ecumenical and Interfaith Committee         | 960               | 960               |
| Education for Ministry                      | 965               | 965               |
| EPIC Moms                                   | 19                | 19                |
| Episcopal Transition Reserve                | (229,020)         | (229,825)         |
| Subtotal (carried forward)                  | <u>38,215,911</u> | <u>38,548,261</u> |

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULES OF DESIGNATED FUNDS (CONTINUED)**

*DECEMBER 31, 2023 AND 2022*

|                                                           | <b>2023</b>       | <b>2022</b>       |
|-----------------------------------------------------------|-------------------|-------------------|
| Subtotal (brought forward)                                | \$ 38,215,911     | \$ 38,548,261     |
| General Convention                                        | 51,870            | 31,870            |
| Haiti                                                     | 11,583            | 10,356            |
| Interim Ministry Development                              | 1,080             | 1,080             |
| John G Hayes Jr Income Fd                                 | (5,212)           | (5,017)           |
| John G Hayes Missionary Fund                              | 1,126             | 1,126             |
| La Iglesia de Santa Maria                                 | (32,362)          | (32,362)          |
| Lambeth Convention                                        | 37,480            | 35,480            |
| Latino Ministry                                           | (2,415)           | (2,415)           |
| LGBTQ Retreat                                             | 1,152             | 1,152             |
| Liberia                                                   | 1,577             | 1,577             |
| Mental Health Committee Reserve                           | 20                | 20                |
| Micro-Economic Development                                | 72,750            | 72,750            |
| Mission Development                                       | 90,750            | 90,750            |
| Mission Maintenance & Repair Reserve                      | 64,748            | 56,924            |
| Mountain Mission Reserve                                  | 59,995            | 55,863            |
| Native American Ministry                                  | 1,422             | 1,222             |
| Office Equipment Reserve                                  | (5,629)           | (5,629)           |
| Omisol Road - Reserve                                     | 112,746           | 68,746            |
| Opiod Task Force                                          | 327               | 327               |
| Prevention of Misconduct Reserve                          | 4,000             | 4,000             |
| Property & Opr Exp - St Pauls Haymarket                   | (18,242)          | (17,588)          |
| Property Exp - Church Hill Dr. Woodbridge                 | 523,594           | 467,830           |
| Property Exp - Pickett Rd/Braddock Rd, Fairfax (Apostles) | 3,394             | 2,065             |
| Property Fund                                             | 28,307            | 28,380            |
| Property Maintenance Fund                                 | (29,269)          | (21,405)          |
| Puerto Rico                                               | 1,793             | 1,793             |
| Queen Esther Girls Secondary School Fund                  | (2,574)           | (2,574)           |
| R10A Reparations Fund                                     | 946               | 500               |
| Real Estate Value Fund                                    | 19,159,896        | 19,159,896        |
| Region 2 Mission (Deltaville)                             | 116,116           | 110,270           |
| Reserve-2015 Unrestricted Reserve                         | 516,018           | 568,707           |
| Risk Management Program                                   | 45,943            | 45,943            |
| Rockingham Property Fund (Reg 14)                         | 12,811            | 12,811            |
| Santa Maria Stewardship (DuPont Grant)                    | 701               | 701               |
| Shelton Shop Rd Property                                  | 221,495           | 211,666           |
| SSJ Fund for Youth and Young Adult Formation              | 12,506            | 12,506            |
| SSJ Portrait Fund                                         | (11,500)          | (11,500)          |
| St. Clare's (W Henrico) Mission                           | (126,417)         | (126,417)         |
| St. Francis Mission Fd (Goochland)                        | (179,357)         | (179,357)         |
| ST Investments                                            | 444,086           | 422,735           |
| Subtotal (carried forward)                                | <u>59,403,166</u> | <u>59,623,043</u> |

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULES OF DESIGNATED FUNDS (CONTINUED)**

*DECEMBER 31, 2023 AND 2022*

|                                    | <b>2023</b>          | <b>2022</b>          |
|------------------------------------|----------------------|----------------------|
| Subtotal (brought forward)         | \$ 59,403,166        | \$ 59,623,043        |
| St. Margarets Ruther Glenn         | 135                  | 135                  |
| St. Phoebe's School                | (30,252)             | (29,818)             |
| Stewardship Committee Reserve      | 467                  | 467                  |
| Stewardship of Creation Grant Fund | 5,228                | 5,228                |
| Triangle of Hope                   | (7,265)              | 18,554               |
| Trinity, Beaverdam                 | 25,904               | 23,554               |
| Trustees of the Funds              | 3,340,480            | 2,416,472            |
| Virginia Diocesan Library          | (41,248)             | (28,812)             |
| YASC - A Cameron                   | (380)                | (380)                |
| YASC - Duncan Campbell             | 1,310                | 1,310                |
| YASC - A Jacobs                    | 25                   | 25                   |
| YASC - A Russell                   | 973                  | 973                  |
| YASC - C Belous                    | 980                  | 980                  |
| YASC - A. Davis                    | 1,000                | 1,000                |
| Young Priests Initiative           | 9,888                | 9,888                |
| Youth Ministry                     | 100,970              | 100,970              |
| Race and Reconciliation            | (632)                | -                    |
| Racial Justice Pilgrimage          | 12,385               | -                    |
| St. Peter's Restoration            | 12,951               | -                    |
| <b>Total Designated Funds</b>      | <b>\$ 62,836,085</b> | <b>\$ 62,143,589</b> |

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULES OF DEVELOPMENT FUNDS**

*DECEMBER 31, 2023 AND 2022*

|                                            | <b>2023</b>         | <b>2022</b>         |
|--------------------------------------------|---------------------|---------------------|
| Bishop Jones' Evangelism Fund              | \$ 2,615            | \$ 2,615            |
| Bishop Lee Fund for Small Church Vitality  | 174,082             | 179,952             |
| B Maxwell Art Camp Scholarship Fund        | 5,185               | 4,272               |
| Camp Equipment                             | 13,155              | 13,155              |
| Camp Program TOF Investments               | 1,699,907           | 1,537,703           |
| Camp Scholarship Annual Fund               | 294,375             | 256,228             |
| FCF - Unrestricted                         | 67,849              | 67,849              |
| Mustard Seed Grant Fund                    | (8,393)             | 329                 |
| Pledges Receivable - SM Shout It! Campaign | 29,240              | 29,240              |
| Shrine Mont Shout It! Campaign             | 63,119              | 63,119              |
| St. Georges Camp                           | 19,848              | 19,848              |
| Youth Mission Vouchers 2007                | (600)               | (600)               |
| Youth Mission Vouchers 2008                | (1,000)             | (1,000)             |
| Youth Mission Vouchers 2009                | (1,500)             | (1,500)             |
| Youth Mission Vouchers 2010                | 17,206              | 17,606              |
| Youth Mission Vouchers 2011                | 1,205               | 1,205               |
| DVA Grant Fund                             | 1,125               | 1,125               |
| DFHN                                       | 1,595               | 1,595               |
| <b>Total Development Funds</b>             | <b>\$ 2,379,013</b> | <b>\$ 2,192,741</b> |

See Report of Independent Auditor on Supplementary Information.

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULES OF OTHER FUNDS**

*DECEMBER 31, 2023 AND 2022*

|                                         | <b>2023</b>      | <b>2022</b>      |
|-----------------------------------------|------------------|------------------|
| A.H. & C.J. Robinson Fund               | \$ 574,465       | \$ 526,938       |
| Albert Baker Fund                       | 136,750          | 136,750          |
| Alison Gibson Fund                      | 649              | 649              |
| Ball Fund                               | 165,354          | 165,354          |
| Bishop Goff's Discretionary Fund        | 39,143           | 37,138           |
| Bishop Goodwin Memorial Scholarship Fd  | 15,123           | 15,123           |
| Bishop Gulick's Discretionary Fund      | 8,717            | 15,169           |
| Bishop Ihloff Discretionary Fund        | 8,292            | 8,292            |
| Bishop's Investment Fd                  | 1,200            | 1,200            |
| Bishop Jennifer Brooke-Davidson         | 6,518            | 6,518            |
| Bishop Johnston's Discretionary Fund    | 9,685            | (2,473)          |
| Bishop Jones' Discretionary Fund        | 38,303           | 36,618           |
| Bishop Jones Evangelism Grant Fund      | 6,678            | 6,678            |
| Bishop Jones' Sabbatical Fund           | 3,226            | 3,226            |
| Bishop Mason Memorial Fund              | 2,632            | 2,632            |
| Bishops Combined Discretionary Fund     | 339              | 21,737           |
| Bishop's Emergency Needs Fund           | 79,923           | 79,913           |
| Bishop's Theological Education Fund     | 5,558            | 6,008            |
| Bishop P JL Disc Fd                     | (24,336)         | (24,336)         |
| Bishop R. F. Gibson Memorial Fund       | 1,518            | 1,518            |
| Bishop R. F. Gibson Property Foundation | 10,856           | 10,856           |
| Bishop Stevenson Disc.                  | 17,839           | 5,656            |
| Bishop Stevenson Vestments              | (13,230)         | (10,622)         |
| Bp Gray Disc Fd                         | (3,000)          | (3,000)          |
| Bruce Fund                              | 56,844           | 56,844           |
| Canon Wingo Discretionary Fund          | 2,784            | 2,784            |
| Columbia Walker Memorial Missions Fund  | 51,735           | 51,735           |
| David Lewis Memorial Fund               | 5,619            | 5,619            |
| Disabled Clergy Fund                    | 709,671          | 717,011          |
| Diocesan Fund for Human Need            | 30,882           | 27,883           |
| Diocesan Fund for World Mission         | 36,913           | 30,402           |
| Dickinson Memorial Fund                 | (50,000)         | (50,000)         |
| Dooley Fund                             | 450,221          | 324,270          |
| duPont Diocesan Enrichment Fund         | (3,368)          | (772)            |
| duPont Small Church Clergy Development  | 17,050           | 17,050           |
| E Holcombe Palmer Fund                  | 3,301            | 3,301            |
| ECW Gift - Bishop Goff                  | 339              | 339              |
| Ellen Goldsborough Fund                 | (29,438)         | (21,438)         |
| Episcopal Fund                          | (15,000)         | (15,000)         |
| Fear Not Fund                           | 615              | 615              |
| Fifth Century Fund                      | 50,000           | 50,000           |
| Forest Fund                             | 55,257           | 55,257           |
| Subtotal (carried forward)              | <u>2,465,627</u> | <u>2,303,442</u> |

**THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF VIRGINIA**  
**SCHEDULES OF OTHER FUNDS (CONTINUED)**

DECEMBER 31, 2023 AND 2022

|                                               | <b>2023</b>          | <b>2022</b>          |
|-----------------------------------------------|----------------------|----------------------|
| Subtotal (brought forward)                    | \$ 2,465,627         | \$ 2,303,442         |
| Francis Edmonia Newman Fund                   | 177,818              | 129,290              |
| Freda W Kipps Income Fund                     | 38,863               | 38,863               |
| Gilliatt Campus Ministry Fund                 | 10,559               | 10,559               |
| Hugh McGuire Taylor Fund                      | 36,839               | 36,839               |
| Ida B Gale Fund                               | 37,554               | 37,554               |
| Julia A Ward Income Fund                      | 802                  | 802                  |
| John and Ethel Davis Fund                     | 1,302                | 1,302                |
| John Lyons Fund                               | 6,207                | 6,207                |
| Katherine G Cook Scholarship                  | 2,162                | 2,162                |
| Lucille McGriff Fund                          | 851                  | 851                  |
| M Thorpe Disc Fd                              | 1,955                | 1,955                |
| Mary Amanda Stewart Fund                      | 10,823               | 10,823               |
| MEZ Grant                                     | 2,609                | 2,609                |
| Moncure Memorial Fund                         | 18,371               | 18,371               |
| Pearl Leone Hecht Fund                        | 186                  | 186                  |
| Philip A. Arthur Memorial Fund                | 576                  | 576                  |
| Scott Fdn Grant 2010                          | 2,982                | 2,982                |
| Smoot Bequest Income Fund                     | (76,078)             | (76,078)             |
| Smoot Bequest to Dio Fund                     | 55,592               | 55,592               |
| SM Scholarship Fund                           | 4,710                | 4,710                |
| South African Bishops Fund                    | 9,699                | 9,699                |
| ST Investments - Restricted                   | 304,210              | 289,584              |
| St. John's Waldrop Fund                       | 33,176               | 33,176               |
| St. John's Greensprings Fund                  | (63,806)             | (1,202)              |
| UTO Fund                                      | 587                  | 587                  |
| Bishop Porter Disc Fund                       | 12,172               | 12,172               |
| J. Lee Hill Discretionary                     | 4,061                | 3,755                |
| Charles Norse Fund                            | 7,821                | 5,225                |
| Unrestricted Bequests                         | 10,000               | 10,000               |
| V Beveridge Trust                             | 3,459                | 3,459                |
| d'Rue Hazel disc. fund                        | 1,496                | -                    |
| Rev. Dr. Sarah Kye Price Disc. Fund           | 730                  | -                    |
| Bishop Harris Disc Fund                       | 9,245                | -                    |
| Stock Dividends                               | 12                   | -                    |
| <b>Subtotal</b>                               | <b>3,133,172</b>     | <b>2,956,052</b>     |
| Funds invested with the Trustees of the Funds | 23,134,313           | 20,584,414           |
| Beneficial interest in trusts                 | 238,905              | 218,837              |
| <b>Total Other Funds</b>                      | <b>\$ 26,506,390</b> | <b>\$ 23,759,303</b> |