

# **J O U R N A L**

**One Hundred Seventy-Second**

**ANNUAL COUNCIL**

**The Episcopal Diocese of Texas**

**Volume I**

**February 27, 2021**

## THE EPISCOPAL DIOCESE OF TEXAS VISION DOCUMENT

### **MISSION STATEMENT**

We are one Church reconciled by Jesus Christ, empowered by the Holy Spirit, called by God through worship, witness, and ministry, building the Kingdom of God together.

### **CORE VALUES**

Grounded in our response to the Baptismal Covenant and Great Commission, the Churches, Schools, and Institutions of the Episcopal Diocese of Texas passionately hold these values:

#### **Missionary Emphasis**

Making Jesus Christ known with a missionary spirit that honors our heritage of growth and expansion

#### **Education and Leadership**

Forming disciples, both lay and clergy, to be effective agents of transformation

#### **Meeting Human Needs**

Bringing the love of Christ to a hurting world

#### **Responsive Stewardship**

Caring for and dedication of our abundant resources to support the mission of the Church

#### **Excellence**

Setting a standard for ministry driven by miraculous expectation

### **VISION**

As followers of Jesus Christ, we are One Church within the Anglican Communion and The Episcopal Church. All are sought and embraced in worship, mission, and ministry in a spirit of mutual love and respect.

We are:

**Youthful:** Our congregations and institutions are continually renewed and revitalized through the infusion and inclusion of younger members. Children, youth, young adults, their friends and families, find in our diocese significant and engaging programs and ministries that inspire, inform, and support them on their Christian journey.

**Multicultural:** Our diocese is enriched through intentional efforts to reflect the communities in which we live. People of diverse ethnic, cultural, and socioeconomic backgrounds find respect, dignity, and opportunity in the life and ministry of the church.

**Forming and Growing:** Those seeking a deeper relationship with Jesus are nurtured and equipped to share the love of Christ in the world. They find lifelong opportunities for spiritual formation and servant leadership grounded in scripture and our historic catholic faith.

**Reaching out to Serve:** Those who serve and are served are transformed. People who are in need and who struggle, find hope, care, and restoration through the outreach and justice ministries provided by the people of the Episcopal Diocese of Texas.

**One Church:** We are a united, vibrant, healthy, and growing community of faith. The world will recognize us as Jesus' disciples because we love one another as Christ loves us.

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# **VOLUME I – REPORTS TO COUNCIL**

## **FROM THE 171<sup>ST</sup> COUNCIL**

### **UNFINISHED BUSINESS & CERTIFICATION OF MINUTES**

I certify that there are no items of unfinished business remaining from the 171<sup>st</sup> Annual Council of the Episcopal Diocese of Texas. I also certify that the minutes (as contained in Volume II, *Journal of the 171<sup>st</sup> Council*) are a true and accurate account of the proceedings of that Council.

John A. Logan, Jr., Secretary

### **REGULAR COMMITTEES FOR THE 172<sup>ND</sup> COUNCIL (2021)**

**CONSTITUTION & CANONS** (Term is from close of Annual Council at which appointment is made until close of the next Annual Council. Two Clergy and two Lay persons; ex-officio member is Chancellor.)

To 2021

Maria Boyce, St. Martin's, Houston (Chair)  
Mr. Robert Sumners, St. David's, Austin  
The Rev. Lillian Hyde, Retired EDOT Clergy; Interim, Christ the King, Alief  
The Rev. Stanford Adams, Good Shepherd, Austin  
Ex-officio: David Harvin, St. Martin's, Houston (Chancellor)

**COUNCIL MANAGEMENT** (Term is from close of Annual Council at which appointment is made until close of the next Annual Council. One Clergy, two Lay persons, member of Diocesan Staff; ex-officio members are: Chair of Committee for Dispatch of Business)

To 2021

The Rev. Patrick Miller, St. Mark's, Houston (Clergy)  
Nicholas S. Johnson, Christ Church Cathedral, Houston (Lay Person)  
The Rev. Canon Christine M. Faulstich, Diocese of Texas, Houston (Chair)(Staff)  
Tammy Tiner, St. Thomas', College Station (Lay Person)  
Ex-officio: The Rev. William "Bill" Fowler, St. Mark's, Austin (Chair for Dispatch of Business)  
Ex-officio: Susan Duif, Trinity, Galveston (Prior General Chair of Host Committee)  
Ex-officio: Rob Montgomery, St. Thomas', College Station (Prior General Chair of Host Committee)  
Ex-officio: Mary Cloud, Trinity, Houston (Diocesan Council Coordinator)

**DISPATCH OF BUSINESS** (Term is from close of Annual Council at which appointment is made until close of the next Annual Council. One Clergy and three laypersons.)

To 2021

The Rev. William "Bill" Fowler, St. Paul's, Waco (Chair)  
Oliver Chapin-Eiserloh, St. David's, Austin  
Roger Smith, St. Thomas', College Station  
Tammy Tiner, St. Thomas', College Station

**NOMINATIONS** (Term year is from close of Annual Council at which appointment is made until close of the next Annual Council. Each term is three years. No limitation on number of consecutive terms. Seven Clergy and seven lay persons, including Clergy Rep from Standing Comm, and Lay Rep from Exec Board, Chancellor.)

Standing Committee Representative: The Rev. Jason Ingalls, Holy Spirit, Waco

Executive Board Representative: Debbie Allensworth, St. Andrew's, Pearland

Ex-officio: David Harvin, Chancellor

To Council 2021

The Rev. John Johnson, St. John's, Silsbee

The Rev. Terry Pierce, St. James', Taylor

John Wallace, Palmer Memorial, Houston

To Council 2022

Maria Bautista, Northshore Church Plant, Houston

The Rev. Lisa Neilson, St. Martin's, Houston (Chair)

The Rev. Eileen O'Brien, St. James', Austin

Flint Risien, St. Paul's, Katy

To Council 2023

Michelle Allen, St. Augustine of Hippo, Galveston

The Rev. Mary Ann Huston, Grace, Georgetown

The Rev. Jim Liberatore, St. Andrew's, Pearland

Clark "Corky" Moore, Grace, Georgetown

**RESOLUTIONS** (Term is from close of Annual Council at which appointment is made until close of the next Annual Council. Two Clergy and two Lay persons.)

To 2021

The Rev. James "Jimmy" Grace, St. Andrew's, Houston (Chair)

The Rev. Janice Krause, Christ Church, Temple

Andrew "Andy" Wisely, St. Alban's, Waco

Trey Yarbrough, Christ Church, Tyler

**SUPERVISORS AND TELLERS** (Term is from close of Annual Council at which appointment is made until close of the next Annual Council. Two Clergy and three lay persons.)

To 2021

Linda Gray, St. Francis', Tyler

The Rev. Madeline S. Hawley, St. Christopher's, Austin (Chair)

Anna Stevenson, St. Aidan's, Cypress

Sandra Ward, St. John's, Austin

The Rev. Korey Wright, Holy Spirit, Houston

## **STANDING COMMITTEES OF THE COUNCIL**

### ***Pre-Council Report of the***

### **COMMITTEE FOR CONSTITUTION & CANONS *to the 172<sup>nd</sup> Council***

<b>(Type of Proposal)</b>	<b>(No. of Proposals)</b>
<b>A - Constitutional proposals, 2nd reading:</b>	<b>0</b>
<b>B - Constitutional proposals, 1st reading:</b>	<b>0</b>
<b>C - Canonical proposals:</b>	<b>0</b>

#### **A. CONSTITUTIONAL AMENDMENTS**

**(Presented for second reading requiring 2/3rds majority approval from each Order)**

In order to allow for a full debate, the Executive Board has elected to postpone the presentation for a second reading of its proposed amendment to Article 2, Section 2.5, which relates to a Parish or Mission covering the costs of its lay delegates to attend Council, until the 173<sup>rd</sup> Council in 2022.

#### **B. CONSTITUTIONAL AMENDMENTS**

**(Presented for publication on first reading)**

**No Proposals**

#### **C. CANONICAL AMENDMENTS**

**No Proposals**

Maria Boyce, Chair

## **COMMITTEE ON NOMINATIONS**

### Nominations for Diocesan Council 2021

#### Treasurer of the Diocese (1)

Linda Riley Mitchell, lay, Trinity, Houston

#### Secretary of the Diocese (1)

The Rev. Canon John Logan, clergy, Christ Church Cathedral, Houston

#### Standing Committee (1 lay, 1 presbyter)

The Rev. Hannah Atkins Romero, clergy, Trinity, Houston

The Rev. Mark Crawford, clergy, St. Mark's, Beaumont

The Rev. Mike Stone, clergy, St. Thomas the Apostle, Nassau Bay

Rebecca Brindley, lay, St. Michael's, Austin

Michelle Carlson, lay, All Saint's, Austin

Jim Johnson, lay, St. Stephen's, Beaumont

Randall Redd, lay, Trinity, The Woodlands

Fred Wasden, lay, St. Mark's, Houston

#### Executive Board (3 lay, 2 clergy)

The Rev. Brian Cannaday, clergy, St. Christopher, League City

The Rev. Patrick Miller, clergy, St. Mark's, Houston

The Rev. Ralph Morgan, clergy, Calvary, Richmond

The Rev. Marcea Paul, clergy, Good Shepherd, Austin

The Rev. Korey Wright, clergy, Holy Spirit, Houston

Clementine Arana, lay, Epiphany, Houston

Peggy Bland, lay, St. Stephen's, Beaumont

Meredith Canada, lay, Christ Church Cathedral, Houston

Sara Cannon, lay, St. David's, Austin

Paula Haenchen, lay, Saint Joan of Arc, Pflugerville

Cindy Roper, lay, St. Thomas the Apostle, Nassau Bay

Charlotte Sullivan, lay, All Saint's, Austin

Kim Thoss, lay, St. Marks, Houston

Marie Wehrung, lay, Palmer Memorial, Houston

#### Trustee of the Church Corporation (1 lay or clergy)

Steve Fallon, lay, Holy Spirit, Waco

Charles Hall, lay, St. John the Divine, Houston

#### Trustee of the University of the South (1 lay)

Kristine Devine, lay, St. David's, Austin

Andrew Raish, lay, St. John the Divine, Houston

Kathryn Thompson, lay, Christ Church, Eagle Lake

Lisa Neilson, Chair

## **COMMITTEE ON RESOLUTIONS**



The Committee received no resolutions for consideration at the 172nd Council of the Episcopal Diocese of Texas.

**Courtesy Resolutions of the 172nd Annual Council of the  
Episcopal Diocese of Texas**

Greetings to the Episcopal Diocese of West Texas

WHEREAS, the Council of the Episcopal Diocese of Texas in 1874 asked the General Convention to assume jurisdiction over “that portion of the state generally known as ‘Western Texas,’” for the purpose of forming the Missionary Diocese of West Texas; and

WHEREAS, during its 147-year life, the Episcopal Diocese of West Texas has been a blessing on all people within its jurisdiction, providing for the church gifted spiritual leaders and caring pastors; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, the Mother Church, sends its greetings and blessings to the bishops, clergy and people of the Episcopal Diocese of West Texas, giving thanks for our continued partnership in the proclamation of the Good News of Jesus Christ.

Greetings to the Episcopal Diocese of Arkansas

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ’s Church; therefore be it

RESOLVED, that the 172nd Council of the Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. Larry R. Benfield, Bishop of Episcopal Diocese of Arkansas.

Greetings to the Episcopal Diocese of Dallas

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ’s Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. George R. Sumner, Bishop of Episcopal Diocese of Dallas.

Greetings to the Episcopal Diocese of Fort Worth

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church;

and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. James Scott Mayer, Bishop of the Episcopal Diocese of Fort Worth.

#### Greetings to the Episcopal Diocese of Kansas

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. Cathleen Chittenden Bascom, Bishop of the Episcopal Diocese of Kansas.

#### Greetings to the Episcopal Diocese of Northwest Texas

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. James Scott Mayer, Bishop of the Episcopal Diocese of Northwest Texas.

#### Greetings to the Episcopal Diocese of Oklahoma

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. Poulson Reed, Bishop of the Episcopal Diocese of Oklahoma.

#### Greetings to the Episcopal Diocese of the Rio Grande

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. Michael

Buerkel Hunn, Bishop of the Episcopal Diocese of the Rio Grande.

Greetings to the Episcopal Diocese of West Missouri

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. Martin S. Field, Bishop of the Episcopal Diocese of West Missouri.

Greetings to the Episcopal Diocese of West Texas

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. David Reed, Bishop of the Episcopal Diocese of West Texas.

Greetings to the Episcopal Diocese of Western Kansas

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. Mark Andrew Cowell, Bishop of the Episcopal Diocese of Western Kansas.

Greetings to the Episcopal Diocese of Western Louisiana

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, of the Episcopal Church and Province VII of this Church; and

WHEREAS, the Episcopal Diocese of Texas values its membership in these bodies and its place in the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. Jacob W. Owensby, Bishop of the Episcopal Diocese of Western Louisiana.

Greetings to Seminarians and Iona Students

WHEREAS, the Episcopal Diocese of Texas currently has twenty seminarians preparing for Holy Orders attending Duke Divinity, Seminary of the Southwest, Sewanee School of Theology, Virginia Theological Seminary, and Yale Divinity, as well as twenty-two students preparing for Holy Orders attending the Iona School for Ministry; therefore be it

RESOLVED, that the Secretary of the Diocese be requested to write each student to convey to him or her the best wishes of the 172nd Council of the Episcopal Diocese of Texas and a reminder that each has been remembered in the prayers of the Council.

#### Greetings to the Anglican Diocese of Southern Malawi

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, a companion diocese with said diocese; and

WHEREAS, the Episcopal Diocese of Texas values mutually transformative, long-lasting relationships that cross cultural and geographic boundaries for the sake of the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled virtually, instructs the Secretary of the Council to send greetings to The Rt. Rev. Alinafe Kalemba of the Anglican Diocese of Southern Malawi.

#### Greetings to La Iglesia Episcopal Costarricense

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, a companion diocese with said diocese; and

WHEREAS, the Episcopal Diocese of Texas values mutually transformative, long-lasting relationships that cross cultural and geographic boundaries for the sake of the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled in Waco, Texas, instructs the Secretary of the Council to send greetings to The Rt. Rev. Orlando Gómez Segura of La Iglesia Episcopal Costarricense.

#### Greetings to the Episcopal Diocese of North Dakota

WHEREAS, the Episcopal Diocese of Texas is a member of the worldwide Anglican Communion, and more particularly, a companion diocese with said diocese; and

WHEREAS, the Episcopal Diocese of Texas values mutually transformative, long-lasting relationships that cross cultural and geographic boundaries for the sake of the wider ministry of Christ's Church; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas, assembled together online instructs the Secretary of the Council to send greetings to the Standing Committee, of the Episcopal Diocese of North Dakota and to their Bishop Provisional The Rt. Rev. Thomas Ely.

#### On the Retirement of Diocesan Staff

WHEREAS, the Rev. Russ Oeschel has faithfully served the Episcopal Diocese of Texas through his ministry; and

WHEREAS, as a member of the Diocesan Staff he retired from serving as Archdeacon during the year 2020; and

WHEREAS, the Episcopal Diocese of Texas has been richly blessed by his gifts in the service of our Lord; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas gives glory to God for his faithful witness and wishes him well in this new stage of life in Christ.

## On the Retirement of Clergy

WHEREAS, the Reverends Robert Dohle, Keith Giblin, Susan Kennard, Bill Laucher, Trawin Malone, Ray Waldon, and Kevin Wittmayer have faithfully served the Church and this diocese through their ministries in parishes, institutions, and boards; and

WHEREAS, these clergy retired from the active ministry during 2020; and

WHEREAS, the Episcopal Diocese of Texas has been richly blessed by their gifts in the service of our Lord; therefore be it

RESOLVED, that the 172nd Council of the Episcopal Diocese of Texas gives glory to God for their faithful witness and wishes them well in this new stage of life in Christ.

### In Honor of Council Management Committee

WHEREAS, the people of the Episcopal Diocese of Texas saw fit to gather online; and

WHEREAS, the Diocese is thankful for the outstanding service of the Council Management Committee under the coordination of Mary

Cloud, as well as for the fine work of the Diocesan staff, clergy and laity, including countless volunteers from across the Diocese of Texas; therefore be it

RESOLVED, that the 172nd Annual Council of the Episcopal Diocese of Texas gives praise to God for the dedicated ministry of the Council Management Committee members, including The Rev. Canon Christine M. Faulstich; Mary Cloud, Trinity, Houston; David Harvin (ex-officio), St. Martin's, Houston; Susan Duif, Trinity, Galveston; The Rev. William "Bill" Fowler, St. Mary's, Lampasas; The Rev. Patrick Miller, St. Mark's, Houston; Rob Montgomery, St. Thomas', College Station; Joanne Starbuck, Trinity, Houston; and Tammy Tiner, St. Thomas', College Station.

Jimmy Grace, Chair

## **REPORTS OF BISHOPS**

### **REPORT OF BISHOP JEFF W. FISHER**

This year, we went back to basics. Through a year of pandemic, national elections, racial reckoning, and a loss of physical presence with one another, we have gone back to the basics: Jesus Christ.

In this year of pandemic, through the death and disease of family and friends, we have been painfully reminded of the fragility and uncertainty of human life. There is no health in us, except by the grace of Jesus Christ. In this year of national elections, we have been reminded that there is no earthly ruler who can save us. Jesus is Lord; and Caesar is not. In this year of racial reckoning, we must not ignore the enslavement of people, by many means, which remains an open wound of original sin. So Jesus teaches us to love our neighbor, with greater resolve. In this year of loss of physical presence with one another, we no longer cling to our buildings and our liturgies in the same way. The Church is the people of God; the cornerstone is Jesus Christ. The basics are Jesus and his love.

I will never forget the night in mid-March when Bishop Doyle texted the other bishops in this diocese, to assemble us in a quickly called Zoom meeting among the four of us. From

information that Bishop Doyle was hearing from health professionals, it was prudent to advise all of our churches to not conduct in-person worship for the next few Sundays, but to go virtual. Our churches impressively moved on a dime; yet little did we know, on that March night, how long we would not worship in-person.

Since mid-March, I have kept my Sunday visitation schedule, however only participating virtually in worship with the congregation I am “visiting.” Soon after that Sunday “visit,” in a Zoom meeting, I meet with that particular church’s vestry or bishop’s committee. Even though all of us are adapting to the circumstances, we miss each other. And I miss being with you!

In the spring, Bishop Doyle developed a set of guidelines, protocols for congregations to consider in re-opening for in-person worship and activities, on a limited basis. Along with dedicated folks on the diocesan Mission Amplification team, each regional bishop reviewed and approved those re-opening plans for each congregation. In my discussions, review, and approval for each congregation in the East Region (San Jacinto, Northeast, and Southeast convocations), I believe that I grew closer to our clergy and lay leaders in their contexts. During that process, and in more frequent Zoom meetings with our clergy in each convocation, we have shared in deep conversations regarding theology, liturgy, worship, evangelism, stewardship, and various pastoral concerns. Sometimes, reaching out pastorally is as simple as a phone call or a note in the mail. Together, we have gone back to the basics.

In the fall, I interacted with clergy differently than I did in the spring, when so many of our interactions centered on re-opening plans. This fall, in each convocation in the East Region, I have had conversations with clergy in a variety of ways: over Zoom, or one-on-one on the phone, or in an open forum discussing vocational identity in these times, or just by shooting the breeze over coffee outside in a church parking lot.

Our retired clergy and their spouses have also experienced challenges during this time, which can contribute to feelings of loneliness and isolation. To assist me in pastoral care to these wonderful clergy and their spouses, we have a fantastic team of Chaplains to the Retired Clergy. These faithful chaplains (with the convocations that they serve) are: The Rev. Janne Osborne (Austin, Northwest, Central convocations), Pam and the Rev. John Bentley (West Harris and East Harris convocations), Sam and the Rev. Nan Doerr (Galveston and Southwest convocations), the Rev. Nancy and the Rev. Bill DeForest (San Jacinto and Southeast convocations). This year, Joanne and the Rev. Bob DeWolfe retired from faithful service in the Northeast convocation; the Rev. Cliff Rucker is now serving in that position. Our annual retreat for our Retired Clergy, Spouses & Surviving Spouses was postponed this year; we hope to gather again in the Fall of 2021.

The Episcopal Seniors Foundation (ESF) invites grant requests from congregations and ministries who share our goal of fostering healthy living for seniors. I serve as chair of the board, and Pam Nolting serves as president. In 2019, the board made its first series of grants to congregations, with the more significant grants to: St. James, Austin; San Pedro/St. Peter’s, Pasadena; and St. Francis, Tyler. In the spring, given the pandemic, rather than solicit a whole new set of grant requests, the board went back to 2019 grant partners, to address greater needs in their ministries to seniors. In December, the board of ESF also reviewed grants from a few additional ministries, requests submitted via the webpage. ESF is also in the midst of a multi-year grant to Camp Allen, to assist with their sponsorship of the successful annual Abundant Living Conference, which is offered to seniors and other interested people each

March.

Small Church Network is for laity and clergy in congregations with an average Sunday attendance of 50 or fewer, gathering twice a year at Camp Allen. Our gathering in early March focused on Christian education and formation in small congregations, led by Stephanie Townes on the Mission Amplification team of the diocesan staff. This gathering was just a week before shutdowns, and a major learning takeaway, interestingly, was that formation opportunities are migrating to on-line offerings. (Little did we know then how true that would be!) The September gathering was offered on Zoom, in two well-attended options: Sunday afternoon or Monday morning. The theme of that gathering was about Online Community in small churches, led by Ellen Singer on the Communications team of the diocesan staff. We all learned so much about how churches can embrace new realities of digital presence and engagement. In this year, the bonds between churches, especially between lay leaders, in the Small Church Network, has borne much fruit. During this pandemic year, smaller congregations have not been operating in silos, yet have shared resources, supply clergy, on-line offerings, and simply a shoulder to lean on with one another. It is inspiring to see these faithful leaders truly network.

In our diocese, the World Mission Board coordinates our companion relationships with three dioceses: North Dakota, Costa Rica, and Southern Malawi. The board also oversees grants to worthy ministries around the globe. The Rev. Meredith Crigler and I lead the World Mission Board. During this unusual year, the board offered grants and assistance to all of our companion dioceses, and to other ministries around the world, as everyone is in significant need. In January of 2020, we welcomed Bishop Alinafe Kalemba of Southern Malawi to our diocese; he enjoyed visiting with people in our diocese, beginning in Austin, then Waco, then ending his visit in Tyler, at our home. Also in January, my wife, Susan, and I traveled on a pastoral visit to Bishop Orlando Gómez in our second visit to the Diocese of Costa Rica. This time, we were able to also travel to the Limón region on the Caribbean coast. This region has a different culture than San José in the interior, and we gained a greater understanding of the diversity in the diocese. I have continued my relationship building with Bishop Gómez over several Zoom calls during this year. In the midst of a global pandemic, it has been good to go back to basics, with companions and friends in Christ, all around the world.

The diocesan Liturgical Commission consists of a diverse group of priests and lay persons, including church musicians; at Bishop Doyle's request, I serve as chair. During 2019, the commission worked on drafting an alternative to the liturgy in the 1979 Book of Common Prayer for the Celebration of a New Ministry (Installation of a New Rector), as well as the Leave-Taking of a Rector. We also worked on trial liturgies (Eucharistic Prayers A, B, C, and D) for the Holy Eucharist, that use consistently applied principles, with a bit more inclusive language. We had all these trial liturgies ready to be beta-tested in a few congregations, beginning in March of 2020. Then Covid-19 happened, and all of that work was put on hold. Hopefully, these trial liturgies may be used in 2021 and we can gather feedback. During this year when our priests have been adapting liturgy to new contexts and constraints, Bishop Doyle has asked me to review their various proposals and provide feedback to the clergy. In this time when we have not been able to celebrate the Holy Eucharist as regularly, I believe that this has caused us to explore and discuss our liturgical theology with greater depth.

As Executive for Pastoral Ministries in our diocese, this year has expanded the pastoral care given to our clergy and their families, some of whom have contracted Covid-19 themselves.

Also, parishioners, staff members, family, and friends have all been vulnerable during these months and appreciate concern and care. The basics of a phone call or an email to just check in are welcomed ways in which we care for one another.

As a part of my pastoral ministry, I serve as liaison to the Episcopal Church Women (ECW) and the Daughters of the King (DOK) in our diocese, walking beside both groups of women as they have adapted to the challenges of this year. The ECW opted to not gather this fall for an Annual Women's Retreat, with hopes for gathering again in October of 2021. The DOK postponed their Spring Assembly, and ably offered their Fall Assembly virtually, with fantastic attendance on-line. Via video, I preached at the opening Morning Prayer service at that assembly.

The Tyler Diocesan Center is located on the campus All Saints' Episcopal School, of which I serve on the board. In 2020, I presided at both of the school Ash Wednesday services. Following the shut-down of the school in the spring, and then the careful re-opening, I have been observing the excellent leadership at the school during these challenging times.

I was invited by the Bishop of New Hampshire, Robert Hirschfeld, to preach in that diocese at the ordination in January of their new deacon, Stephen Ekerberg. Steve Ekerberg is a graduate of our own Iona School for Ministry; he commuted by plane from New Hampshire to Camp Allen one weekend every month for his studies. Each year, one of my joys is to teach "Homiletics: Practical Preaching" at the Iona School for Ministry, and Steve had been one of my students. At the ordination service, several Iona graduates from Texas were present. It was a wonderful day for the Dioceses of Texas and New Hampshire to come together in common mission.

The House of Bishops of The Episcopal Church had planned to meet twice in 2020; however, both of those meetings were moved to an on-line format. Yet even though we have been able to only meet virtually, we have actually met a bit more frequently, especially to discuss issues of racial justice. These discussions have occurred as a whole House, and in our assigned table groups. As the postponements continued throughout the year, The General Convention in Baltimore in 2021 was rescheduled to July 2022. The Lambeth Conference, which was to meet at Canterbury in the summer of 2020, was also rescheduled to the summer of 2022. The Lambeth Conference is for bishops and spouses from all across the worldwide Anglican Communion, and only happens roughly every 10 years.

In the wider Episcopal Church, at the invitation of the Presiding Bishop and the President of the House of Deputies, I serve on the Program, Budget, and Finance (PB&F) Committee of The Episcopal Church (TEC). In January, I was elected by the members of the PB&F Committee to the position of Vice-Chair. This committee works on the budget for the wider Church, based upon the priorities for mission set by our Presiding Bishop and The General Convention. In October, I was invited to begin attending the meetings of the Executive Council of TEC, as well as the Finance subcommittee. This allows me to learn more about the budgeting process, and to provide some input and counsel, even though I am not a voting member. Because the next General Convention has been delayed by one year, from 2021 to 2022, the Executive Council will develop a separate budget for just the year 2022. For the years 2023-2024, the PB&F Committee will present that two-year budget to The General Convention in 2022 in Baltimore.

In connection with my work with the PB&F Committee, I continue to serve on a task force



formed by our last General Convention: The Task Force on the Budget Process. From that task force, we will present our conclusions and proposed changes to The General Convention in 2022, with hopes for a more streamlined budget process.

Because of my increased workload for the wider Church through PB&F, I have decided to not continue on with another term on two boards: the national Executive Board of the Episcopal Peace Fellowship and the national Board of the Gathering of Leaders. I have enjoyed my three-year terms on each board, and I feel good about stepping aside in the interest of stewardship regarding my time. It is, for sure, a time to get back to basics.

Even in a year of challenges, accomplishments, disappointments, achievements, and loss, it is a pleasure to work, as a team, with the other bishops in this diocese. Bishop Doyle, Bishop Ryan, Bishop Monterroso, and I meet by Zoom every other Tuesday morning. We do discuss things going on in the diocese, yet we also just spend time sharing our lives. The Executive Team of the diocese also meets every other week, and our collaborative work enables the diocese to support our congregations and our people.

In the Bible, someone in the crowd asks Jesus about the basics, inquiring of him: “Master, which is the great commandment in the law?” And Jesus replies: “Thou shalt love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind. This is the first and great commandment. And the second is like unto it: Thou shalt love thy neighbor as thyself.”

That’s the basics.

Jeff W. Fisher, Bishop Suffragan

### **REPORT OF BISHOP KATHRYN “KAI” RYAN**

The Interim Rector of All Saints, Austin, the Rev. Lane Hensley, recently pointed out that I have spent as much time as a bishop during pandemic as I did before the pandemic began. Like other crises we have experienced in the Diocese, the COVID-19 pandemic has shaped how we carry out our mission but has not altered our call to join in Christ’s work of reconciliation through evangelism and service. As your Bishop Suffragan, I have been privileged to experience the creative ways we have rediscovered this truth in 2020.

Ministry moved with palpable momentum at the beginning of the year. Before March 15, I made nine parish visitations, presided at four ordinations to the priesthood – of the Revs. Cameron Spoor, Beth Woodson, Minerva Skeith, and Hannah Pommersheim, and dedicated the new construction at St. Alban’s, Waco. These headlines point to enormous dedication and generosity by lay persons and clergy who collaborate on building the Church so that Christ is known, worshiped, proclaimed, and served. At each gathering, I heard creative ideas and a passion to serve Christ in ways that transforms lives.

At the beginning of March, when the danger of pandemic was becoming known, that sense of momentum shifted. Grateful for the leadership of our Presiding Bishop, Michael Curry, who led the difficult decision to move the March House of Bishops meeting online, and of Bishop Doyle, who led the difficult decision to suspend in-person worship in the Diocese, I joined others across the Church as we learned to be present to each other and to God through Zoom

and other digital technology. My visitation to St. Christopher's, Killeen on March 15 was the first to be disrupted. I was grateful for the Rev. Steve Karcher's flexibility and quick work to allow for my remote participation. Looking back on my first self-recorded sermons, I become aware of the grace extended to me by those who watched from home!

Though changed in format and focus after March, the work with clergy and congregations continued to be at the center of my ministry throughout this year. With the help of members of the Mission Amplification team, I received and approved plans for regathering worship and activities for the congregations and campus ministries in the four convocations in the west region, met with clergy and lay heads of congregations on Zoom calls to consider questions and needs arising in their contexts and to remain connected, and explored challenges and blessings with vestries and bishop's committees. These conversations explored the theological, spiritual, and practical implications of proposed courses of action. Similar conversations were happening in remote gatherings of the House of Bishops, and remote gatherings of the Diocese of Texas bishops.

By summer, we had adjusted, holding the graduations for Iona School and Seminary of the Southwest online, (I was honored to receive an honorary Doctor of Divinity from SSW at their online graduation), and ordaining, on behalf of other dioceses to which travel was difficult, two deacons and one priest with very limited congregations. I will have participated remotely or outdoors in 27 unusual visitations by the end of 2020. Now, as the year comes to a close, I am gathering with congregations for Sunday worship and building dedications, the installations of new rectors and confirmations, returning to key ways bishops minister to the Diocese as signs of unity, sharing authority, and the equipping of the people of God. Yet, we are worshiping and gathering remotely or outside, or both, wearing masks and observing physical distancing. This, too, reflects the heart of our mission. Out of love and concern for our neighbors and one another, out of our love for God, we wear our masks and worship remotely. When we are able to be together, the people of our congregations will carry with them learnings that can continue to be put to service for the gospel.

In addition to overseeing the west region, my portfolio includes several diocesan institutions and ministries. Each strived to modify and continue operations safely. The heads of the organizations and the executive chairs of the boards poured themselves to achieve this end. St. Stephen's Episcopal School in Austin, led by Chris Gunnin, Headmaster, and Beth Ozmun and then Chris Oddo, Executive Chairs of the Board, shifted to remote learning and gracefully managed the needs of local day students and domestic and international boarding students spread across time zones. During the summer, the faculty undertook continuing education to enhance their digital teaching skills to be ready for a hybrid effort this fall. Seminary of the Southwest moved to fully remote classes, worship, and community events in the spring, and has added some in-person instruction and outdoor worship on the Mot this fall. Over the same months, the Seminary celebrated a successful capital campaign to fund renovations and construction for a new learning center and library. Dean Cynthia Kittredge, Bishop Doyle, who chairs the Board, and Clarke Heidrick, Executive Chair, led the Seminary to advance the vision even as adapting to remote learning. El Buen Samaritano's Board was in the middle of a strategic planning process in the first quarter of 2020. The EBS Executive Director, Dr. Rosamaria Murillo, led the staff to shift operations within two weeks of the governor's stay at home order to meet the exploding nutritional needs of families in Austin arising due to school closures and employment losses. EBS partnered with the City of Austin to distribute \$1.5 million in emergency funds and with other community agencies in supporting Austin's neediest

residents. Vickie Blumhagen, Executive Chair of the Board, served as an able partner to Dr. Murillo and me, keeping the Board informed and engaged in guiding and supporting Dr. Murillo and the EBS staff.

The Iona School for Ministry, which offers local formation for ordained and lay ministries at Camp Allen 10 weekends a year, also shifted to a remote model in the spring. The Revs. Mark Crawford and Mary Lenn Dixon, Deans, and Laura McAlister, Administrator, and the instructors and students are to be commended for their flexibility and creativity. By the fall, Iona was able to offer a hybrid model, with students and instructors gathering at Camp Allen or participating remotely when necessary.

I also coordinate and oversee post-seminary/Iona formation for our new clergy and clergy new to the Diocese. The Curate Cohort and First Time in Charge programs, for stipendiary priests in their first two years, and two Beginning Well cohorts, one for bivocational priests in their first two years and one for clergy new to the diocese not serving as curates, aim to support clergy by establishing peer cohorts, relationships with senior clergy mentors in the diocese, and offering content helpful in developing priestly identity and effectiveness in ministry. Time together, both formal and informal, is a key component of these programs. With the efforts of Haley Townsend, my executive assistant who handles the administrative duties, and the mentor/facilitators: Katie Wright, Les Carpenter, Daryl Hay, Kellaura Johnson, Marcea Paul, John Johnson, Terry Pierce, Trawin Malone, and Angela Cortiñas, these programs also have continued remotely and in hybrid form.

This fall, Bishop Doyle appointed me as Executive for Ministry, managing the ordination process for the Diocese. A complete report on the Commission on Ministry and the numbers of aspirants, postulants, and candidates is contained in the Journal. The Rev. Francene Young, Chair of the Commission, the Rev. Dean Calcotte, former head of the Examining Chaplains, and the Rev. Patrick Hall, new head of the Examining Chaplains, and the Rev. Pat Richie, Chair of the Committee on the Diaconate, as well as Ana Gonzales, COM Administrator, have assisted me in stepping into that role and have done excellent service for the Diocese.

During 2020, I was honored to preach at Diocesan Council in Waco and at the Convention of the Diocese of Western Louisiana. I began my official bishop formation, attending the Living our Vows program of the College for Bishops with Tim in February, and the College for Bishops “residency” remotely in June.

For the broader church, I serve on the House of Bishops’ Planning Committee, busied this year with establishing norms and programs for remote sessions of the HOB. I also serve on the Board of Trustees, Sewanee. This year I served Sewanee’s Board of Trustees as Chair of Church School Relations Committee.

I continue to be deeply grateful for the privilege of serving with Bishops Doyle, Fisher, and Monterroso, from whom I am learning so much, and with the other members of the Executive Team and the diocesan staff. Despite the many challenges of 2020, together with the faithful clergy and lay people of the diocese, we continue to move forward boldly in God’s mission. Tim and I give thanks that God has called us to serve the Diocese and her people.

Kathryn “Kai” McCrossen Ryan, Bishop Suffragan

## **REPORT OF BISHOP HECTOR F. MONTERROSO**

Grateful for the opportunity to serve in the Diocese of Texas as Bishop Assistant, I share with you, members of the Council, a summary of the tasks and assignments that I have developed this year 2020.

### **Ordinations**

I had the opportunity to ordain into the Holy orders Rev. James Harrington, at St. James Austin on January 17<sup>th</sup>, Rev. Rhonda Rogers at St. Francis of Assisi, Prairie View, on January 18<sup>th</sup>, Rev. Michael Brady at St. Augustine of Hippo, Galveston on January 25<sup>th</sup>, and Rev. Alvaro Pinzon at San Pedro/St. Peter's, Pasadena, Houston.

### **Ministry amid the Pandemic.**

Amid the Pandemic, I have spent much of my time supporting churches and clergy as we move through times of confusion, anxiety, and uncertainty.

The most critical activity or the most significant effort of my work during the last months has been the investment of time with the clergy of the three convocations of the Region. From the end of March to the beginning of July, I held weekly meetings with each of the South Region Convocations, including most of the clergy. The zoom meetings and conversations helped us generate discussion, questions, and in many cases, the talks led us to gather valuable information for formulating regathering plans.

The meetings were also valuable in walking together, discovering the possibilities of sharing ideas, and in some cases establishing joint initiatives.

Something that captured my attention is that churches that are geographically located very close to each other do not take the initiative to undertake joint activities and share resources. I believe that some Churches in the Region have come together amid the Pandemic and are experiencing better communication and sharing of resources.

The dialogues and meetings led us to the presentation and approval of the Regathering plans that are in force and that have followed all safety guidelines and protocols.

### **The Commission on Hispanic Ministry**

Although we had to cancel the event held each June, the commission decided that instead of having a single virtual event, it would have periodic virtual training events each month from September to December of this year. Something crucial is that many leaders who have been trained over the years in this Conference are now people leading online workshops.

### **Formation and Continuing Education**

We have started a training and continuing education program for priests and Church planters who recently joined the Diocese and came from other Christian denominations. This program

aims to help the participants to strengthen their episcopal identity.

### **Missionary Project through Social Networks.**

During Advent 2020, we have launched a missionary program in Spanish using social media.

The project aims to reach different Hispanic populations where we already have the Episcopal Church's English presence. Many churches are located in the center of Hispanic people but do not have a Spanish ministry. We want to reach these populations through Social Networks to create an audience during this time of isolation. Later, when the time is right, we can invite them to participate in Spanish services using the churches that we already have available and explore the possibility of opening a Hispanic ministry.

Another purpose of the program is to open the possibility of many Hispanic leaders trained for a long time here in the Diocese and, through this project, can develop their ministry.

### **St. Vincent's House (SVH)**

St. Vincent's House has developed an outstanding ministry this year. Their continued work has allowed the program to reach many people in need and seriously affected by the Pandemic.

The mission of St. Vincent's House is to provide essential services and resources to empower families and individuals to become self-reliant and contributing members of the community. The Covid-19 Pandemic increased the need for St. Vincent's services. People who had not needed help in the past unexpectedly found themselves unemployed faced food insecurity, and had reduced access to essential medical and social services.

In response to the economic devastation caused by COVID-19, St. Vincent's House implemented several programs that increased efficiency and provide more impactful services.

The food pantry was expanded to include essential hygiene items and masks and moved to a larger space in a location that allowed people to pick up items in a contactless environment. Between March and October, 230,000 pounds of food were distributed.

Likewise, during the Pandemic, the Homelessness Prevention Program has been implemented. The staff works hard to negotiate rents and public services to keep clients in their homes.

SVH plans to continue as a beacon of hope and a place of healing for all of God's people.

### **Multiethnic and Multicultural Strategy**

During the weekly celebrations in our churches, people of at least 48 nationalities come together to pray, reflect, and live in communion. Families and individuals from many countries live, work, and contribute to the development of cities and towns where our Church currently has a presence and where we will indeed have a missionary presence in the future.

There are many reasons why these people have joined our Church; hospitality, friendship,

liturgy, music, tradition, and also because they have been welcomed as part of the great Episcopal family.

Their incorporation has brought diverse forms of cultural expression, language, and vitality to the Church.

Last year the Executive Team began a process of discernment on the importance of establishing a multiethnic and multicultural strategy for the Diocese of Texas. Since then, we have compiled information that has allowed us to map how the Diocese's multiethnic reality in organized groups, commissions, committees, the Boards of Directors of the Foundations, the Staff, and the diocesan clergy.

We have also intuitively established the Diocese's work in recent years to recognize, develop, and support multiethnic efforts throughout the Diocese.

With this information, we are developing a strategy that allows us to celebrate our diversity and strengthen and expand our missionary work.

We are a Church that unites and represents immense diversity. We believe that the multiethnic and multicultural presence is a gift that God has given us, likewise a pastoral and missionary responsibility.

## **Hurricane Recovery**

2020 brought a record-breaking hurricane season with 30 named storms – and a pandemic. Thanks to generous multi-year grants from our diocesan Quin Foundation and Episcopal Relief & Development (ERD), our disaster recovery program continued serving storm survivors from Hurricane Harvey (2017) and Tropical Storm Imelda (2019).

The Pandemic surfaced additional community needs that we could address safely through collaborations with our bishops, ERD, our storm recovery congregation leaders, and our diocesan hurricane recovery team.

After 2020 Hurricanes Laura and Delta prompted evacuations in our Southeast Region and destroyed homes; ERD made the possible rapid deployment of gift cards, food, and home repair supplies for storm survivors.

Additionally, many of our congregations donated supplies and funds to both Texas and Louisiana. The diocesan disaster recovery team expanded our storm preparedness resources for congregations and families on [epicenter-prepare.org](https://epicenter-prepare.org), which included the integration of unique requirements for safely weathering a storm during a pandemic.

It was a blessing to see how networks formed during our long term recovery work and lessons learned by our congregations from prior storms, and other crises strengthened our preparedness, resilience, and capacities to respond safely and appropriately to 2020's challenges.

## **College of Bishops.**

In June, I finished my participation in the College of Bishops. This program has been created to assist new bishops during their initial ministry period and lasts for three years. At the end of the program, I was invited to participate as a coach of one of the new bishops of Latin America, Daniel Genovesi, Bishop of Uruguay.

## **Task Force on Liturgical & Prayer Book Revision.**

Part of my responsibilities is to participate as a member of the Task Force on Liturgical & Prayer Book Revision. This group is responsible for reviewing all liturgical materials written and created by individuals, churches, and dioceses. For three years, we have worked on reading, classifying, and recommending materials that have been considered valuable liturgical resources to move forward in the process for final consideration. Many resources and materials have been considered friendly but not to be considered at this time.

This has been a different year and it has forced us to work from another perspective. I am grateful to our clergy and laity, who have assumed responsibility for facing challenges and changes that the pandemic has presented for our worship and our life in communion. We have learned a lot, and I am sure that the experience gained will help us take advantage of the new missionary opportunities to come.

Héctor Monterroso, Bishop Assistant

## **REPORT OF BISHOP RAYFORD B. HIGH**

As retired bishop suffragan of Texas, I am so grateful for the opportunity to be able to serve Christ and the church in the diocese and in our neighboring diocese of West Texas. I did 2 confirmation services (one in Texas and one in West Texas), 2 Celebration and Blessing of a marriage services, 1 funeral, 4 pastoral visits. Ann and I were invited to attend the Diocese of West Texas Council meeting in Corpus Christi. In the Fall, I was invited by Bishop David Reed, West Texas, to serve as Assistant Bishop (part time) beginning February 1. Ann and I are excited to be able to continue to exercise the ministry God has called us to do. We ask for your prayers as we begin this new venture.

Rayford B. High, Jr.

Retired Bishop Suffragan of Texas and Retired Provisional Bishop of Fort Worth

## **REPORTS OF OFFICERS OF THE DIOCESE**

### **HISTORIAN**

A number of history projects have been taken up and completed over the course of the year. Working together, the Rev. Mark Crawford and I reviewed and updated the history survey of the Diocese of Texas given to all graduating seminarians. This most current revision covers through the beginning of 2020. Additionally, I have worked with a number of congregations to help them draft their own histories.

Jimmy Abbott, Diocesan Historian

## REGISTRAR

As registrar of the Diocese of Texas, I certify that to date in 2020, all ordinations held within the diocese and all transfers of clergy as well as clergy changes in each congregation have been duly recorded.

John A. Logan, Jr., Registrar

## SECRETARY

I am always grateful to those who have responded to the Bishop's request for reports to the *Journal* and those who have responded in time to get them printed in Volume I.

Again this year, delegate registration for the 172<sup>nd</sup> Council are to be filed online (do not send copies to the Diocesan Center). Forms materials for 2021 (such as the delegate certification, list of appointed/elected parochial officers) are already available on the diocesan Web site as a part of the Council registration forms. Please remember that Council registration and all of the other requested material is to be completed online. Council registration and all required forms are due by February 1. If you need assistance completing any of these forms, please contact the Diocesan office at [ngaspar@epicenter.org](mailto:ngaspar@epicenter.org).

Beginning January 2<sup>nd</sup>, you will be able to file the parochial report. This year there is a special edition of the parochial report – make sure to review instructions, workbooks and videos available at <https://www.generalconvention.org/forms-and-instructions>. To file the parochial report, go to <https://reports.dfms.org> and enter your Login Name and Password. As before, you are required to file your report online. Online filing will not begin until January 2 (the first day for filing). Again, please do not send a "hard copy" to the diocese as we are able to access the reports once they have been filed online. It is wise, however, to keep a hard copy of your Parochial Report for your own reference. I would remind you that regardless of what the preparation handbook says, by Diocesan Canon your Parochial Report is due in the New York office of the General Convention by February 1. After January 2, we will be checking daily to see which Reports have been filed. If your Report is not on file by February 27, Diocesan Canons specify that you are not entitled to join or to have a vote in Council. Please make every effort to file your Parochial Report in a timely manner.

John A. Logan, Jr., Secretary

## TREASURER

### THE EPISCOPAL DIOCESE OF TEXAS

The information provided is for the period January 1 - November 30, 2020

### DIOCESAN BUDGET

	Year to Date Amounts	2020 Adopted Budget
<b>REVENUES</b>		
Assessments	\$ 7,567,991	\$ 8,255,990



Foundation Support and Overhead	2,595,860	2,840,389
Other Revenues	343,315	516,000
<b>TOTAL REVENUES</b>	<b>10,507,166</b>	<b>11,612,379</b>
<b>EXPENDITURES</b>		
<b>OFFICE OF THE BISHOP</b>		
Clergy Compensation	1,584,207	1,775,791
Lay Staff Compensation	638,102	700,190
Business and Travel Expense	265,405	441,848
Clergy Conference	45,020	120,000
	<b>2,532,734</b>	<b>3,037,829</b>
<b>COMMUNICATION DEPARTMENT</b>		
Communication Staff Compensation	390,046	375,803
Other	125,673	152,000
	<b>515,719</b>	<b>527,803</b>
<b>CANONICAL EXPENSES</b>		
Diocesan Council	234,531	250,000
Other	57,746	94,300
	<b>292,277</b>	<b>344,300</b>
<b>MINISTRY EXPENSES</b>		
Ministry Staff Compensation	520,027	572,534
Transition Ministry	106,188	97,500
Wellness and Care Ministry	71,579	121,250
Other Ministry Expenses	353,393	525,000
	<b>1,051,187</b>	<b>1,316,284</b>

**MISSION AMPLIFICATION**

Staff Compensation	960,601	1,024,148
Youth Ministry	41,037	130,000
Congregational Vitality	53,566	98,000
Other	44,842	78,500
	<b>1,100,046</b>	<b>1,330,648</b>

**SERVICE AND OUTREACH**

Support of the Episcopal Church	1,266,377	1,381,502
Support of the Anglican Communion	300,000	300,000
World Mission & Companion Dioceses	86,276	155,703
Other	57,673	127,500
	<b>1,710,326</b>	<b>1,964,705</b>

**ADMINISTRATIVE EXPENSES**

Staff Compensation	800,135	939,869
Group Health Insurance	458,104	499,750
Overhead reimbursement to the EDOT FSC	266,075	290,264
Information Technology	220,142	251,080
Rent & Storage	197,448	216,216
General Office Expense	174,687	215,475
Utilities, Janitorial, Maint. & Repair	158,957	185,000
Other Insurance	266,333	219,156
HR Consulting & other transition costs	21,011	35,000
Other	203,639	239,000
	<b>2,766,531</b>	<b>3,090,810</b>

<b>TOTAL EXPENSES</b>	<b>9,968,818</b>	<b>11,612,379</b>
<b>REVENUES OVER (UNDER) EXPENSES</b>	<b>\$ 538,347</b>	<b>\$ -</b>
Special Accounts	4,723,000	-
<b>NET CHANGE IN ASSETS</b>	<b>\$ 5,261,348</b>	<b>\$ -</b>

Linda Riley Mitchell, CFO/Treasurer

## EXECUTIVE BOARD

The Executive Board of the Episcopal Diocese of Texas met in Waco, Texas, on February 8, 2020 immediately following the adjournment of the 171<sup>st</sup> Annual Council in the Waco Convention Center.

Saturday, February 8, 2020: In addition to Bishops Doyle, Fisher, Ryan, and Monterroso, the following newly elected members of the Board were present: Anthony Chapple, Mark Duncan, Diana Hineman, Rhonda Rogers, and Mitch Tollett. Also present, John A. Logan, Jr, Secretary. Bishop Doyle welcomed the newly elected members and explained the meetings schedules (three annually, the first one of which will be in March). Bishop Fisher was elected as Vice-President. Elected as Secretary was Canon Logan. Elected as Treasurer was Linda Mitchell. Elected as the Executive Board representative on the Nominations Committee was Debbie Allensworth.

Wednesday, March 18, 2020: Bishop Doyle provided an update on the response to the COVID-19 virus. The Governance Committee discussed changing the canons to add the Pastoral Leader of a Fellowship as a member of Council. The Committee was asked to consider the changing the name of "Council" to "Convention." In connection with the Finance Committee, the Governance Committee was asked to establish a means for congregations to request a lower assessment. The Camp Allen Capital Campaign is on track but is still a bit short. In 2021, Camp Allen will turn 100. The Bishops reported that the Diocesan Institutions are in good hands and are adjusting to their limitations. The Bishops are preparing "virtual" Holy Week liturgies.

Wednesday, September 9, 2020: The Executive Board conducted a "virtual" meeting. Voting was by hand signals or verbally. Following discussion, the Board adopted a proposed Canonical amendment dealing with Assessment Remittances, taking into account reasons that might cause a need for financial relief. The proposal was referred to the Committee on Constitution and Canons. The Committee proposed an amendment to Article 2.3 ("Membership of the Council" (Article 2.3). The amendment was adopted and referred to the Committee on Constitution and Canons. The word "Fellowship" was added to Article 3.2 and referred to the Constitution and Canons Committee. Following the Bishop's suggestion, the motion was made to have a virtual Council in 2021. The Insurance Task Force was given authority to review the medical insurance.

Wednesday, December 9, 2020: The Executive Board was again conducted in a "virtual"

mode. Responses were either made orally or by raising of hands. Following the opening prayer, the Board participated in a Bible study. In approval of a letter ballot, Gary Underwood was chosen to replace Erin P. McClure on the Executive Board until 2022. A proposed “flat” Budget for 2021 was adopted and recommended to Council. A proposal to change the name of the annual meeting from “Council” was postponed. The Finance Subcommittee discussed the establishment

John A. Logan, Jr., Secretary\_

## **DIOCESAN FOUNDATIONS**

### **THE BISHOP QUIN FOUNDATION**

“The Mission of the Bishop Quin Foundation is to Help Build the Church!” Our Mission Statement calls for us to do this “within the Episcopal Diocese of Texas with the advice and counsel of the Bishop of Texas and working with the Diocesan staff and the other foundations of the Diocese by continuing to increase and utilize our resources effectively.

Trustees are appointed to overlapping three-year terms by the Council of the Diocese of Texas. The Bishop and Treasurer of the Diocese are *ex officio* members of the board, with voice and vote. Elected members during the past year included; Mr. Bob Biehl, The Rev. Kellaura Johnson, and Ms. Melinda Little (terms expiring in 2021), Ms. Sue Green, Merrell Anne Shearer, and The Rev. Bill Fowler (terms expiring in 2022), and The Rev. Jason Ingalls, Mr. Scott Madison, and Mr. Clark “Corky” Moore (terms expiring in 2023). Officers elected by the Board were The Rev. Bill Fowler, President; Ms. Sue Green, Vice-President; Ms. Linda R. Mitchell, Treasurer; Mr. David N. Fisher, Secretary; and Ms. Angela Smith, Assistant Secretary.

The Foundation established the following committees:

- Executive Committee – Conducts foundation business between meetings of the board. Members are; The Bishop of Texas (Chair), Bill Fowler (President & Convener), Corky Moore, the Treasurer of the Diocese, and the Director of Foundations.
- Quin / EFT/ GCF Strategic Mission Grants Committee – Joint Venture which supports the growth of congregations within the Episcopal Diocese of Texas. Bishop Quin Foundation members of the SMG Committee are: Merrell Anne Shearer, Kellaura Johnson, Jason Ingalls, Sue Green, Bob Biehl, and Melinda Little.

Again this year, grants were provided to support the Curate/Intern Placement Program. Under this program, the Bishop Quin Foundation funds one half of the salaries of Curates/Interns placed in churches throughout the Diocese of Texas. The Trustees continue to believe that attracting and maintaining high quality talent is vital to the continued growth and success of the Diocese. This Bishop Quin Foundation supports Sabbatical Grants for our clergy and redevelopment grants to congregations. The Bishop Quin Foundation also funded initiatives from our congregation there were referred by the EDOT Collaboration Team and Mission Amplification teams during the course of 2020.

The Strategic Mission Grant program is a collaborative venture with the Episcopal Foundation of Texas and the Great Commission Foundation. The Strategic Mission Grants Committee (SMG) has a dedicated website [www.smgedot.org](http://www.smgedot.org) for processing grant applications and managing active grants. This interactive website includes videos, stories, and motion graphics that convey information about the grant program using multiple media formats. The site has a complete translation in Spanish. The grant focus includes encouraging congregations to engage with their surrounding communities, focus on invitation, and the funding of missional communities.

In the year 2020, the Bishop Quin Foundation was proud to provide \$6.5 million in grants to support the Missionary Vision for Racial Justice that Bishop Doyle announced at Diocesan Council in 2020. Also in 2020, the Bishop Quin Foundation contributed \$500,000 to the COVID-19 Financial Relief Grant package that provided relief to congregations for assessment payments, support to the Episcopal Institutions in the diocese, loans to the congregations and institutions to help them bridge the burden of maintaining their payroll and other expenses, and direct aid to select congregations.

Throughout the year, the Trustees relied on the hard work and skills of a dedicated and capable staff. We have been ably advised by Bishop Doyle and Canon Faulstich and we are grateful for and feel blessed by their guidance, advice and support. Our efforts were coordinated throughout the year with the other foundations of the Diocese. It is a privilege to work with this exceptional group of Christians with one accord.

Respectfully submitted, Bill Fowler, President

**The Bishop Quin Foundation**  
**(An Instrumentality of the**  
**Protestant Episcopal Church in**  
**the Diocese of Texas)**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2019  
and 2018

**The Bishop Quin Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese**  
**of Texas)**

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## Independent Auditors' Report

To the Board of Trustees of  
The Bishop Quin Foundation:

We have audited the accompanying financial statements of The Bishop Quin Foundation (an instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

**Opinion** – In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bishop Quin Foundation as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Blazek & Vetterling*

June 25, 2020



**The Bishop Quin Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Financial Position as of December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 225,917	\$ 157,333
Receivables from other Diocesan operating entities	533,445	161,792
Notes receivable (Note 3):		
Church Corporation	468,947	458,041
Related entities, net	482,303	500,204
Investments (Note 4)	38,475,487	34,337,279
Land	<u>180,601</u>	<u>180,601</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 40,366,700</u></b>	<b><u>\$ 35,795,250</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 15,029	\$ 21,288
Due to other Diocesan operating entities	67,000	117,701
Grants payable (Note 5):		
Related entities, net	908,397	986,717
Diocesan operating entities	<u>450,000</u>	<u>765,551</u>
<b>Total liabilities</b>	<b><u>1,440,426</u></b>	<b><u>-</u></b>
	<b><u>1,891,257</u></b>	
Net assets without donor		
Board-designated revolving fund	238,572	523,977
Board-designated permanent fund	<u>38,687,702</u>	<u>33,380,016</u>
<b>Total net assets without donor restrictions</b>	<b><u>38,926,274</u></b>	<b><u>33,903,993</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 40,366,700</u></b>	<b><u>\$ 35,795,250</u></b>

*See accompanying notes to financial statements.*

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**The Bishop Quin Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Activities for the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUE:		
Net investment return <i>(Note 4)</i>	\$ 6,608,210	\$ (1,811,145)
Support from Diocesan operating entities	863,327	886,664
Interest on notes receivable from related entities	20,492	3,352
Interest on notes receivable from Diocesan operating entities	10,906	10,906
Other revenue	<u>12,300</u>	<u>11,870</u>
Total revenue	<u>7,515,235</u>	<u>(898,353)</u>
EXPENSES:		
Program services:		
Grants to related entities	1,707,723	1,860,000
Grants to other Diocesan operating entities	<u>346,986</u>	<u>1,984,696</u>
Total program services	2,054,709	3,844,696
Management and general:		
Diocesan operating entities – administrative services	394,209	345,276
Other management and general	<u>44,036</u>	<u>43,330</u>
Total expenses	<u>2,492,954</u>	<u>4,233,302</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	5,022,281	(5,131,655)
Net assets without donor restrictions, beginning of year	<u>33,903,993</u>	<u>39,035,648</u>
Net assets without donor restrictions, end of year	<u>\$ 38,926,274</u>	<u>\$ 33,903,993</u>

See accompanying notes to financial statements.

**The Bishop Quin Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Cash Flows for the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets without donor restrictions	\$ 5,022,281	\$ (5,131,655)
Adjustments to reconcile changes in net assets without donor restrictions to net cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	(4,543,148)	3,778,702
Changes in operating assets and liabilities:		
Receivables from other Diocesan operating entities	(371,653)	(35,837)
Accounts payable and accrued expenses	(6,259)	6,631
Due to other Diocesan operating entities	(50,701)	70,836
Grants payable	<u>(393,871)</u>	<u>1,431,268</u>
Net cash provided (used) by operating activities	<u>(343,351)</u>	<u>119,945</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	4,935,507	2,658,009
Purchases of investments	(4,589,131)	(3,177,400)
Change in money market mutual funds held as investments	58,564	550,802
Advances made on notes receivable	(12,693)	(113,752)
Payments received on notes receivable	<u>19,688</u>	<u>3,926</u>
Net cash provided (used) by investing activities	<u>411,935</u>	<u>(78,415)</u>
NET CHANGE IN CASH	68,584	41,530
Cash, beginning of year	<u>157,333</u>	<u>115,803</u>
Cash, end of year	<u>\$ 225,917</u>	<u>\$ 157,333</u>

See accompanying notes to financial statements.

# **The Bishop Quin Foundation**

## **(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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### **NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – The Bishop Quin Foundation (the Foundation) is a Texas nonprofit corporation, created in 1943 to commemorate the 25<sup>th</sup> anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. It was incorporated in 1955 and organized under Title V, Canon 2, as amended, of the Constitution and Canons of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee. The broad objectives of the Foundation include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese. Members of the Board of Trustees are elected by the Council of the Diocese on nomination by the Bishop and include the Bishop as an ex-officio member and Chair of the Board of Trustees.

Related entities – The Executive Board of the Diocese is composed of the Bishop and fifteen members elected by the Council of the Diocese. Pursuant to various Canons, the Executive Board has certain oversight responsibilities relating to the affairs of the Foundation and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated Diocesan entities.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the 57 counties of the Episcopal Diocese of Texas.

The Foundation routinely engages in transactions with related entities that are directly or indirectly governed by the Council of the Diocese. These entities include parishes, schools, missions, and other Diocesan entities.

Basis of presentation – These financial statements include only the assets, liabilities, net assets, and activities of the Foundation. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities, parishes, missions, or other Diocesan entities. Each of these related entities is an operating entity distinct from the Foundation, maintains separate financial records, and administers its own services and programs.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Notes receivable are reported at estimated net realizable value. Allowances for notes receivable are provided when it is believed they may not be collected in full and are adjusted annually to reflect changes in the expected future cash flows from impaired notes. The amount of bad debt expense recognized each period and the resulting adequacy of the allowance at the end of each period is determined using a specific analysis of each receivable balance. A note receivable is considered impaired when it is considered probable that the Foundation will not collect all principal and interest amounts due under the terms of the agreement. No interest is accrued on impaired notes. It is possible that management's estimate regarding the collectability of these balances will change in the near term resulting in a change in the carrying value of receivables. At December 31, 2019, all known impaired loans have been reserved in the allowance for loan losses.

Investments are reported at fair value. Mineral interests are reported at lower of cost or fair value and are fully depleted. Purchases and sales of marketable securities are recorded on a trade-date basis. Realized and unrealized gains or losses on investments are determined by comparison of average costs of acquisitions to proceeds at the time of sale or stated fair value on the last day of the fiscal year, respectively. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of income is limited by donor-imposed restrictions. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Land is reported at cost.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation. The board designations are described as follows:

- *Revolving fund* receives a transfer of income from the permanent fund and interest and other income related to non-investment assets. These funds may be loaned or granted for any purposes that the Bishop and Board of Trustees may determine to be in furtherance of the spiritual and physical welfare of the Diocese.
- *Permanent fund* receives revenue from investments and royalties after the transfer of income to the revolving fund. By the Board of Trustees' action, income transfers are made from the permanent fund

to the revolving fund based on 4% of the average fair market value of the fund for the prior three years. The investment return may be used at the discretion of the Board of Trustees.

Grants made are recognized as expense at fair value when the Foundation approves an unconditional commitment to a grant recipient. Conditional grants are recognized in the same manner when the conditions are substantially met by the recipient or when the possibility that the conditions will not be met is deemed remote. Grants payable in more than one year are reported at the present value of their future cash outflows using a risk-free rate-of-return, if material. Commitments made but not yet funded are reported as grants payable.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program activities. All of the Foundation's expenses are directly attributable to either program activities or management and general.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution received or made is conditional or unconditional. This ASU could impact the timing of revenue and expense recognition and the financial statement disclosures related to such transactions. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. The Foundation is required to adopt this ASU for grants awarded in its fiscal year ending December 31, 2020. Management has reviewed the impact on the financial statements of the adoption of this ASU and has determined that it will not have a material impact on grants awarded.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of December 31 comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 225,917	\$ 157,333
Receivables from other Diocesan operating entities	533,445	161,792

Notes receivable from related entities, net	482,303	500,204
Investments	<u>38,475,487</u>	<u>34,337,279</u>
Total financial assets	39,717,152	35,156,608
Less board-designated net assets not available for general expenditure in the coming year (based upon an estimate of 4% approved for expenditure annually)	<u>(36,499,262)</u>	
	<u>(30,860,946)</u>	Total
financial assets available for general expenditure	<u>\$ 3,217,890</u>	
<u>4,295,662</u>		

For purposes of analyzing resources available to meet expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing religious, charitable, and educational activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the Foundation's liquidity management, it structures its financial assets to be available as general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in mutual funds.

The Foundation's investments are invested for long-term appreciation but remain available to be spent at the Board's discretion. By the Board's action, income transfers are made from the principal to the income fund. Generally, 4% of the three-year average value of the Foundation's portfolio is designated by the Board as available to meet general expenditures.

### NOTE 3 – NOTES RECEIVABLE

#### *Diocesan operating entities*

The Foundation has a note agreement with Church Corporation at an interest rate of 2.5%. The Board has agreed to defer payment on the past due note to Church Corporation annually for the last three years. The balance, includes principal plus accrued interest.

#### *Related entities*

The Foundation provides loans to Diocesan institutions to finance Diocesan projects. Repayment terms and interest rates vary and are flexible to meet the needs of the related entities. Interest rates range from 2.5% to 6% and repayment terms require periodic payments of principal and interest over periods ranging from 1 to 4 years.

Notes receivable from related entities consist of the following:

	<u>2019</u>	<u>2018</u>
Notes secured by real and other property	\$ 480,580	\$ 491,920

Unsecured notes receivable	<u>132,060</u>	<u>138,621</u>
Total notes receivable from related entities	612,640	630,541
Allowance for loan losses	<u>(130,337)</u>	<u>(130,337)</u>
Notes receivable from related entities, net	<u>\$ 482,303</u>	<u>\$ 500,204</u>

#### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASU 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient have not been categorized in the fair value hierarchy. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.



Assets measured at fair value at December 31, 2019 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Bond mutual funds:				
Domestic:				
Intermediate-term	\$ 9,987,765	\$ 9,987,765		
High-yield	1,457,366	1,457,366		
Inflation protected	1,073,064	1,073,064		
International	1,823,628	1,823,628		
Domestic equity mutual funds:				
Large-cap index	3,936,715	3,936,715		
Large-cap growth	1,679,328	1,679,328		
Large-cap value	1,635,171	1,635,171		
Small-cap growth	1,166,002	1,166,002		
Small-cap value	1,077,350	1,077,350		
International equity mutual funds:				
Large-cap growth	3,098,571			3,098,571
Large-cap value	3,086,180			3,086,180
Emerging markets	2,764,484			2,764,484
Master limited partnership mutual fund	2,528,360			2,528,360
Real estate exchange-traded fund	1,096,484			1,096,484
Commodity mutual fund	584,636			584,636
Money market mutual funds	<u>154,350</u>			<u>154,350</u>
Total	<u>\$ 37,149,454</u>	<u>\$ 0</u>	<u>\$ 0</u>	
	37,149,454			
Other investments measured at net asset value using the practical expedient: Investments in partnerships:				
Investment in EH Investment Fund, L.P. (a)				-
				<u>1,326,033</u>
Total investments measured at fair value				<u>\$</u>
<u>38,475,487</u>				

Assets measured at fair value at December 31, 2018 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Bond mutual funds:				
Domestic:				
Intermediate-term	\$ 9,876,159	\$ 9,876,159		
High-yield	1,339,857	1,339,857		
Inflation protected	1,036,426	1,036,426		
International	1,699,492	1,699,492		
Domestic equity mutual funds:				
Large-cap index	2,994,703	2,994,703		
Large-cap growth	1,474,392	1,474,392		
Large-cap value	1,488,533	1,488,533		
Small-cap growth	878,298	878,298		
Small-cap value	877,579	877,579		
International equity mutual funds:				
Large-cap growth	2,618,916			2,618,916
Large-cap value	2,547,592			2,547,592
Emerging markets	2,423,223			2,423,223
Master limited partnership mutual fund	2,153,877			2,153,877
Real estate exchange-traded fund	963,876			963,876
Commodity mutual fund	613,341			613,341
Money market mutual funds	<u>212,914</u>			<u>212,914</u>
Total	<u>\$ 33,199,178</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>33,199,178</u>
Other investments measured at net asset value using the practical expedient: Investments in partnerships:				
Investment in EH Investment Fund, L.P. (a)				-
				<u>1,138,101</u>
Total investments measured at fair value				<u>\$</u>
				<u>34,337,279</u>

(a) EH Investment Fund, L.P. is a global multi-asset class fund that primarily seeks to increase its net asset value by an amount in excess of inflation (as defined by the Consumer Price Index) and the actual spending rate of EHF over full market cycles of seven to ten years. The fund also seeks to maximize investment returns and to reduce portfolio volatility by investing in diversified asset classes and capital markets. The asset classes that the fund will invest in include: global equities (developed and emerging), hedge funds, hybrids, private equity, real assets, fixed income, and cash and equivalents. Hall Capital Partners, LLC serves as the investment manager and the general partner (via one of its subsidiaries). There are two limited partners: EHF and the Foundation. The general partner uses valuation methodologies that consider a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating

performance, financial condition, and financing transactions subsequent to the acquisition of the investment.

As of December 31, 2019, EHF had a 99.90% interest in the fund and the Foundation had a 0.10% interest. At any given time, one third of the fund's portfolio assets can be liquidated within 30 days. Redemptions are allowed at the end of each month with 10-days' prior written notice. There are no unfunded commitments at December 31, 2019.

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held at year end.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Investment in EH Investment Fund, L.P.* is valued at the net asset value utilized as a practical expedient as determined by the general partner and supported by the audited financial statements of the fund.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return includes earnings on cash and consists of the following:

	<u>2019</u>	<u>2018</u>
Net realized and unrealized (gain) loss	\$ 4,543,148	\$ (3,778,702)
Interest and dividends	1,458,582	1,446,508
Mineral royalty income	800,916	746,921
Foreign taxes and mineral interests' production expenses	(104,476)	(111,302)
Investment management fees	<u>(89,960)</u>	<u>(114,570)</u>
Net investment return	<u>\$ 6,608,210</u>	<u>\$ (1,811,145)</u>

## NOTE 5 – GRANTS PAYABLE

At December 31, 2019, all grants payable are expected to be paid within one year.

The Foundation has made approximately \$790,000 in grants to Diocesan operating entities and other related entities that are conditioned upon certain events occurring and have not been recognized as grants payable at December 31, 2019. Included in these amounts is approximately \$292,000 in a grant to EDOT to assist with hurricane response and recovery initiatives. This grant is conditioned upon EDOT identifying qualifying projects.

## **NOTE 6 – SUBSEQUENT EVENTS**

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. Financial markets have been severely impacted by fears of the COVID-19 pandemic and the sharp decline in the price of oil. The U. S. stock market has experienced a significant decline and remains volatile. While the Foundation expects these events to negatively impact operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through June 25, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

## **CHURCH CORPORATION**

The Protestant Episcopal Church Council of the Diocese of Texas, popularly known as the "Church Corporation," serves the diocese by providing a vehicle for professional investment management to congregations and institutions throughout the diocese. This vehicle is called the Participating Fund and allows participants to pool their funds with others to achieve economies of scale and quality fiduciary management. Accounts of all sizes are accepted and invested together with the Church Corporation's own funds in a consolidated investment pool with the other foundations in the diocese.

The Church Corporation also serves the diocese by holding title to property used by churches, day schools, outreach ministries, and other diocesan entities and by administering the Clergy Housing Trust and the Episcopal Housing Trust. The Church Corporation assists these entities in the stewardship of those properties through oversight and advice on planning, maintenance, expansion, and financing in furtherance of their mission. The financial activities of the Church Corporation are summarized in the statements that follow. The six trustees: Bishop Doyle, Helen L. Toombs; Mark S. Browning; Charles W. Hall; The Rev. Sharron Cox and I were ably assisted in 2020 by Linda R. Mitchell, Assistant Treasurer; David N. Fisher, Assistant Secretary/Treasurer; and Angela Smith, Assistant Secretary.

Questions related to the report or any other matters may be addressed to Mr. David Fisher or the undersigned.

David T. Harvin, President

**Protestant Episcopal Church Council of the Diocese of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2019 and 2018

**Protestant Episcopal Church Council of the Diocese of Texas  
(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

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## **Independent Auditors' Report**

To the Board of Trustees of  
Protestant Episcopal Church Council of the Diocese of Texas:

We have audited the accompanying financial statements of the Protestant Episcopal Church Council of the Diocese of Texas, which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

## **Management's Responsibility for the Financial Statements**

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

## **Auditors' Responsibility**

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

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

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

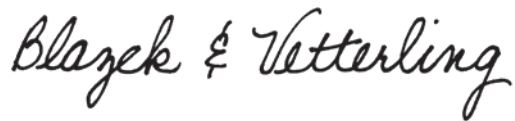
## **Opinion**

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



## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information in the supplemental statements of activities by fund on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and 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 our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



June 25, 2020

2900 Weslayan, Suite 200 Houston, Texas 77027-5132 (713) 439-5757  
Fax (713) 439-5758

**Protestant Episcopal Church Council of the Diocese of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Financial Position as of December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 154,770	\$ 80,543
Notes receivable ( <i>Note 4</i> ):		
Clergy	201,694	274,475
Parishes and schools, net of allowance of \$17,000 in 2019 and 2018	2,058,735	2,058,735
Other, net of allowance of \$249,000 in 2019 and 2018	285,334	307,988
Land and buildings held for sale	665,349	665,349
Receivables:		
Support from Diocesan operating entities	2,000,000	11,583
Contributions receivable	1,000,000	
Other	213,123	291,357
Investments ( <i>Note 5</i> )	42,759,184	37,638,273
Property, net ( <i>Note 6</i> )	<u>10,068,634</u>	<u>9,940,139</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 59,406,823</u></b>	<b><u>\$ 51,268,442</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,540	\$ 11,893
Grants payable to parishes and schools ( <i>Note 7</i> )	739,681	322,000
Due to Diocesan operating entities	138,548	170,744
Funds held for related entities	18,208,896	15,836,457
Notes payable ( <i>Note 8</i> )	<u>6,729,237</u>	<u>7,166,142</u>
Total liabilities	<u>25,818,902</u>	<u>23,507,236</u>
Commitments and contingencies ( <i>Note 9</i> )		
Net assets ( <i>Note 12</i> ):		
Without donor restrictions ( <i>Note 10</i> )	11,531,953	9,073,990
With donor restrictions ( <i>Note 11</i> )	<u>22,055,968</u>	<u>18,687,216</u>
Total net assets	<u>33,587,921</u>	<u>27,761,206</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 59,406,823</u></b>	<b><u>\$ 51,268,442</u></b>

*See accompanying notes to financial statements.*

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**Protestant Episcopal Church Council of the Diocese of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statement of Activities for the year ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 918,328	\$ 1,305,898	\$ 2,224,226
Investment return, net ( <i>Note 5</i> )	600,447	2,912,073	3,512,520
Interest on notes receivable	82,312		82,312
Support from other Diocesan operating entities	2,440,100		2,440,100
Gain on sale of property	<u>55,000</u>		<u>55,000</u>
Total revenue	4,096,187	4,217,971	8,314,158
Net assets released from restrictions:			
Participating fund distributions	<u>849,219</u>	<u>(849,219)</u>	
Total	<u>4,945,406</u>	<u>3,368,752</u>	<u>8,314,158</u>
EXPENSES:			
Program services:			
Grants made:			
Related entities	863,046		863,046
Other Diocesan operating entities	485,686		485,686
Unrelated entities	97,966		97,966
Imputed interest on note payable to The Great Commission Foundation ( <i>Note 8</i> )	287,118		287,118
Depreciation	98,023		98,023
Repairs and maintenance	85,723		85,723
Interest	<u>30,008</u>		<u>30,008</u>
Total program services	1,947,570		1,947,570
Management and general:			
Diocesan operating entities - administrative services	431,478		431,478
Other	<u>108,395</u>		<u>108,395</u>
Total expenses	<u>2,487,443</u>		<u>2,487,443</u>
CHANGES IN NET ASSETS	2,457,963	3,368,752	5,826,715
Net assets, beginning of year	<u>9,073,990</u>	<u>18,687,216</u>	<u>27,761,206</u>
Net assets, end of year	<u>\$ 11,531,953</u>	<u>\$ 22,055,968</u>	<u>\$ 33,587,921</u>

*See accompanying notes to financial statements.*

**Protestant Episcopal Church Council of the Diocese of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statement of Activities for the year ended December 31, 2018

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 31,206	\$ 230,004	\$ 261,210
Investment return, net ( <i>Note 5</i> )	(328,127)	(1,502,387)	(1,830,514)
Interest on notes receivable	89,247		89,247
Support from other Diocesan operating entities	260,808		260,808
Gain on sale of property	<u>112,102</u>		<u>112,102</u>
Total revenue	165,236	(1,272,383)	(1,107,147)
Net assets released from restrictions:			
Participating fund distributions	<u>326,054</u>	<u>(326,054)</u>	
Total	<u>491,290</u>	<u>(1,598,437)</u>	<u>(1,107,147)</u>
EXPENSES:			
Program services:			
Grants made:			
Related entities	699,834		699,834
Other Diocesan operating entities	146,285		146,285
Unrelated entities	53,109		53,109
Imputed interest on note payable to The Great Commission Foundation ( <i>Note 8</i> )	260,808		260,808
Depreciation	98,023		98,023
Repairs and maintenance	27,103		27,103
Interest	<u>105,235</u>		<u>105,235</u>
Total program services	1,390,397		1,390,397
Management and general:			
Diocesan operating entities - administrative services	380,234		380,234
Other	<u>100,798</u>		<u>100,798</u>
Total expenses	<u>1,871,429</u>		<u>1,871,429</u>
CHANGES IN NET ASSETS	(1,380,139)	(1,598,437)	(2,978,576)
Net assets, beginning of year	<u>10,454,129</u>	<u>20,285,653</u>	<u>30,739,782</u>
Net assets, end of year	<u>\$ 9,073,990</u>	<u>\$ 18,687,216</u>	<u>\$ 27,761,206</u>

*See accompanying notes to financial statements.*

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**Protestant Episcopal Church Council of the Diocese of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Cash Flows for the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 5,826,715	\$ (2,978,576)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	98,023	98,023
Gain on sale of property	(55,000)	(112,102)
Net realized and unrealized (gain) loss on investments	(5,235,589)	3,893,379
Contributions restricted for endowment	(1,000,000)	
Support from Diocesan operating entities designated for endowment	(2,000,000)	
Changes in operating assets and liabilities:		
Receivables	89,817	(76,884)
Accounts payable and accrued expenses	(9,353)	(17,318)
Grants payable to parishes and schools	417,681	322,000
Due to Diocesan operating entities	(32,196)	84,199
Funds held for related entities	<u>2,372,439</u>	<u>(1,332,273)</u>
Net cash provided (used) by operating activities	<u>472,537</u>	<u>(119,552)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments received on notes receivable	105,835	128,493
Advances on notes receivable	(10,400)	
Proceeds from sales of investments	10,198,094	12,906,729
Purchases of investments	(9,322,457)	(13,344,952)
Net change in money market mutual funds held as investments	(760,959)	162,828
Proceeds from sale of property	155,000	2,113,553
Purchases of property	<u>(326,518)</u>	<u></u>
Net cash provided by investing activities	<u>38,595</u>	<u>1,966,651</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable		165,000
Payments on notes payable	<u>(436,905)</u>	<u>(2,000,298)</u>
Net cash used by financing activities	<u>(436,905)</u>	<u>(1,835,298)</u>
<b>NET CHANGE IN CASH</b>	<b>74,227</b>	<b>11,801</b>
Cash, beginning of year	<u>80,543</u>	<u>68,742</u>
Cash, end of year	<u>\$ 154,770</u>	<u>\$ 80,543</u>
<i>Supplemental disclosure of cash flow information:</i>		
Interest paid	\$19,102	\$98,731

*See accompanying notes to financial statements.*

## **Protestant Episcopal Church Council of the Diocese of Texas (An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization - Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation) is a Texas nonprofit corporation created by the Protestant Episcopal Church in the Diocese in Texas (the Diocese), which was organized in Texas in 1836 and is a part of the Protestant Episcopal Church in the United States of America. The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee.

Church Corporation, created in 1886, is authorized to receive, hold, manage, and administer funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it receives, holds, and manages funds held for the use and benefit of any parish or mission in the Diocese. Church Corporation is composed of the following funds:

- *Episcopal Housing Trust* provides residential housing or housing allowances for the Bishops of the Diocese and other clergy on the Diocesan staff.
- *Clergy Housing Trust* assists in providing residential housing loans or housing allowances for clergy canonically resident and engages in full-time work within the Diocese.
- *Diocesan Properties Fund* holds property not being used by a constituent of the Diocese and facilitates the purchase and sale of real property within the Diocese.
- *Participating Funds* is an investment pool managed by Church Corporation. Church Corporation holds and manages portfolios of investments that are comprised of its own assets, as well as custodial assets held on behalf of related parishes and schools and other related Diocesan entities.

Related entities - The Executive Board of the Diocese is composed of the Bishop and fifteen members elected annually by the Council of the Diocese. The Executive Board is responsible for the supervision and direction of Church Corporation and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated entities of the Diocese.
- *The Bishop Quin Foundation (Bishop Quin)* was created in 1943 to commemorate the 25<sup>th</sup> anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of Bishop Quin include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the 57 counties of the Episcopal Diocese of Texas.

Church Corporation routinely engages in transactions with other related entities that are directly or indirectly governed by the Council of the Diocese. These entities include parishes, schools, missions, and other Diocesan entities.

Basis of presentation - These financial statements include only the assets, liabilities, net assets and financial activities of Church Corporation. The accompanying financial statements do not include the assets, liabilities, net assets, and financial activities of the related Diocesan operating entities, parishes, schools, missions, or other Diocesan entities. Each of these related entities is an operating entity distinct from Church Corporation, maintains separate financial records, and administers its own services and programs.

Federal income tax status - Church Corporation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Notes receivable are reported at estimated net realizable value. Allowances for notes receivable are provided when it is believed they may not be collected in full and are adjusted annually to reflect changes in the expected future cash flows from impaired notes. The amount of bad debt expense recognized each period and the resulting adequacy of the allowance at the end of each period are determined using a specific analysis of each receivable balance. A note receivable is considered impaired when it is considered probable that Church Corporation will not collect all principal and interest amounts due under the terms of the agreement. No interest is accrued on impaired notes. It is possible that management's estimate regarding the collectability of these balances will change in the near term resulting in a change in the carrying value of receivables. At December 31, 2019, one note from a third party and one note from a parish have been deemed impaired and have been fully reserved in the allowance.

Land and buildings held for sale are reported at the lower of cost or fair value (net of selling costs).

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. Conditional contributions are recognized in the same manner when the conditions are met.

Investments are reported at fair value. Purchases and sales of investments are reported on a trade-date basis. Realized and unrealized gains and losses on investments are determined by comparison of average costs of acquisitions to proceeds at the time of disposal, or stated fair value at the last day on the fiscal year, respectively. Interest and dividends are recognized as earned. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of the income is limited by donor-imposed restrictions.

Property is reported at cost if purchased and at fair value at the date of gift if donated. Title for all real property acquired or contributed to the Diocese is held by Church Corporation, except for real property whose title is held by EFT, GCF, EHF, and Bishop Quin. These financial statements include only property used for the Diocesan Center, closed parishes, college ministries, and housing for bishops and clergy of the Diocese. Property transferred to Church Corporation by a parish no longer functioning as a church is reported at fair value at the time it is transferred from the congregation. Land and buildings for housing not utilized for Diocesan operations are not depreciated and are reported at cost.

Funds held for related entities consist of amounts collected on behalf of related entities where Church Corporation acts as a custodial agent in collecting, disbursing, and investing funds. The transactions for these custodial accounts are not reflected as revenue or expenses in the statement of activities.

Net asset classification - Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before Church Corporation is entitled to receive or retain funding.

Grants made are recognized as expense at fair value when the Church Corporation approves an unconditional commitment to a grant recipient. Conditional grants are recognized in the same manner when the conditions are met by the recipient. Grants payable in more than one year are reported at the present value of their future cash outflows using a risk-free rate-of-return, if material. Commitments made but not yet funded are reported as grants payable.

Functional allocation of expenses - Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program activities. All of Church Corporation's expenses are directly attributable to either program activities or management and general activities.

Estimates - Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 - ADOPTION OF NEW ACCOUNTING STANDARD

Effective January 1, 2018, Church Corporation adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution received or made is conditional or unconditional. Church Corporation adopted this new accounting standard using a retrospective method. Because the timing and amount of revenue and expense recognized previously is not different from revenue and expense recognized under new guidance, adoption of these standards had no impact on beginning and ending net assets or on changes in net assets for the year ended December 31, 2018. Presentation and disclosures pertaining to the year ended December 31, 2018 have been updated as appropriate to conform to the new standard.

## NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of December 31 comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 154,770	\$ 80,543
Notes receivable	2,545,763	2,641,198
Receivables	3,213,123	302,940
Investments	<u>42,759,184</u>	<u>37,638,273</u>
Total financial assets	48,672,840	40,662,954
Less financial assets not available for general expenditure:		
Donor-restricted and board-designated endowments, less appropriations	(26,061,735)	(20,913,024)
Funds held for related entities	(18,208,896)	(15,836,457)
Notes receivable due in future periods	(2,397,063)	(2,026,735)
Other donor-restricted assets subject to satisfaction of restriction	<u>(650,232)</u>	<u>(650,232)</u>
Total financial assets available for general expenditure	<u>\$ 1,354,914</u>	<u>\$ 1,236,506</u>



For purposes of analyzing resources available to meet general expenditures over a 12-month period, Church Corporation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of Church Corporation's liquidity management, it structures its financial assets to be available as general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in mutual funds and equity securities.

Church Corporation's assets are invested for long-term appreciation and current income, but the Board of Trustees (the Board) has designated a portion of its resources without donor restrictions as board-designated for endowment to be spent at the Board's discretion. Church Corporation's spending policy provides for an annual spending rate not to exceed 3% of the Participating Funds' average market value over the prior three years as of December 31 preceding the fiscal year in which the distribution is planned. This policy acknowledges the potential for additional withdrawals to fund ministry needs with required approval from the Board.

#### **NOTE 4 - NOTES RECEIVABLE**

Church Corporation provides housing loans to bishops of the Diocese, clergy on Diocesan staff, and clergy working within the Diocese. Interest rates range from 5% to 6% and repayment terms require periodic payments of principal and interest over periods ranging from 1 to 14 years. These notes receivable are secured by land and houses. Additionally, Church Corporation provides property loans to parishes and missions within the Diocese. Church Corporation holds title to these properties. Interest rates range from 2.5% to 6.0% and repayment terms require periodic payments of principal and interest ranging from 1 to 4 years.

Notes receivable from others are from two external organizations for the purchase of property with interest rates ranging from 2.5% to 6.0%. Payment terms require periodic payments of principal and interest ranging from 1 to 12 years. The notes are secured by land and buildings.

#### **NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASU 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient have not been categorized in the fair value hierarchy. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date. Level 2 investments are priced by independent, industry recognized vendors contracted by Church Corporation's custodian or independent appraisals.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability. Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the investment.

Assets measured at fair value at December 31, 2019 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
International equity securities	\$ 13,115,193			\$ 13,115,193
Domestic equity securities:				
Large-cap	6,333,992			6,333,992
Preferred shares	1,561,032			1,561,032
Mid-cap	581,804			581,804
Small-cap	405,876			405,876
Other	1,607,578			1,607,578
Fixed-income mutual funds	3,914,235			3,914,235
Money market mutual funds	2,098,911			2,098,911
Mortgage-backed securities		\$ 1,774,965		1,774,965
Corporate bonds and notes		1,176,183		1,176,183
Exchange-traded funds	576,200			576,200
U. S. Treasury securities		446,520		446,520
Total	<u>\$ 30,194,821</u>	<u>\$ 3,397,668</u>	<u>\$ 0</u>	33,592,489
Other investments measured at net asset value using the practical expedient:				
Global long/short hedge fund (a)				5,886,983
Absolute return hedge fund (b)				<u>3,279,712</u>
Total investments measured at fair value				<u>\$ 42,759,184</u>

Assets measured at fair value at December 31, 2018 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
International equity securities	\$ 10,916,149			\$ 10,916,149
Domestic equity securities:				
Large-cap	5,031,309			5,031,309
Preferred shares	1,382,390			1,382,390
Mid-cap	666,849			666,849
Small-cap	511,297			511,297
Other	1,591,521			1,591,521
Fixed-income mutual funds	3,637,224			3,637,224
Money market mutual funds	1,337,952			1,337,952
Mortgage-backed securities		\$ 773,190		773,190
Corporate bonds and notes		1,165,528		1,165,528
Exchange-traded funds	465,303			465,303
U. S. Treasury securities		1,451,143		1,451,143
Total	<u>\$ 25,539,994</u>	<u>\$ 3,389,861</u>	<u>\$ 0</u>	28,929,855
Other investments measured at net asset value using the practical expedient:				
Global long/short hedge fund (a)				5,613,645
Absolute return hedge fund (b)				<u>3,094,773</u>
Total investments measured at fair value				<u>\$ 37,638,273</u>

- (a) Global long/short fund is a multi-manager fund of funds that seeks to achieve its objective by deploying its assets primarily to subadvisors who invest principally in global equity markets by employing an investing style known as long/short. This style combines long investments with short sales in the pursuit of opportunities in rising or declining markets. By allocating capital to different long/short strategies (either within selected industry sectors or geographic regions), managed by multiple subadvisors, the fund seeks to provide investors

access to diversified long/short investment vehicles while attempting to limit the risks associated with investing with a single portfolio manager. The fund is primarily allocated among 20 to 30 long/short specialist managers that incorporate a range of styles from fundamental bottom-up stock selection to quantitatively driven trend- followers. As of the end of the reporting period, there were no fund investments subject to gated restrictions. Redemption of shares is allowed at the end of each fiscal quarter with 60-days' prior written notice and at the end of each calendar month with 90-days' prior written notice. There are no unfunded commitments at December 31, 2019.

- (b) Absolute return hedge fund invests primarily in relative value, event driven, long/short credit, and distressed securities strategies. The fund is designed to have low sensitivity to broad equity market returns. The fund's strategy is to invest in market-neutral and market-uncorrelated investment strategies in a combination that may deliver consistently positive and uncorrelated (to broad equity and fixed-income market indices) monthly returns. Fund investments are subject to gated restrictions upon liquidation requests. The provision of these restrictions is based upon the discretion of the investment manager and surrounding circumstances of market and economic events at the time of liquidation. As of the end of the reporting period, there were no fund investments subject to gated restrictions. Redemption of shares is allowed semi-annually based on the anniversary date of the investment with 95-days' written notice. There are no unfunded commitments at December 31, 2019.

Valuation methods used for assets measured at fair value are as follows:

- *Equity securities and exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds* are valued at the reported net asset value.
- *U. S. Treasury securities, mortgage-backed securities, and corporate bonds and notes* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves, and broker quotes to calculate fair values.
- *Hedge funds* are valued at the net asset value utilized as a practical expedient as determined by the fund management and supported by the audited financial statements of the funds.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Church Corporation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. In addition to risks associated with other investments, alternative investments in securities other than stocks and bonds include additional risks because of their complex nature and limited regulations resulting in a greater risk of losing invested capital. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends and mineral royalties	\$ 1,054,987	\$ 943,605
Net realized and unrealized gain (loss)	5,235,589	(3,893,379)
Foreign taxes	(59,974)	(59,402)
Investment management and custodial fees	<u>(136,809)</u>	<u>(146,688)</u>
Total investment return	6,093,793	(3,155,864)
Less: Investment return allocated to funds held for related entities	<u>2,581,273</u>	<u>1,325,350</u>
Investment return, net	<u>\$ 3,512,520</u>	<u>\$ (1,830,514)</u>

## NOTE 6 - PROPERTY

Property consists of the following:

	<u>2019</u>	<u>2018</u>
Buildings used in ministry:		
Diocesan Center	\$ 3,436,640	\$ 3,436,640
Other ministries	<u>434,100</u>	<u>494,100</u>
Total depreciable assets	3,870,740	3,930,740
Less: Accumulated depreciation	<u>(1,536,895)</u>	<u>(1,498,872)</u>
Net depreciable assets	2,333,845	2,431,868
Land used for ministry:		
Diocesan Center	2,220,000	2,220,000
Other ministries	101,470	201,470
Land and buildings held for anticipated future parish or school use	1,531,105	1,531,105
Land and buildings - Diocesan clergy housing	<u>3,882,214</u>	<u>3,555,696</u>
Property, net	<u>\$ 10,068,634</u>	<u>\$ 9,940,139</u>

## NOTE 7 - GRANTS PAYABLE

At December 31, 2019, grants approved and committed for future payments are payable as follows:

2020	\$ 239,681
2021	100,000
2022	100,000
2023	100,000
2024	100,000
2025	<u>100,000</u>
Total grants payable	<u>\$ 739,681</u>

Church Corporation has committed \$500,000 to the Seminary of the Southwest to be paid over the next 5 years.

## NOTE S - NOTES PAYABLE

Notes payable consist of the following:

	<u>2019</u>	<u>2018</u>
Non-interest bearing note payable to GCF.	\$ 6,293,007	\$ 6,293,007
Note payable to Bishop Quin with interest only at rate of 2.5%.	436,230	436,230
Bank line of credit of \$5,000,000 with interest rate of prime less 0.75% through January 2020.	<u>                    </u>	<u>436,905</u>
Total notes payable	<u>\$ 6,729,237</u>	<u>\$ 7,166,142</u>

The note payable to GCF is to be repaid from the net proceeds of land and buildings that are no longer being used as church sites. At December 31, 2019, land and buildings reported at approximately \$665,000 are being marketed for sale. During 2018, GCF's Board of Trustees passed a resolution allowing Church Corporation to use the proceeds from the sale of land and buildings in 2018 to reduce Church Corporation's outside debt. The bank line of credit was repaid in 2020. The note payable to Bishop Quin of \$436,230 is interest-only until the remaining principal is due in June 2020.

Interest expense for the years ended December 31, 2019 and 2018 was approximately \$317,000 and \$366,000, respectively. The 2019 and 2018 amount includes imputed interest at a rate of approximately 4.50% and 4.75%, respectively, totaling \$287,000 and \$261,000 related to the non-interest bearing note payable to GCF, respectively.

#### **NOTE 9 - COMMITMENTS AND CONTINGENCIES**

Church Corporation, as well as the related Diocesan operating entities of the Diocese, purchase professional and general liability insurance to cover losses that may result from asserted claims, as well as claims from unknown incidents that may be asserted in the future. Management does not expect such losses to have a material adverse effect on the financial position of Church Corporation.

Church Corporation is the guarantor on a \$1,000,000 line of credit for the Diocese. At December 31, 2019, there is no outstanding balance on this line of credit. Additionally, Church Corporation assists related entities such as parishes and schools in obtaining construction loans and acts as a guarantor on approximately \$2,700,000 of such loans with loan maturities through 2037.

#### **NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions are comprised of the following:

	<u>2019</u>	<u>2018</u>
Diocesan Properties Fund	\$ 5,168,829	\$ 4,539,221
Participating Funds - board-designated:		
Ethel J. Ogden Unrestricted	3,168,299	3,221,233
The Joseph and John Talbot Fund for Racial Reconciliation	2,000,000	
Other	210,541	184,090
Clergy Housing Trust	533,656	605,426
Episcopal Housing Trust	<u>450,628</u>	<u>524,020</u>
Total net assets without donor restrictions	<u>\$ 11,531,953</u>	<u>\$ 9,073,990</u>

## NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Church growth and expansion (We Are One Campaign)	\$ 650,232	\$ 650,232
Endowments subject to spending policy and appropriation:		
Joan Golden Estate for support of abused children	5,844,253	5,187,112
Elise Casey Episcopal Trust for senior adult support	4,312,598	3,877,063
Lily Endowment for congregational leaders	1,000,000	
Ethel J. Ogden Restricted Episcopal Trust for youth education	1,826,811	1,443,352
Episcopal Endowment Fund for bishop support	589,879	522,104
Valda McWhirter Estate - Scholarship for St. Alban's, Waco	469,390	421,146
Wallace O. Breedlove Family Fund for missions	426,613	403,243
Bishop Kinsolving Memorial Scholarship Fund	389,635	367,380
Ralph Spence Clergy Spouses Fund	337,440	306,386
Elma Robertson Estate for family support	341,231	299,248
Valda McWhirter Estate - Scholarship for St. Alban's, Waco	180,228	249,992
The Reverend William David Roberts Memorial Fund for Iona School	211,708	188,615
Wimberly Legacy Fund	202,896	175,195
Kathy Wheless Memorial Scholarship Fund	188,627	162,873
Francis Emmett Stevens Fund for needs of the impoverished	125,293	108,186
St. Luke's Chaplaincy Fund	117,340	101,318
Diocesan Scholarship Fund for nursing	91,456	78,972
Robert Maxey Episcopal Bequest benefits All Saints Chapel, Austin and St. David's Church, Austin	3,032,126	2,656,409
Bishop's Leadership Council Endowment benefits - EHF	1,097,664	961,652
SLEHC 15th Anniversary Endowment benefits - EHF	186,650	163,520
Cynthia M. Hess Fund benefits - St. Cyprian's Church	142,619	124,818
Other	<u>291,279</u>	<u>238,400</u>
Total endowments	<u>21,405,736</u>	<u>18,036,984</u>
Total net assets with donor restrictions	<u>\$ 22,055,968</u>	<u>\$ 18,687,216</u>

## NOTE 12 - ENDOWMENT FUNDS

Participating Funds of Church Corporation include approximately 38 individual funds that were established for a variety of purposes. Endowment assets include those assets of donor-restricted funds that Church Corporation must hold in perpetuity or for a donor-specified period, as well as board-designated funds.

Endowment net asset composition as of December 31, 2019:

ORIGINAL GIFTS	WITH DONOR RESTRICTIONS			TOTAL
	BOARD- DESIGNATED ENDOWMENT	AND ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	
Donor-restricted endowment funds		\$ 17,189,889	\$ 4,215,641	\$ 21,405,530
Board-designated endowment funds	<u>\$ 5,378,840</u>			<u>5,378,840</u>
Endowment net assets	<u>\$ 5,378,840</u>	<u>\$ 17,189,889</u>	<u>\$ 4,215,641</u>	<u>\$ 26,784,370</u>

Endowment net asset composition as of December 31, 2018:

	ORIGINAL GIFTS	WITH DONOR RESTRICTIONS		
	BOARD- DESIGNATED ENDOWMENT	AND ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Donor-restricted endowment funds		\$ 14,211,404	\$ 3,825,580	\$ 18,036,984
Board-designated endowment funds	<u>\$ 3,405,323</u>			<u>3,405,323</u>
Endowment net assets	<u>\$ 3,405,323</u>	<u>\$ 14,211,404</u>	<u>\$ 3,825,580</u>	<u>\$ 21,442,307</u>

Changes in endowment net assets are as follows:

	ORIGINAL GIFTS	WITH DONOR RESTRICTIONS		
BOARD- DESIGNATED ENDOWMENT		AND ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, December 31, 2017	<u>\$ 4,401,385</u>	<u>\$ 15,523,973</u>	<u>\$ 4,111,465</u>	<u>\$ 24,036,823</u>
Contributions	22,200	230,004		252,204
Net investment return	(328,702)	(1,216,502)	(285,885)	(1,831,089)
Other administrative costs	(20,487)	(96,754)		(117,241)
Distributions	<u>(669,073)</u>	<u>(229,317)</u>		<u>(898,390)</u>
Endowment net assets, December 31, 2018	<u>3,405,323</u>	<u>14,211,404</u>	<u>3,825,580</u>	<u>21,442,307</u>
Contributions	2,222,200	1,305,898		3,528,098
Net investment return	600,242	2,521,806	390,061	3,512,109
Other administrative costs	(21,242)	(108,728)		(129,970)
Distributions	<u>(827,683)</u>	<u>(740,491)</u>		<u>(1,568,174)</u>
Endowment net assets, December 31, 2019	<u>\$ 5,378,840</u>	<u>\$ 17,189,889</u>	<u>\$ 4,215,641</u>	<u>\$ 26,784,370</u>

Church Corporation's funds include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Donor-restricted endowment funds are subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). The Board has interpreted TUPMIFA as allowing Church Corporation to appropriate for expenditure or accumulate as much of a fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to explicit donor stipulations.

Donor-restricted endowment net assets are classified as *net assets with donor restrictions* until appropriated in accordance with spending policies and used for the stipulated purpose, if any. In the absence of explicit donor stipulations otherwise, Church Corporation classifies contributions to an endowment as *net assets with donor restrictions required to be maintained in perpetuity*. Contributions that donors have specified do not have to be maintained in perpetuity and unappropriated investment earnings on donor-restricted endowments are classified as *net assets with donor restrictions*. The Board has interpreted TUPMIFA as not precluding Church Corporation from spending below the amount required to be maintained in perpetuity subject to prudent standards. An endowment fund is *underwater* if the fair value of the fund's investments falls below the amount required to be maintained in perpetuity because of declines in the fair value of investments and/or continued appropriation and spending in accordance prudent measures.



Board-designated endowment funds are classified as *net assets without donor restrictions* and represents the funds the Board has internally designated to be invested to provide support for the Diocese generally for a long-term, but not necessarily a specified period of time. The Board retains discretion over the use of these funds.

### **Return Objectives and Investment Strategies**

Church Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and entities supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a portfolio that is invested 60% in the S&P 500 Index and 40% in the Barclays Intermediate Bond Index while assuming a moderate level of investment risk. Church Corporation expects its endowment funds, over time, to provide an average rate-of- return of approximately 5% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Church Corporation relies on a total return strategy in which investment return is achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Church Corporation targets a diversified asset allocation that places a greater emphasis on equity- based investments to achieve its long-term return objectives within prudent risk constraints.

### **Spending Policy**

Church Corporation has a policy of not appropriating more than 3% of the Participating Funds' average market value over the prior three years as of December 31 preceding the fiscal year in which the distribution is planned. In establishing this policy, Church Corporation considered the long-term expected return and the effects of inflation on its endowments. Accordingly, over the long term, Church Corporation expects the current spending policy to allow its endowment to grow at an average rate of 2% annually. This is consistent with Church Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. 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 TUPMIFA requires Church Corporation to retain the fund as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in *net assets with donor restrictions*. There were no such deficiencies at December 31, 2019 or 2018.

### **NOTE 13 - SUBSEQUENT EVENTS**

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. Financial markets have been severely impacted by fears of the COVID-19 pandemic and the sharp decline in the price of oil. The U. S. stock market has experienced a significant decline and remains volatile. While Church Corporation expects these events to negatively impact operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through June 25, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.



**Protestant Episcopal Church Council of the Diocese of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Supplemental Statement of Activities by Fund for the year ended December 31, 2019

	EPISCOPAL HOUSING TRUST	CLERGY HOUSING TRUST	DIOCESAN PROPERTIES FUND	PARTICIPATING FUNDS	TOTAL
REVENUE:					
Contributions			\$ 696,128	\$ 1,528,098	\$ 2,224,226
Investment return, net		\$ 47	158	3,512,315	3,512,520
Interest on notes receivable		13,560	68,752		82,312
Support from other Diocesan operating entities	\$ 54,982		385,118	2,000,000	2,440,100
Gain on sale of property			55,000		55,000
Total revenue	<u>54,982</u>	<u>13,607</u>	<u>1,205,156</u>	<u>7,040,413</u>	<u>8,314,158</u>
EXPENSES:					
Program services:					
Grants made:					
Related entities				863,046	863,046
Other Diocesan operating entities				485,686	485,686
Unrelated entities				97,966	97,966
Imputed interest on note payable to The Great Commission Foundation			287,118		287,118
Depreciation			98,023		98,023
Interest	19,102		10,906		30,008
Repairs and maintenance	<u>47,073</u>		<u>38,650</u>		<u>85,723</u>
Total program services	66,175		434,697	1,446,698	1,947,570
Management and general:					
Diocesan operating entities - administrative services	26,459	79,377	211,672	113,970	431,478
Other	<u>35,740</u>	<u>6,000</u>	<u>49,179</u>	<u>17,476</u>	<u>108,395</u>
Total expenses	<u>128,374</u>	<u>85,377</u>	<u>695,548</u>	<u>1,578,144</u>	<u>2,487,443</u>
Interfund transfers			120,000	(120,000)	
CHANGES IN NET ASSETS	(73,392)	(71,770)	629,608	5,342,269	5,826,715
Net assets, beginning of year	<u>524,020</u>	<u>605,426</u>	<u>5,189,453</u>	<u>21,442,307</u>	<u>27,761,206</u>
Net assets, end of year	<u>\$ 450,628</u>	<u>\$ 533,656</u>	<u>\$ 5,819,061</u>	<u>\$ 26,784,576</u>	<u>\$ 33,587,921</u>

**Protestant Episcopal Church Council of the Diocese of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Supplemental Statement of Activities by Fund for the year ended December 31, 2018

	EPISCOPAL HOUSING TRUST	CLERGY HOUSING TRUST	DIOCESAN PROPERTIES FUND	PARTICIPATING FUNDS	TOTAL
REVENUE:					
Contributions			\$ 9,006	\$ 252,204	\$ 261,210
Investment return, net		\$ 18	557	(1,831,089)	(1,830,514)
Interest on notes receivable		16,089	73,158		89,247
Support from other Diocesan operating entities			260,808		260,808
Gain on sale of property			112,102		112,102
Total revenue		16,107	455,631	(1,578,885)	(1,107,147)
EXPENSES:					
Program services:					
Grants made:					
Related entities				699,834	699,834
Other Diocesan operating entities				146,285	146,285
Unrelated entities				53,109	53,109
Imputed interest on note payable to The Great Commission Foundation			260,808		260,808
Depreciation			98,023		98,023
Interest	\$ 29,561		64,768		94,329
Repairs and maintenance	13,552		13,551		27,103
Interest to Diocesan operating entities			10,906		10,906
Total program services	43,113		448,056	899,228	1,390,397
Management and general:					
Diocesan operating entities - administrative services	23,302	69,908	186,422	100,602	380,234
Other	3,765	6,190	75,041	15,802	100,798
Total expenses	70,180	76,098	709,519	1,015,632	1,871,429
CHANGES IN NET ASSETS	(70,180)	(59,991)	(253,888)	(2,594,517)	(2,978,576)
Net assets, beginning of year	594,200	665,417	5,443,341	24,036,824	30,739,782
Net assets, end of year	\$ 524,020	\$ 605,426	\$ 5,189,453	\$ 21,442,307	\$ 27,761,206

## EPISCOPAL FOUNDATION OF TEXAS

The value of the Episcopal Foundation of Texas was valued at \$86.7 as of December 31, 2019, and decreased slightly through the first three quarters of 2020. This foundation's investment portfolio is invested with the other foundations of the diocese in a consolidated investment pool, over which The Diocesan Investment Committee has oversight.

The Episcopal Foundation of Texas is predominantly used to support institutions of the Diocese of Texas. Below is a list of the funds allocated to the various institutions the Episcopal Foundation of Texas supported during 2020.

St. Vincent's House	\$ 300,000
El Buen Samaritano	500,000
Seminary of the Southwest	303,765
Camp Allen	603,000
Episcopal High School, Houston	166,666
Bishop Quin Foundation	2,011,142
Bishop Quin Foundation Strategic Mission Grants	61,462
Tithe Grants	<u>315,095</u>
Total	\$4,261,130

In addition, in 2020 the Episcopal Foundation of Texas contributed \$1 million to a COVID-19 Financial Relief Grant package that provided relief to congregations for assessment payments, support to the Episcopal Institutions in the diocese, loans to the congregations and institutions to help them bridge the burden of maintaining their payroll and other expenses, and direct aid to select congregations.

Again this year, the Episcopal Foundation of Texas used ten percent of its gross income to issue tithe grants. These grants are made to entities, located all over the world, that are not a part of the Episcopal Diocese of Texas.

The Episcopal Foundation of Texas also was proud to fund the Joseph and John Talbot Fund for Racial Justice in the amount of \$1 million. This fund is a component of the Missionary Vision for Racial Justice that Bishop Doyle announced at Diocesan Council in February 2020.

The accounting firm of Blazek & Vetterling LLP has completed auditing The Episcopal Foundation of Texas for the year 2019. There were no significant changes recommended in our accounting procedures. The 2019 audit report can be found on the following pages.

Bruce McDonald, President

**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2019 and 2018

**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

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## **Independent Auditors' Report**

To the Board of Trustees of  
Episcopal Foundation of Texas:

We have audited the accompanying financial statements of Episcopal Foundation of Texas (an instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

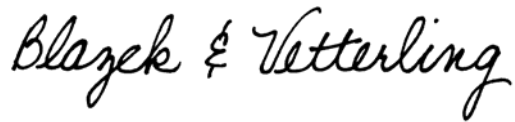
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information in the fund financial statements on pages 13 through 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and 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 our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Blazeck & Vetterling". The script is cursive and fluid, with the ampersand clearly visible between the two names.

June 25, 2020

**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Financial Position as of December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash equivalents <i>(Note 3)</i>	\$ 2,505,408	\$ 3,037,762
Investment distribution receivable	4,374,218	
Investment income receivable	476,334	654,934
Investments <i>(Note 3)</i>	78,766,935	66,263,516
Property, net <i>(Note 4)</i>	<u>588,000</u>	<u>664,360</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 86,710,895</u></b>	<b><u>\$ 70,620,572</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 23,215	
Due to other Diocesan operating entities		\$ 44,552
Grants payable <i>(Note 5)</i> :		
Unrelated entities	70,000	85,000
Related entities, net	3,688,518	3,437,708
Diocesan operating entities	<u>1,380,104</u>	<u>143,503</u>
Total liabilities	<u>5,161,837</u>	<u>3,710,763</u>
Net assets without donor restrictions:		
Coffield income fund	264,546	258,856
Coffield principal fund	80,954,527	66,380,014
Memorial fund	<u>329,985</u>	<u>270,939</u>
Total net assets without donor restrictions	<u>81,549,058</u>	<u>66,909,809</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 86,710,895</u></b>	<b><u>\$ 70,620,572</u></b>

*See accompanying notes to financial statements.*

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**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Activities for the years ended December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
REVENUE:		
Net investment return ( <i>Note 3</i> )	\$ 19,952,072	\$ 1,474,352
Rent income from Diocesan operating entities ( <i>Note 4</i> )	59,616	59,616
Other income	<u>4,817</u>	<u>9,669</u>
Total revenue	<u>20,016,505</u>	<u>1,543,637</u>
EXPENSES:		
Grants to related entities	2,891,753	3,289,306
Grants to other Diocesan operating entities	1,635,160	886,664
Grants to unrelated entities	<u>285,000</u>	<u>320,000</u>
Total program grants	<u>4,811,913</u>	<u>4,495,970</u>
Management and general:		
Diocesan operating entities – administrative services	429,376	369,199
Depreciation	76,360	76,360
Other administrative	<u>59,607</u>	<u>37,557</u>
Total supporting services	<u>565,343</u>	<u>483,116</u>
Total expenses	<u>5,377,256</u>	<u>4,979,086</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	14,639,249	(3,435,449)
Net assets without donor restrictions, beginning of year	<u>66,909,809</u>	<u>70,345,258</u>
Net assets without donor restrictions, end of year	<u>\$ 81,549,058</u>	<u>\$ 66,909,809</u>

*See accompanying notes to financial statements.*

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**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Cash Flows for the years ended December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets without donor restrictions	\$ 14,639,249	\$ (3,435,449)
Adjustments to reconcile changes in net assets without donor restrictions to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(12,181,976)	5,546,658
Depreciation	76,360	76,360
Changes in operating assets and liabilities:		
Investment income receivable	178,600	(408,663)
Accounts payable and accrued expenses	23,215	
Due to other Diocesan operating entities	(44,552)	(4,374)
Grants payable	<u>1,472,411</u>	<u>1,556,060</u>
Net cash provided by operating activities	<u>4,163,307</u>	<u>3,330,592</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	8,953,539	11,896,180
Purchases of investments	(11,746,445)	(14,562,397)
Change in money market mutual funds held as investments	<u>(1,902,755)</u>	<u>(502,444)</u>
Net cash used by investing activities	<u>(4,695,661)</u>	<u>(3,168,661)</u>
<b>NET CHANGE IN CASH EQUIVALENTS</b>	(532,354)	161,931
Cash equivalents, beginning of year	<u>3,037,762</u>	<u>2,875,831</u>
Cash equivalents, end of year	<u>\$ 2,505,408</u>	<u>\$ 3,037,762</u>

*See accompanying notes to financial statements.*

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**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – Episcopal Foundation of Texas (the Foundation), a Texas nonprofit corporation, is an instrumentality of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee. The Foundation was designated by the Diocese to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to eight specific entities connected with the Diocese as established by Canon. The Foundation is governed by a Board of Trustees that is elected by the Council of the Diocese upon nomination of the Diocesan Bishop.

Related entities – The Executive Board (the Board) of the Diocese is composed of the Bishop and fifteen members elected annually by the Council of the Diocese. Pursuant to various Canons, the Board has certain oversight responsibilities relating to the affairs of the Foundation and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation* was created to provide human resource, accounting, financial and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *The Bishop Quin Foundation (Bishop Quin)* was created in 1943 to commemorate the 25<sup>th</sup> anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of Bishop Quin include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the 57 counties of EDOT.

The Foundation routinely engages in transactions with related entities that are directly or indirectly governed by the Council of the Diocese. These entities include parishes, schools, missions, and other Diocesan entities.

Basis of presentation – These financial statements include only the assets, liabilities, net assets, and activities of the Foundation. The accompanying financial statements do not include the assets, liabilities,

net assets, and activities of the related Diocesan operating entities, parishes, missions or other Diocesan entities. Each of these related entities is an operating entity distinct from the Foundation, maintains separate financial records, and administers its own services and programs.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Cash equivalents are invested in money market mutual funds that are readily convertible to cash. Cash equivalents that are invested for long-term purposes are grouped with investments.

Investments are reported at fair value except mineral rights, which are valued at cost less depletion and are fully depleted. Purchases and sales of investments are reported on a trade-date basis. Realized and unrealized gains or losses on investments are determined by comparison of average costs of acquisition to proceeds at the time of disposal or stated fair value at the last day of the fiscal year, respectively. Interest, dividends, and royalty income are recognized as earned. Net investment return consists of interest and dividends, net realized and unrealized gains and losses, and royalties, net of external and direct internal investment expenses.

Property with a cost of \$500 or more and an estimated useful life of more than one year is capitalized and reported at cost, if purchased, and at fair value at the date of gift if donated. Depreciation is provided on a straight-line basis over the life of the associated lease for periods of 5 to 20 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation. The Board has designated net assets without donor restrictions for the following purposes:

- *Coffield income fund* is designated to support the operating costs of the Foundation, as well as for gifts, grants and loans to eight entities designated by Canon and other charitable trusts, nonprofit organizations and national organizations affiliated with the Protestant Episcopal Church in the United States of America and other Anglican and charitable organizations throughout the world.
- *Coffield principal fund* is comprised of all assets received from the Estate of H. H. Coffield, net of investment gains and losses and net oil and gas and lignite royalties. These funds are designated for loans to Bishop Quin and for gifts, grants, loans, or advances for the purpose of establishing memorials to H. H. Coffield. By the Board's action, income transfers are made from the principal fund to the income fund based on a percentage of the average fair market value of the fund for the prior twelve months. The percentage used in this calculation was 4% for 2019 and 2018. In addition, the Board has elected to transfer one-half of the annual net oil and gas royalties from the principal fund to the income fund. In 2019, the Board approved special grants of \$2.7 million.
- *Memorial fund* is comprised of assets other than those received from the Estate of H. H. Coffield and income from this fund is to be used to support seminarians, clergy and other charitable entities within the Diocese.

Grants made are recognized as expense at fair value when the Foundation approves an unconditional commitment to a grant recipient. Conditional grants are recognized in the same manner when the conditions are substantially met by the recipient or when the possibility that the conditions will not be met is deemed remote. Commitments made but not yet funded are reported as grants payable. Grants payable in more than one year are reported at the present value of their future cash outflows using a risk-free, rate-of-return.

**Functional allocation of expenses** – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with a specific program. All of the Foundation’s expenses are directly attributable to either program or management and general activities.

**Estimates** – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

**Recent financial accounting pronouncement** – In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution received or made is conditional or unconditional. This ASU could impact the timing of revenue and expense recognition and the financial statement disclosures related to such transactions. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. The Foundation is required to adopt this ASU for grants awarded for its fiscal year ending December 31, 2020. Management has reviewed the impact on the financial statements of the adoption of this ASU and has determined that it will not have a material impact on reporting for grants awarded.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of December 31 comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash equivalents	\$ 2,505,408	\$ 3,037,762
Investment distribution receivable	4,374,218	
Investment income receivable	476,334	654,934
Investments	<u>78,766,935</u>	<u>66,263,516</u>
Total financial assets	86,122,895	69,956,212
Less financial assets not available for general expenditure in the coming year (based upon 4% approval for expenditures in 2019)	<u>(77,767,903)</u>	<u>(63,218,917)</u>
Total financial assets available for general expenditure	<u>\$ 8,354,992</u>	<u>\$ 6,737,295</u>

For purposes of analyzing resources available to meet expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing grants and loans to 8 specific entities as established by Canon, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the Foundation’s liquidity management, it structures its financial assets to be available as general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in mutual funds.

The Foundation’s investments are invested for long-term appreciation but remain available to be spent at the Board’s discretion. By the Board’s action, income transfers are made from the principal to the income fund. Generally, 4% of the three-year average value of the Foundation’s portfolio is designated by the Board as available to meet general expenditures.

### NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASU 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient have not been categorized in the fair value hierarchy. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date. Level 2 investments are priced by independent, industry recognized vendors contracted by the Foundation’s custodian or independent appraisals.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability. Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the investment.

Assets measured at fair value at December 31, 2019 are as follows:

<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Cash equivalents:			
Money market mutual funds	\$ 2,505,408		\$ 2,505,408
Investments:			
Mutual funds:			
Intermediate-term bond	13,124,572		13,124,572
World allocation	5,898,697		5,898,697
Domestic equity index	4,503,807		4,503,807
Money market	3,619,388		3,619,388
Domestic large-cap exchange-traded funds	25,903,430		25,903,430
International equity securities:			
Developed markets	8,373,483		8,373,483
Emerging markets	302,004		302,004
International equity exchange-traded funds	8,278,081		8,278,081
Domestic equity securities:			
Mid-cap	1,697,296		1,697,296
Small-cap	1,686,115		1,686,115
Real estate investment trust funds	543,743		543,743
Total	\$ 73,930,616	\$ 0	\$ 73,930,616
Other investments measured at net asset value using the practical expedient:			
Private equity partnerships (a)			4,836,319
Total investments measured at fair value			78,766,935
Total assets measured at fair value			\$ 81,272,343

Assets measured at fair value at December 31, 2018 are as follows:

<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Cash equivalents:			
Money market mutual funds	\$ 3,037,762		\$ 3,037,762
Investments:			
Mutual funds:			
Intermediate-term bond	12,026,339		12,026,339
World allocation	5,131,199		5,131,199
Domestic equity index	3,517,641		3,517,641
Money market	1,716,633		1,716,633
Domestic large-cap exchange-traded funds	19,759,329		19,759,329
International equity securities:			
Developed markets	7,391,491		7,391,491
Emerging markets	219,910		219,910
International equity exchange-traded funds	6,787,033		6,787,033
Domestic equity securities:			
Mid-cap	1,366,299		1,366,299
Small-cap	1,199,647		1,199,647
Real estate investment trust funds	205,762		205,762
Total	\$ 59,321,283	\$ 0	\$ 59,321,283
Other investments measured at net asset value using the practical expedient:			
Private equity partnerships (a)			2,906,844
TIFF Absolute Return Pool (b)			4,035,389
Total investments measured at fair value			66,263,516
Total assets measured at fair value			\$ 69,301,278

(a) Private equity partnerships include several partnerships: one which invests primarily in private equity funds investing in developing economies and emerging markets, and the other six invest in private equity strategies that may include venture capital, buyouts, natural resources, credit and distressed investments. Distributions are made solely at the discretion of the general partners. The Foundation has no ability for redemption until certain conditions exist for the partnership dissolution. At December 31, 2019, the Foundation has unfunded commitments for these partnerships totaling \$5,036,887.

(b) TIFF Absolute Return Pool is a fund that seeks to generate an annualized return equal to or greater than the 91-day U. S. Treasury bills plus 5%, net of all costs. This focus differs from one targeting relative returns (e.g., trying to beat the S&P 500 Index). The strategies the pool may employ, either directly or indirectly, include but are not limited to capital structure arbitrage, event driven, fixed-income, long/short equity, and directly investing in a range of derivatives, as well as selling and purchasing securities for hedging or investment purposes. The Foundation redeemed their entire investment in the fund in 2019 and an investment distribution receivable at December 31, 2019 is reported totaling \$4,374,218.

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the net asset value of shares held at year end.
- *Exchange-traded funds, equity securities, and real estate investment trust funds* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Private equity partnerships and TIFF Absolute Return Pool* are valued at net asset value as a practical expedient provided by fund management and supported by the audited financial statements.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return, including earnings on cash equivalents, consists of the following:

	<u>2019</u>	<u>2018</u>
Net realized and unrealized (gain) loss	\$12,181,976	\$(5,546,657)
Interest and dividends	2,023,499	1,882,106
Mineral income	6,699,303	5,970,209
Foreign taxes and mineral interests' production expenses	(449,678)	(364,455)
Investment management fees	<u>(503,028)</u>	<u>(466,851)</u>
Net investment return	<u>\$19,952,072</u>	<u>\$ 1,474,352</u>

#### **NOTE 4 – PROPERTY**

Property consists of leasehold improvements and land held for future missions, as follows:

	<u>2019</u>	<u>2018</u>
Episcopal Diocesan Center in Austin	\$ 1,323,050	\$ 1,323,050
Accumulated depreciation	<u>(799,556)</u>	<u>(723,196)</u>
Leasehold improvements, net	523,494	599,854
Land held for future missions	<u>64,506</u>	<u>64,506</u>
Property, net	<u>\$ 588,000</u>	<u>\$ 664,360</u>

In 2008, the Foundation entered into a 20-year lease agreement with the Episcopal Theological Seminary of the Southwest. In lieu of rental payments, approximately \$1,300,000 in renovations were made by the Foundation. Subsequent to renovation, the building was subleased by the Foundation to the Diocese for use as the Diocesan Center in Austin for annual rent of approximately \$60,000 through 2029. Rent income recognized in 2019 and 2018 from the Diocese was approximately \$60,000.



Rent income from the Diocese at December 31, 2019 is expected to be collected as follows:

2020	\$ 59,616
2021	59,616
2022	59,616
2023	59,616
2024	59,616
Thereafter	<u>268,272</u>
Total	<u>\$ 566,352</u>

#### **NOTE 5 – GRANTS PAYABLE**

Grants payable at December 31, 2019 are expected to be paid as follows:

2020	\$ 4,168,725
2021	750,000
2022	<u>250,000</u>
Total grants payable	5,168,725
Discount to net present value at approximately 2%	<u>(30,103)</u>
Grants payable, net	<u>\$ 5,138,622</u>

The Foundation has committed approximately \$396,000 in grants to Diocesan operating entities that are conditioned upon the occurrence of certain events and have not been recognized as grants payable at December 31, 2019. Included in these amounts is approximately \$292,000 in a grant to Bishop Quin to assist with hurricane response and recovery initiatives. This grant is conditioned upon EDOT identifying qualifying projects.

#### **NOTE 6 – SUBSEQUENT EVENTS**

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. Financial markets have been severely impacted by fears of the COVID-19 pandemic and the sharp decline in the price of oil. The U. S. stock market has experienced a significant decline and remains volatile. While the Foundation expects these events to negatively impact operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through June 25, 2020, which is the date that the financial statements were available for issuance. No other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Supplemental Statement of Financial Position by Fund as of December 31, 2019

	COFFIELD INCOME FUND	COFFIELD PRINCIPAL FUND	MEMORIAL FUND	TOTAL
<b>ASSETS</b>				
Cash equivalents	\$ 2,505,408			\$ 2,505,408
Investment distribution receivable		\$ 4,374,218		4,374,218
Investment income receivable		476,334		476,334
Investments		78,436,950	\$ 329,985	78,766,935
Property, net		588,000		588,000
Interfund receivable (payable)	<u>220,975</u>	<u>(220,975)</u>		
<b>TOTAL ASSETS</b>	<u>\$ 2,726,383</u>	<u>\$ 83,654,527</u>	<u>\$ 329,985</u>	<u>\$ 86,710,895</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 23,215			\$ 23,215
<b>Grants payable:</b>				
Unrelated entities	70,000			70,000
Related entities, net	988,518	\$ 2,700,000		3,688,518
Diocesan operating entities	<u>1,380,104</u>			<u>1,380,104</u>
<b>Total liabilities</b>	<u>2,461,837</u>	<u>2,700,000</u>		<u>5,161,837</u>
Net assets without donor restrictions	<u>264,546</u>	<u>80,954,527</u>	<u>\$ 329,985</u>	<u>81,549,058</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,726,383</u>	<u>\$ 83,654,527</u>	<u>\$ 329,985</u>	<u>\$ 86,710,895</u>

**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Supplemental Statement of Financial Position by Fund as of December 31, 2018

	COFFIELD INCOME FUND	COFFIELD PRINCIPAL FUND	MEMORIAL FUND	TOTAL
<b>ASSETS</b>				
Cash equivalents	\$ 3,037,762			\$ 3,037,762
Investment income receivable		\$ 654,934		654,934
Investments		65,992,576	\$ 270,940	66,263,516
Property, net		664,360		664,360
Interfund receivable (payable)	<u>931,858</u>	<u>(931,858)</u>		
<b>TOTAL ASSETS</b>	<u>\$ 3,969,620</u>	<u>\$ 66,380,012</u>	<u>\$ 270,940</u>	<u>\$ 70,620,572</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Due to other Diocesan operating entities	\$ 44,552			\$ 44,552
Grants payable:				
Unrelated entities	85,000			85,000
Related entities, net	3,437,708			3,437,708
Diocesan operating entities	<u>143,503</u>			<u>143,503</u>
Total liabilities	<u>3,710,763</u>			<u>3,710,763</u>
Net assets without donor restrictions	<u>258,857</u>	<u>\$ 66,380,012</u>	<u>\$ 270,940</u>	<u>66,909,809</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,969,620</u>	<u>\$ 66,380,012</u>	<u>\$ 270,940</u>	<u>\$ 70,620,572</u>

**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Supplemental Statement of Activities by Fund for the year ended December 31, 2019

	COFFIELD INCOME FUND	COFFIELD PRINCIPAL FUND	MEMORIAL FUND	TOTAL
REVENUE:				
Net realized and unrealized gain		\$ 12,108,885	\$ 73,091	\$ 12,181,976
Interest and dividends	\$ 51,626	1,971,873		2,023,499
Royalty income	3,349,652	3,349,651		6,699,303
Foreign taxes, mineral interests, and production expenses	(449,678)			(449,678)
Investment management fees	(503,028)			(503,028)
Rent income	59,616			59,616
Other income	4,817			4,817
Total revenue	<u>2,513,005</u>	<u>17,430,409</u>	<u>73,091</u>	<u>20,016,505</u>
EXPENSES:				
Grants to related entities	191,753	2,700,000		2,891,753
Grants to other Diocesan operating entities	1,621,114		14,046	1,635,160
Grants to unrelated entities	<u>285,000</u>			<u>285,000</u>
Total program grants	<u>2,097,867</u>	<u>2,700,000</u>	<u>14,046</u>	<u>4,811,913</u>
Supporting services:				
Diocesan operating entities – administrative services	429,376			429,376
Depreciation		76,360		76,360
Other administrative	<u>59,607</u>			<u>59,607</u>
Total supporting services	<u>488,983</u>	<u>76,360</u>		<u>565,343</u>
Total expenses	<u>2,586,850</u>	<u>2,776,360</u>	<u>14,046</u>	<u>5,377,256</u>
Interfund transfers	<u>79,534</u>	<u>(79,534)</u>		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
	5,689	14,574,515	59,045	14,639,249
Net assets without donor restrictions, beginning of year	<u>258,857</u>	<u>66,380,012</u>	<u>270,940</u>	<u>66,909,809</u>
Net assets without donor restrictions, end of year	<u>\$ 264,546</u>	<u>\$ 80,954,527</u>	<u>\$ 329,985</u>	<u>\$ 81,549,058</u>

**Episcopal Foundation of Texas**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Supplemental Statement of Activities by Fund for the year ended December 31, 2018

	COFFIELD INCOME FUND	COFFIELD PRINCIPAL FUND	MEMORIAL FUND	TOTAL
REVENUE:				
Net realized and unrealized loss		\$ (5,513,377)	\$ (33,280)	\$ (5,546,657)
Interest and dividends		1,882,106		1,882,106
Royalty income	\$ 2,985,105	2,985,104		5,970,209
Foreign taxes, mineral interests, and production expenses	(364,455)			(364,455)
Investment management fees	(466,851)			(466,851)
Rent income	59,616			59,616
Other income	9,669			9,669
Total revenue	<u>2,223,084</u>	<u>(646,167)</u>	<u>(33,280)</u>	<u>1,543,637</u>
EXPENSES:				
Grants to related entities	3,289,306			3,289,306
Grants to other Diocesan operating entities	874,040		12,624	886,664
Grants to unrelated entities	<u>320,000</u>			<u>320,000</u>
Total program grants	<u>4,483,346</u>		<u>12,624</u>	<u>4,495,970</u>
Supporting services:				
Diocesan operating entities – administrative services	369,199			369,199
Depreciation		76,360		76,360
Other administrative	<u>37,557</u>			<u>37,557</u>
Total supporting services	<u>406,756</u>	<u>76,360</u>		<u>483,116</u>
Total expenses	<u>4,890,102</u>	<u>76,360</u>	<u>12,624</u>	<u>4,979,086</u>
Interfund transfers	<u>1,286,163</u>	<u>(1,286,163)</u>		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
	(1,380,855)	(2,008,690)	(45,904)	(3,435,449)
Net assets without donor restrictions, beginning of year	<u>1,639,712</u>	<u>68,388,702</u>	<u>316,844</u>	<u>70,345,258</u>
Net assets without donor restrictions, end of year	<u>\$ 258,857</u>	<u>\$ 66,380,012</u>	<u>\$ 270,940</u>	<u>\$ 66,909,809</u>

## THE GREAT COMMISSION FOUNDATION

The purpose of The Great Commission Foundation (“GCF”) is set forth in Title V, Canon 15.1: “to support the missionary and church-planting strategy of the Diocese.”

The GCF Board consists of the Bishop, clergy trustees, and lay trustees. The trustees are elected to overlapping three-year terms by the Council of the Diocese of Texas. The clergy trustees are The Rev. Les Carpenter, The Rev. Aaron Zimmerman, and The Rev. Miles Brandon. The lay trustees are Marcela Donadio, Jim Kracht, Jane Smith, L.E. “Chap” Chapman, John Owen, and Maria Boyce. Bishop Doyle is the Chair of the GCF; Maria Boyce is the President; The Rev. Aaron Zimmerman is the Vice President; Linda Mitchell is the Treasurer; David Fisher is the Secretary and Assistant Treasurer; and Angela Smith serves as the Assistant Secretary.

The GCF Real Estate Committee is chaired by L.E. “Chap” Chapman. The GCF Project Pipeline Committee is chaired by The Rev. Aaron Zimmerman. Maria Boyce serves as GCF’s representative to the Diocesan Investment Committee. The Diocesan Investment Committee provides oversight for the consolidated investment pool where all of the foundations of the diocese maintain their investment assets.

During 2020, the GCF continued to financially support the existing missions of the Episcopal Diocese of Texas as well as support the expansion of our footprint and mission within the geographic boundaries of the Diocese. This included support for new church plants. The GCF also provided support to campus missions.

Also in 2020, the GCF contributed \$1.5 million to COVID-19 Financial Relief Grant package that provided relief to congregations for assessment payments, support to the Episcopal Institutions in the diocese, loans to the congregations and institutions to help them bridge the burden of maintaining their payroll and other expenses, and direct aid to select congregations. Additionally, GCF was proud to fund The Rev. Thomas Cain Fund which is a component of the Missionary Vision for Racial Justice that Bishop Doyle announced at Diocesan Council in February of 2020.

In 2020, the GCF worked in conjunction with the Bishop Quin Foundation and the Episcopal Foundation of Texas to fund jointly the Strategic Mission Grant program. The Strategic Mission Grants Committee (SMG) has a dedicated website [www.smgedot.org](http://www.smgedot.org) for processing grant applications and managing active grants. This interactive website includes videos, stories, and motion graphics that convey information about the grant program using multiple media formats. The site has a complete translation in Spanish. The grant focus includes encouraging congregations to engage with their surrounding communities, focus on invitation, and the funding of missional communities.

The GCF continues to work closely with the Protestant Episcopal Church Council of the Diocese of Texas (“Church Corp.”), the Bishop Quin Foundation, and the Episcopal Foundation of Texas. Coordination with these foundations of the Diocese will continue in 2021.

Throughout the year, the trustees have been guided by Bishop Doyle and are grateful for his vision and support. The trustees have also worked closely with and relied heavily upon the diligence and excellent work of the entire Diocesan Staff. We look forward to continuing our journey and service in 2021.

Maria Boyce, President

**The Great Commission Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese  
of Texas)**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2019 and 2018



**The Great Commission Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

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**Independent Auditors' Report**

To the Board of Trustees of  
The Great Commission Foundation:

We have audited the accompanying financial statements of The Great Commission Foundation (an instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

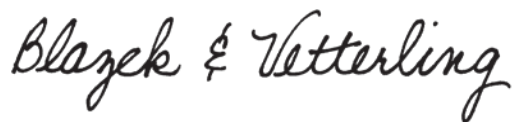
**Management's Responsibility for the Financial Statements** - Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance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

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

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

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

**Opinion** - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Great Commission Foundation as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



June 25, 2020

**The Great Commission Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Financial Position as of December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 138,240	\$ 80,044
Receivables from other Diocesan operating entities	23,797	34,088
Other assets	262,838	241,517
Receivable from Episcopal Health Foundation, net		8,820,462
Investments ( <i>Note 3</i> )	115,911,099	96,231,667
Note receivable from Church Corporation ( <i>Note 4</i> )	<u>6,293,007</u>	<u>6,293,007</u>
<b>TOTAL ASSETS</b>	<u>\$ 122,628,981</u>	<u>\$ 111,700,785</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 170,017	\$ 54,873
Due to other Diocesan operating entities	212,457	219,767
Grants payable to parishes, missions and schools	<u>4,805,361</u>	<u>6,872,556</u>
Total liabilities	5,187,835	7,147,196
Commitments ( <i>Notes 6 and 7</i> )		
Net assets without donor restrictions	<u>117,441,146</u>	<u>104,553,589</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 122,628,981</u>	<u>\$ 111,700,785</u>

See accompanying notes to financial statements.

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**The Great Commission Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Activities for the years ended December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
REVENUE:		
Net investment return ( <i>Note 3</i> )	\$ 18,179,703	\$ (9,074,182)
Support from Diocesan operating entities:		
The Episcopal Health Foundation		210,453
Imputed interest on note receivable from Church Corporation ( <i>Note 4</i> )	287,118	260,808
Contributions	<u>220,639</u>	<u>23,769</u>
Total revenue	<u>18,687,460</u>	<u>(8,579,152)</u>
EXPENSES:		
Program services:		
Missional grants	2,402,607	1,992,471
Salaries and benefits	1,977,253	1,492,624
Grants to parishes	650,000	7,414,691
Other program expenditures	<u>114,617</u>	<u>85,263</u>
Total program services	5,144,477	10,985,049
Management and general:		
Diocesan operating entities - administrative services	484,473	439,577
Other management and general	<u>170,953</u>	<u>36,283</u>
Total expenses	<u>5,799,903</u>	<u>11,460,909</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	12,887,557	(20,040,061)
Net assets without donor restrictions, beginning of year	<u>104,553,589</u>	<u>124,593,650</u>
Net assets without donor restrictions, end of year	<u>\$ 117,441,146</u>	<u>\$ 104,553,589</u>

*See accompanying notes to financial statements.*

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**The Great Commission Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Cash Flows for the years ended December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets without donor restrictions	\$ 12,887,557	\$ (20,040,061)
Adjustments to reconcile changes in net assets without donor restrictions to net cash provided by operating activities:		
Amortization of discount on receivable from Episcopal Health Foundation	102,620	(210,453)
Net realized and unrealized (gain) loss on investments	(15,707,861)	11,767,300
Changes in operating assets and liabilities:		
Receivables from other Diocesan operating entities	10,291	105,862
Other assets	(21,321)	222,360
Receivable from Episcopal Health Foundation	8,717,842	3,992,735
Accounts payable and accrued expenses	115,144	6,337
Due to other Diocesan operating entities	(7,310)	147,198
Grants payable to parishes, missions and schools	<u>(2,067,195)</u>	<u>4,667,992</u>
Net cash provided by operating activities	<u>4,029,767</u>	<u>659,270</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(25,549,851)	(4,370,432)
Proceeds from sales of investments	24,221,799	1,545,024
Net change in money market mutual funds held as investments	(2,643,519)	6,147,537
Purchase of land	<u>                    </u>	<u>(3,971,760)</u>
Net cash used by investing activities	<u>(3,971,571)</u>	<u>(649,631)</u>
<b>NET CHANGE IN CASH</b>	<b>58,196</b>	<b>9,639</b>
Cash, beginning of year	<u>80,044</u>	<u>70,405</u>
Cash, end of year	<u><u>\$ 138,240</u></u>	<u><u>\$ 80,044</u></u>

*See accompanying notes to financial statements.*

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## **The Great Commission Foundation (An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization - The Great Commission Foundation (the Foundation) is a Texas nonprofit corporation created in 2013 to support the missionary and church planting strategies of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). The organization of the Foundation is set forth in Canon 15 of the Constitution and Canons of the Diocese. The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee. Members of the Board of Trustees of the Foundation are elected by the Council of the Diocese upon nomination by the Bishop and include the Bishop as an ex-officio member and Chair of the Board of Trustees.

Related entities - The Executive Board of the Diocese is composed of the Bishop and fifteen members elected by the Council of the Diocese. Pursuant to various Canons, the Executive Board has certain oversight responsibilities relating to the affairs of the Foundation and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated Diocesan entities.
- *The Bishop Quin Foundation (Bishop Quin)* was created in 1943 to commemorate the 25<sup>th</sup> anniversary of the consecration of the Right Reverend Clinton S. Quin, as Bishop. The broad objectives of Bishop Quin include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the 57 counties of the Episcopal Diocese of Texas.

The Foundation routinely engages in transactions with related entities that are directly or indirectly governed by the Council of the Diocese. These entities include parishes, schools, missions, and other Diocesan entities.

Basis of presentation - These financial statements include only the assets, liabilities, net assets, and activities of the Foundation. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities, parishes, missions, or other Diocesan entities. Each of these related entities is an operating entity distinct from the Foundation, maintains separate financial records, and administers its own services and programs.

Federal income tax status - The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Receivable from Episcopal Health Foundation is reported at net realizable value that was discounted to estimate the present value of future cash flows based upon payment over 7 years.

Note receivable from Church Corporation is reported at face value, with interest imputed annually, because the repayment terms on this note are not fixed and the discount rate is not determinable based upon the nature of the agreement.

Net asset classification - Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the Foundation is entitled to receive or retain the funding. Conditional contributions are recognized in the same manner when the conditions have been met.

Grants made are recognized as expense at fair value when the Foundation approves an unconditional commitment to a grant recipient. Conditional grants are recognized in the same manner when the conditions are substantially met by the recipient. Grants payable in more than one year are reported at the present value of their future cash outflows using a risk-free rate-of-return, if material. Commitments made but not yet funded are reported as grants payable. Grants payable at December 31, 2019 are expected to be paid in the next year.

Functional allocation of expenses - Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with a specific program. All of the Foundation's expenses are directly attributable to either program or management and general activities.

Estimates - Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement - In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution received or made or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. This ASU could impact the timing of revenue and expense recognition and the financial statement disclosures related to such transactions. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. The Foundation is required to adopt this ASU for grants awarded in its fiscal year ending 2020. Management has reviewed the impact on the financial statements of the adoption of this ASU and has determined that it will not have a material impact on grants awarded.

## NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 138,240	\$ 80,044
Receivables from other Diocesan operating entities	23,797	34,088
Investments	115,911,099	96,231,667
Receivable from Episcopal Health Foundation, net		8,820,462
Note receivable from Church Corporation	<u>6,293,007</u>	<u>6,293,007</u>
Total financial assets	122,366,143	111,459,268
Less financial assets not available for general expenditure:		
Notes receivable due in more than one year	(6,293,007)	(11,095,921)
Investments, less amount available to be spent under spending policy	<u>(110,068,178)</u>	<u>(90,242,667)</u>
Total financial assets available for general expenditure	<u>\$ 6,004,958</u>	<u>\$ 10,120,680</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing outreach program and grantmaking activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the Foundation's liquidity management, it structures its financial assets to be available as general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in mutual funds.

The Foundation's assets are invested for long-term appreciation but remain available to be spent at the Board of Trustees' discretion. The Foundation operates with a balanced budget and determines the spending level for each year as part of the annual budget process. The Foundation's spending policy provides for an annual spending rate not to exceed 5% of the five-year average asset balance. This policy acknowledges the potential for one-time withdrawals from the investment portfolio to fund non-recurring gifts or capital investments in accordance with the Foundation's long-term plan for new church starts with approval of the Board of Trustees.

## NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date. Level 2 investments are priced by independent appraisals or corroborating factual comparative inputs as accumulated by management to support estimated fair value.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.



Assets measured at fair value at December 31, 2019 are as follows:

<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:			
Domestic multi-cap core index mutual fund	\$ 35,826,225		\$ 35,826,225
International equity mutual funds:			
Emerging markets	12,701,907	12,701,907	
Large core	9,643,644	9,643,644	
Large value	9,435,163	9,435,163	
Small core	3,523,963	3,523,963	
Domestic bond mutual funds:			
Core bond	14,067,848		14,067,848
High yield	2,059,268		2,059,268
Inflation-protected Domestic equity securities:	996,849		996,849
Master limited partnership closed-end fund	5,616,117		5,616,117
Large-cap	1,821,732		1,821,732
Mid-cap	203,293		203,293
Small-cap	146,117		146,117
Land		\$ 7,331,760	7,331,760
Global real estate index mutual funds	5,805,720		5,805,720
Money market mutual fund	4,471,762		4,471,762
International bond mutual funds	1,975,561		1,975,561
International equity securities	<u>284,170</u>		<u>284,170</u>
Total assets measured at fair value	<u>\$ 108,579,339</u>	<u>\$ 7,331,760</u>	<u>\$ 115,911,099</u>

Assets measured at fair value at December 31, 2018 are as follows:

<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:			
Domestic multi-cap core index mutual fund	\$ 31,654,554		\$ 31,654,554
International equity mutual funds:			
Emerging markets	10,065,782	10,065,782	
Large core	6,814,050	6,814,050	
Large value	6,161,187	6,161,187	
Small core	2,837,263	2,837,263	
Domestic bond mutual funds:			
Core bond	10,021,109		10,021,109
High yield	2,719,322		2,719,322
Inflation-protected Domestic equity securities:	1,805,501		1,805,501
Master limited partnership closed-end fund	5,097,244		5,097,244
Large-cap	975,626		975,626
Mid-cap	411,482		411,482
Land		\$ 7,331,760	7,331,760
Global real estate index mutual funds	3,508,822		3,508,822
Money market mutual fund	1,828,243		1,828,243
International bond mutual funds	2,588,102		2,588,102
Commodity mutual funds	<u>2,411,620</u>		<u>2,411,620</u>
Total assets measured at fair value	<u>\$ 88,899,907</u>	<u>\$ 7,331,760</u>	<u>\$ 96,231,667</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held at yearend.
- *Land* is valued based on appraised fair value.
- *Equity securities* are valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuations methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Net investment return includes earnings on bank deposits and consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 2,708,155	\$ 2,930,423
Net realized and unrealized gain (loss) on investments	15,707,861	(11,767,300)
Investment management fees	<u>(236,313)</u>	<u>(237,305)</u>
Net investment return	<u>\$ 18,179,703</u>	<u>\$ (9,074,182)</u>

#### **NOTE 4 - NOTE RECEIVABLE FROM CHURCH CORPORATION**

The Foundation has entered into a note agreement with Church Corporation totaling \$6,500,000 to pay debt incurred in connection with the acquisition of real property to support the missionary and church planting strategies of the Diocese. The note is non-interest bearing and will be repaid with the proceeds from sales of land and buildings that are no longer being used as church sites and for which the Foundation did not provide the funding for the purchase of the property. After the note is repaid, Church Corporation is further obligated to pay 50% of the proceeds of sales of churches not funded by the Foundation to the Foundation. All proceeds from sales of property paid for by the Foundation will be paid to the Foundation.

During 2018, the Foundation's Board of Trustees passed a resolution allowing Church Corporation to use the proceeds from the sale of land and buildings in 2018 to reduce Church Corporation's external debt. Imputed interest income and program expense of approximately \$287,000 in 2019 and \$226,000 in 2018 has been recognized based on an implied interest rate of 4.3% in 2019 and 4.1% in 2018.

#### **NOTE 5 - RETIREMENT PLANS**

The Foundation is a participating employer in pension plans sponsored and administered by The Church Pension Fund (the Fund). The Fund, a corporation chartered in 1914 by the Legislature of the State of New York, was established by the General Convention of the Episcopal Church. The Fund and its affiliates are official agencies of the Episcopal Church and operate under the Canons of the Episcopal Church.

The Clergy Pension Plan (the Clergy Plan) is a defined benefit plan providing retirement, death and disability benefits to eligible clergy of the Episcopal Church. The Clergy Plan (the Plan) is exempt from federal income taxes and, as church plans are exempt from the Employee Retirement Income Security Act of 1974, the Plan is not subject to Pension Benefit Guaranty Corporation requirements.

The assets of the Plan are pooled along with other assets of the Fund solely for investment purposes for the benefit of all participants. The Fund may amend, terminate or modify the terms of the Plan, including the employer

assessment rate, at any time, without notice and for any reason. Should the Plan terminate, the Fund has the authority to distribute assets in accordance with the terms of the respective Plan's documents.

All bishops, priests and deacons who are canonically resident in a domestic diocese of the Episcopal Church and who are not participating in the International Clergy Pension Plan must participate in the Clergy Plan if the cleric receives \$200 or more per month in compensation for three or more consecutive months from the same employer. Participating employers pay assessments to the Plan on behalf of the eligible participants. Assessments for the Clergy Plan are equal to 18% of the applicable participants' compensation, which includes salaries, other cash compensation and the value of housing. Assessments fund benefits are provided by the Plan. Assessments are not held in individual accounts, but are invested in a general fund of pooled contributions for all employees participating in the Plan.

The Foundation recognizes its assessments in the period that the related services are provided by the clergy. During 2019 and 2018, the Foundation recognized assessments to the Plan totaling approximately \$260,000 and \$212,000, respectively.

The funding positions of the Plan as of March 31, 2019 and 2018 as reported in the Fund's latest audited financial statements are summarized below:

	<u>2019</u>	<u>2018</u>
Net assets available for pension benefits - after amount designated for assessment deficiencies	\$ 10,207,974,000	\$ 9,918,224,000
Less: Actuarial present value of accumulated plan benefit obligations	<u>(6,555,295,000)</u>	<u>(6,517,324,000)</u>
Surplus	<u>\$ 3,652,679,000</u>	<u>\$ 3,400,900,000</u>
Funding percentage	156%	152%

#### **NOTE 6 - COMMITMENTS OF CONDITIONAL GRANTS**

During December 2017, the Foundation approved a conditional grant of up to \$1.5 million in support to EDOT to assist with hurricane response and recovery initiatives. This grant is conditioned upon EDOT identifying qualifying projects. The total amount approved and funded through December 31, 2019 was approximately \$1,063,000. The remaining grant of approximately \$437,000 has not been recognized as grants payable at December 31, 2019 as the condition to identify qualifying projects has not been met.

Additionally, the Foundation has made approximately \$111,000 in grants to Bishop Quin that are conditioned upon the occurrence of certain events and have not been recorded as grants payable at December 31, 2019.

#### **NOTE 7 - SUBSEQUENT EVENTS**

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. Financial markets have been severely impacted by fears of the COVID-19 pandemic and the sharp decline in the price of oil. The U. S. stock market has experienced a significant decline and remains volatile. While the Foundation expects these events to negatively impact operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through June 25, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

## EPISCOPAL HEALTH FOUNDATION

As we entered 2020, Episcopal Health Foundation approached the year looking forward to fine-tuning efforts to realize a five-year, three-pronged strategic plan that focuses on strengthening the health system to deliver health and not just healthcare, activating communities and congregations to improve health, and supporting brain development in children under the age of three. However, none of us expected the year to unfold like it has. Although the COVID-19 pandemic closed our office, requiring staff to work from home, our grantmaking, research, and engagement work continued with minimal disruption as we identified ways to support the needs that revealed themselves during the pandemic and yet still stay true to our strategic plan.

COVID-19: Because the foundation cannot accomplish its goals without strong, healthy nonprofit partners to help meet the health needs of our communities, EHF responded to the pandemic crisis in several ways. First, in early April, EHF provided \$2 million to the EDOT to support congregations and diocesan institutions in managing through the pandemic. By eliminating multi-year grants for 2020 and delaying the commencement of a new grant program, we were able to award \$6 million to 64 grantee partners to help them maintain business continuity. These funds also helped grantees to realign their services to meet the needs of their clients while practicing social distancing. Through funds set aside for impact investing (investments made to generate a socially beneficial return as well as financial) \$4.8 million in low-interest loans were provided to six Federally Qualified Health Centers that had revenue streams disrupted because of the pandemic. Through consultants, EHF also made technical assistance available to help our nonprofit partners access federal funds and other grants. Our Engagement team provided training to help our grant partners and congregations learn to utilize tools and strategies to conduct successful remote convenings. EHF also published several research reports showing how COVID-19 is impacting vulnerable populations such as immigrants, people of color, and low-income individuals.

Grant-making: Between January and November of 2020, EHF awarded grants to 89 organizations for a total of \$19.8 million, including \$496,312 in continued support of Hurricane Harvey recovery by diocesan institutions. We expect to award another \$8.5 million in additional grants during the remainder of 2020. By the end of 2020, we expect to have awarded several grants to diocesan-related organizations including \$5 million to the diocese to offset the parishes' clergy health insurance costs; \$313,000 to support diocesan operating expenses; COVID-19 business continuity grants of \$50,000 to support mental health services offered at St. Vincent's House and \$56,062 to support the continuity of health benefits enrollment services to special populations at organizations sponsored by North Pasadena Community Outreach. We continue to provide payments to the Seminary of the Southwest (\$643,823 in 2020) under our previous commitments of \$3.67 million to support placement of their counseling graduates in East Texas internships.

Community engagement: Our work in this area focuses on improving health by strengthening the community engagement efforts of many of our grant partners, by supporting coalitions to address community health needs, and by activating community health leaders across the region. In 2020, five new organizations have

either developed or implemented new community engagement plans as a result of training and coaching through EHF. We also launched the Healthy Coalition Initiative to support community coalitions, working with two collaborative partnerships. Finally, in response to the pandemic, the community engagement team offered two three-day sessions to strengthen the abilities of our grantees to facilitate and maximize online gatherings. The sessions focused on learning these methods and how to implement them in a virtual setting and was attended by 60 participants representing 49 grantees, congregational leaders, and community partners.

Congregational engagement: The work of the Congregational Engagement team addressing race, mental health, poverty, and civic engagement was more relevant than ever in 2020 as result of COVID-19, racial justice struggles, and a divisive political climate. Despite the challenge of being unable to convene in person, our work continued as we adapted our engagement efforts to the times. We were able to do so by strengthening existing relationships with congregations and leveraging internal and external talent to support congregational work in a time of COVID-19. Our “Kitchen Cabinet,” an advisory group of clergy, staff, and lay leaders representing diverse regions and perspectives across the diocese, continues to advise EHF staff on relevant programming and serve as ambassadors for ongoing work. Holy Currencies, a program developed by Rev. Dr. Eric Law to enable congregations to undertake a faith-based approach to planning meaningful, sustainable outreach ministries, continued via coaching to participants from previous cohorts. Although in-person EHF-sponsored Mental Health First Aid training has been suspended until 2021, we were able to host 2 trainings certifying 54 people during the first few months of the year. Our Mental Health strategy, to move beyond the initial training and focus on community-based initiatives, resulted in the launch of the Learning Community on Mental Health and Well-Being, a 4-part webinar series which was attended by 88 participants. Because funding for services is tied to the census, to ensure an accurate count, we supported clergy, lay leadership, and parishioners with informational webinars, online resources, and social media opportunities. Additionally, our Organizing Communities work encouraged civic participation by hosting a Vote Faithfully training for 45 participants and EHF recently formed the Health and Justice Advocacy Network to engage and empower Episcopal congregations to identify current health and advocacy issues. In order to support congregations working on poverty initiatives, we developed a series of online events that drew 97 direct ministry providers to engage with peer congregations and EHF partners. Our work on racial justice continued to expand as we partnered with Traces of the Trade to host five in-person and online screenings. Most notably, a regional model to address complex issues such as equity and justice was developed in partnership with Project Curate, which reached 104 participants via three regional sessions. In 2020, we also hosted two In Common convenings, one in the Austin area reaching 128 attendees and another virtually via Zoom, which drew 159 participants. As always, these events serve to connect congregations to learn from each other, share stories, and learn how they can partner with EHF. The fall In Common event, “A Faithful Response to 2020,” addressed the impact of the pandemic by all, and how, because of health inequities, it is impacting people of color.

Research: EHF has continued to produce reports, analyses, and mapping resources for congregations, organizations, and other community partners to help them navigate and use complex health-related data. [Reports](#) in 2020 have covered a spectrum of issues focused on addressing health, such as COVID-19 and its impact on vulnerable populations and communities of color, the fiscal implications of Medicaid expansion, and Texan's perception of the nonmedical factors that affect their health. For example, a recent report, *Texans' Views on the COVID-19 Pandemic*, sheds light on the impact COVID-19 is having on factors that impact health, and how its impact varies between white people and people of color. These reports have been critical in helping the foundation continue the conversation on the need to address "health, not just healthcare" and instrumental in taking this conversation to the general public and policy makers through local, state, and national media outlets, especially in the pandemic context. At the state policy level, EHF continues to support research, learning, and strategic planning by fostering conversations with Managed Care Organizations and Texas Medicaid on addressing the social factors that impact health outcomes. Our research team also took the lead in conducting a two-year feasibility assessment, planning, and launch for the foundation's newest initiative, Accountable Communities for Health. This initiative has been launched in six communities across the EDOT and is aimed at developing local, sustainable strategies to address health.

The challenges of 2020 have shown how critical it is to have strong congregational and community partners if we are to help improve health across the diocese. The importance of our work to help health organizations focus more intentionally on addressing community health needs, to empower communities to address local health concerns, and to foster systems-level approaches to building healthier communities was only reinforced by what we have seen during the pandemic: the circumstances of one's life has a tremendous impact on one's health. Building new, while leveraging and strengthening existing relationships, including our many congregational partners, will always be vital to achieving goals set forth in our strategic plan. We know we cannot succeed alone.

Elena M. Marks, President

**The Episcopal Health Foundation**  
**(An Instrumentality of the Protestant**  
**Episcopal Church in the Diocese of Texas)**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2019 and 2018

**The Episcopal Health Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

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**Blazek & Vetterling**  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report**

To the Board of Trustees of  
The Episcopal Health Foundation:

We have audited the accompanying financial statements of The Episcopal Health Foundation (an instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, of functional expenses and of cash flows for the years then ended, and the related notes to the financial statements.

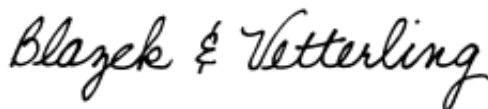
**Management's Responsibility for the Financial Statements** – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance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

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

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

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

**Opinion** – In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Episcopal Health Foundation as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



August 25, 2020

**The Episcopal Health Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Financial Position as of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents <i>(Note 3)</i>	\$ 34,417,204	\$ 31,470,056
Accounts receivable and other assets	128,176	231,093
Note receivable, net <i>(Note 4)</i>		85,041,755
Investments <i>(Notes 5 and 6)</i>	1,293,636,744	1,059,793,295
Property, net <i>(Note 7)</i>	<u>8,807,856</u>	<u>9,423,136</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,336,989,980</u></b>	<b><u>\$1,185,959,335</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 557,674	\$ 407,994
Grants payable, net <i>(Note 8)</i>	24,515,493	32,296,499
Reserve for losses under Definitive Agreement <i>(Note 4)</i>	<u>16,000,000</u>	
Total liabilities	<u>41,073,167</u>	<u>32,704,493</u>
Net assets without donor restrictions:		
Undesignated	488,979,638	299,029,502
Contractually-restricted <i>(Note 9)</i>	<u>806,937,175</u>	<u>854,225,340</u>
Total net assets without donor restrictions	<u>1,295,916,813</u>	<u>1,153,254,842</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$1,336,989,980</u></b>	<b><u>\$1,185,959,335</u></b>

See accompanying notes to financial statements.

**The Episcopal Health Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Activities for the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUE:		
Partnership income <i>(Note 5)</i>	\$ 188,087,201	\$ (46,508,790)
Interest on note receivable	2,135,813	4,277,347
Interest income	680,862	569,773
Other revenue	<u>242,554</u>	<u>338,789</u>
Total revenue	<u>191,146,430</u>	<u>(41,322,881)</u>
EXPENSES:		
Program services:		
Grants made	38,755,027	31,889,742
Research	2,932,137	2,987,437
Program management	2,458,629	2,087,631
Community engagement	<u>1,704,713</u>	<u>2,479,222</u>
Total program services	<u>45,850,506</u>	<u>39,444,032</u>
Management and general:		
Diocesan operating entities – administrative services	695,247	695,250
Other management and general	<u>1,938,706</u>	<u>1,454,442</u>
Total management and general	<u>2,633,953</u>	<u>2,149,692</u>
Total expenses	<u>48,484,459</u>	<u>41,593,724</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	142,661,971	(82,916,605)
Net assets without donor restrictions, beginning of year	<u>1,153,254,842</u>	<u>1,236,171,447</u>
Net assets without donor restrictions, end of year	<u>\$1,295,916,813</u>	<u>\$1,153,254,842</u>

See accompanying notes to financial statements.

**The Episcopal Health Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Functional Expenses for the years ended December 31, 2019 and 2018

	GRANTS MADE	RESEARCH	PROGRAM MANAGEMENT	COMMUNITY ENGAGEMENT	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	2019 TOTAL
Grants	\$ 32,263,538				\$ 32,263,538		\$ 32,263,538
Grants to related entities	6,491,489				6,491,489		6,491,489
Payroll and related benefits		\$ 1,097,537	\$ 1,437,185	\$ 901,260	3,435,982	\$ 810,915	4,246,897
Professional fees		1,553,793	572,000	488,382	2,614,175	405,981	3,020,156
Depreciation		156,709	182,546	115,215	454,470	244,027	698,497
Diocesan operating entities – administrative services						695,247	695,247
Occupancy		44,684	60,519	39,195	144,398	96,073	240,471
Other		79,414	206,379	160,661	446,454	381,710	828,164
Total expenses	<u>\$ 38,755,027</u>	<u>\$ 2,932,137</u>	<u>\$ 2,458,629</u>	<u>\$ 1,704,713</u>	<u>\$ 45,850,506</u>	<u>\$ 2,633,953</u>	<u>\$ 48,484,459</u>

	GRANTS MADE	RESEARCH	PROGRAM MANAGEMENT	COMMUNITY ENGAGEMENT	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	2018 TOTAL
Grants	\$ 25,187,595				\$ 25,187,595		\$ 25,187,595
Grants to related entities	6,702,147				6,702,147		6,702,147
Payroll and related benefits		\$ 1,136,344	\$ 1,484,148	\$ 1,174,842	3,795,334	\$ 572,157	4,367,491
Professional fees		1,572,777	228,307	898,336	2,699,420	263,935	2,963,355
Depreciation		143,778	160,004	163,824	467,606	212,601	680,207
Diocesan operating entities – administrative services						695,250	695,250
Occupancy		46,053	53,537	42,976	142,566	101,372	243,938
Other		88,485	161,635	199,244	449,364	304,377	753,741
Total expenses	<u>\$ 31,889,742</u>	<u>\$ 2,987,437</u>	<u>\$ 2,087,631</u>	<u>\$ 2,479,222</u>	<u>\$ 39,444,032</u>	<u>\$ 2,149,692</u>	<u>\$ 41,593,724</u>

See accompanying notes to financial statements.

**The Episcopal Health Foundation**  
**(An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Cash Flows for the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets without donor restrictions	\$ 142,661,971	\$ (82,916,605)
Adjustments to reconcile changes in net assets without donor restrictions to net cash used by operating activities:		
Depreciation	698,497	680,207
Partnership (income) loss	(188,087,201)	46,508,790
Changes in operating assets and liabilities:		
Accounts receivable, other assets and interest accrued on note receivable	2,418,254	768,064
Accounts payable and accrued expenses	149,680	(90,625)
Grants payable	<u>(7,781,006)</u>	<u>(169,124)</u>
Net cash used by operating activities	<u>(49,939,805)</u>	<u>(35,219,293)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments received on note receivable	98,726,418	34,833,095
Purchase of investments	(56,756,248)	
Proceeds from sale of investments	11,000,000	
Purchases of property	<u>(83,217)</u>	<u>(68,463)</u>
Net cash provided by investing activities	<u>52,886,953</u>	<u>34,764,632</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2,947,148</b>	<b>(454,661)</b>
Cash and cash equivalents, beginning of year	<u>31,470,056</u>	<u>31,924,717</u>
Cash and cash equivalents, end of year	<u><u>\$ 34,417,204</u></u>	<u><u>\$ 31,470,056</u></u>

See accompanying notes to financial statements.



## The Episcopal Health Foundation (An Instrumentality of the Protestant Episcopal Church in the Diocese of Texas)

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** – The Episcopal Health Foundation (EHF), a Texas nonprofit corporation, was created on March 27, 2013, to promote human health (including, without limitation, complete physical, mental and social well-being and not just merely the absence of disease or infirmity), healthcare excellence, advances in medical science, and improvements in community health services to benefit the 57 counties that comprise the ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. EHF is organized under Canon 5 of the Constitution and Canons of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). The Diocese is the sole member of EHF. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee.

**Related entities** – The Executive Board of the Diocese is composed of the Bishop and fifteen members elected by the Council of the Diocese. Pursuant to various Canons, the Executive Board has certain oversight responsibilities relating to the affairs of EHF and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated Diocesan entities.
- *The Bishop Quin Foundation (Bishop Quin)* was created in 1943 to commemorate the 25<sup>th</sup> anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of Bishop Quin include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.

EHF routinely engages in activities with and provides grants to related entities that are directly or indirectly governed by the Council of the Diocese. These entities include parishes, schools, missions, and other Diocesan entities.

**Basis of presentation** – These financial statements include only the assets, liabilities, net assets, and activities of EHF. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities, parishes, missions, or other Diocesan entities. Each of these related entities is an operating entity distinct from EHF, maintains separate financial records, and administers its own services and programs.

Federal income tax status – EHF is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a Type I supporting organization under §509(a)(3).

Cash equivalents are highly liquid financial instruments with original maturities of three months or less which are available for grant and operating expenditures.

Investments are reported at fair value. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of income is limited by donor-imposed restrictions.

Property with a cost of \$500 or more and an estimated useful life of more than one year is capitalized and reported at cost, if purchased, or at estimated fair value at the date of gift, if donated. EHF provides for depreciation using the straight-line method based upon estimated useful lives of 3 to 40 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Grants made are recognized as expense at fair value when EHF approves an unconditional commitment to a grant recipient. Conditional grants are recognized in the same manner when the conditions are substantially met by the recipient or when the possibility that the conditions will not be met is deemed remote. Grants payable in more than one year are reported at the present value of their future cash outflows using a risk-free rate-of-return, if material. Commitments made but not yet funded are reported as grants payable.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on square footage. Information technology costs are allocated based on estimates of time and costs of specific technology utilized.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. This ASU could impact the timing of revenue and expense recognition and the financial statement disclosures related to such transactions. The amendments should be applied on a modified prospective basis but retrospective application also is permitted. The ASU is effective for fiscal periods beginning after December 15, 2019. EHF is required to adopt this ASU for the year ending December 31, 2020. Management reviewed the impact on the financial statements of the adoption of this ASU and has determined it will not have a material impact on grants made.



## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 34,417,204	\$ 31,470,056
Interest accrued on note receivable		2,315,337
Note receivable, net		82,726,418
Investments	<u>1,293,636,744</u>	<u>1,059,793,295</u>
Total financial assets	1,328,053,948	1,176,305,106
Less financial assets not available for general expenditure:		
Notes receivable due in more than one year		(46,499,999)
Investments	<u>(1,264,039,562)</u>	<u>(1,059,793,295)</u>
Total financial assets available for general expenditure	<u>\$ 64,014,386</u>	<u>\$ 70,011,812</u>

For purposes of analyzing resources available to meet expenditures over a 12-month period, EHF considers all expenditures related to its ongoing charitable activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of EHF's liquidity management, it structures its financial assets to be available as general expenditures and liabilities become due. EHF's assets are invested for long-term appreciation, but remain available to be spent at the Board of Directors' discretion. EHF operates with a balanced budget and determines the spending level for each year as part of the annual budget process.

## NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	<u>2019</u>	<u>2018</u>
Money market mutual funds	\$ 1,770,592	\$ 1,772,093
U. S. Treasury securities	21,638,321	29,693,420
Demand deposits	<u>11,008,291</u>	<u>4,543</u>
Total cash and cash equivalents	<u>\$ 34,417,204</u>	<u>\$ 31,470,056</u>

## NOTE 4 – DEFINITIVE AGREEMENT TRANSACTIONS

Under the Definitive Agreement (the Agreement), EHF received cash and a note receivable for consideration of transfer of a membership in St. Luke's Episcopal Health System (SLEH) from the Diocese to a national nonprofit hospital system totaling approximately \$1.26 billion. In the Agreement, EHF agreed that a minimum of 85% of the proceeds would be used for health initiatives and that a minimum of 85% of the proceeds would be used in the 57 Texas counties that comprise the Diocese.

The note receivable under the agreement totaled \$260,000,000 and required payment of principal and interest in annual installments of \$40,175,000 on the anniversary of the note each year with a final



payment due on May 31, 2020. The note provided for optional prepayment without penalty. All amounts due under this agreement were repaid during 2019.

Under the Agreement, EHF is liable for losses and expenses in connection with certain significant known and unknown potential liabilities and has recorded an estimated reserve for potential loss of approximately \$16,000,000.

## NOTE 5 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Investment in EH Investment Fund, L.P.	\$1,293,636,744	\$1,059,793,295
Total investments	<u>\$1,293,636,744</u>	<u>\$1,059,793,295</u>

EH Investment Fund, L.P. (the Fund) is a Delaware limited partnership that was created on June 1, 2014. HCP EHF Management LLC (General Partner), a U. S. Securities and Exchange Commissions registered advisor and wholly owned subsidiary of Hall Capital Partners LLC, is the General Partner to the Fund. There are two limited partners: EHF and Bishop Quin. As of December 31, 2019, EHF had a 99.90% interest in the Fund and Bishop Quin had a 0.10% interest. The Fund is a global multi-asset class fund that primarily seeks to increase its net asset value by an amount in excess of inflation (as defined by the Consumer Price Index) and the actual spending rate of EHF over full market cycles of seven to ten years. The Fund also seeks to maximize investment returns and to reduce portfolio volatility by investing in diversified asset classes and capital markets. The asset classes that the Fund will invest in include global equities (developed and emerging), hedge funds, hybrids, private equity, real assets, fixed-income, and cash and cash equivalents. At any given time, one third of the Fund's portfolio assets can be liquidated within a 30-day time window. Redemptions are allowed at the end of each month with 10 days' prior written notice. There are no unfunded commitments at December 31, 2019.

The invested assets of the Fund are summarized by investment type as follows:

	<u>2019</u>	<u>2018</u>
Portfolio funds: (a)		
Equity strategies	25.9%	21.3%
Absolute return	18.9%	18.3%
Private equity	12.8%	11.7%
Equity hedge	4.0%	9.3%
Other	0.9%	1.1%
Global stock, fixed-income and hard asset mutual funds	24.0%	21.0%
Marketable securities:		
Common stock	8.4%	12.1%
Depository receipts	0.7%	1.3%
Cash and cash equivalents	<u>4.4%</u>	<u>3.9%</u>
Total	<u>100%</u>	<u>100%</u>

(a) Portfolio fund investments are subject to the terms of the respective portfolio fund's agreements, offering documents and other governing agreements. Additionally, most, if not all, of the portfolio

funds in which the Fund invests may restrict both the transferability of the Fund's interest and the Fund's ability to withdraw. Due to these restrictions, investments in certain portfolio funds are viewed as illiquid and subject to liquidity risk.

Investments are exposed to various risks such as interest rate, market and credit risks. Alternative investments such as the Fund include additional risks because of their complex nature and limited regulations resulting in a greater risk of losing invested capital. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Legal, tax, and regulatory changes could occur during the term of EHF's investment in the Fund. The regulatory environment for alternative investment funds is evolving, and changes in the regulation of these funds may adversely affect the value of investments held by EHF. EHF believes that the effect of any future regulatory change in EHF's assets would not materially impact the value.

#### *Partnership Income*

Partnership income from investment in the Fund consists of the following:

	<u>2019</u>	<u>2018</u>
Realized and unrealized gain (loss)	\$ 185,290,701	\$ (56,636,956)
Interest and dividends	9,662,639	15,297,690
Investment management fees	(2,725,342)	(2,732,443)
Sub-advisory fees and other expenses	<u>(4,140,797)</u>	<u>(2,437,081)</u>
Total partnership income (loss)	<u>\$ 188,087,201</u>	<u>\$ (46,508,790)</u>

#### **NOTE 6 – FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Investments for which fair value is measured using net asset value or its equivalent as a practical expedient are not required to be categorized in the fair value hierarchy.

Assets measured at fair value at December 31, 2019 are as follows:

				NAV – PRACTICAL EXPEDIENT	TOTAL
Investments:					
EH Investment Fund, L.P.				\$ 1,293,636,744	\$ 1,293,636,744
Total investments				<u>1,293,636,744</u>	<u>1,293,636,744</u>
	LEVEL 1	LEVEL 2	LEVEL 3		
Cash and cash equivalents:					
U. S. Treasury securities	\$ 21,638,321				21,638,321
Money market mutual funds	<u>1,770,592</u>				<u>1,770,592</u>
Total assets measured at fair value	<u>\$ 23,408,913</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,293,636,744</u>	<u>\$ 1,317,045,657</u>

Assets measured at fair value at December 31, 2018 are as follows:

				NAV – PRACTICAL EXPEDIENT	TOTAL
Investments:					
EH Investment Fund, L.P.				\$ 1,059,793,295	\$ 1,059,793,295
Total investments				<u>1,059,793,295</u>	<u>1,059,793,295</u>
	LEVEL 1	LEVEL 2	LEVEL 3		
Cash and cash equivalents:					
U. S. Treasury securities	\$ 29,693,420				29,693,420
Money market mutual funds	<u>1,772,093</u>				<u>1,772,093</u>
Total assets measured at fair value	<u>\$ 31,465,513</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,059,793,295</u>	<u>\$ 1,091,258,808</u>

Valuation methods used for assets measured at fair value are as follows:

- *EH Investment Fund, L.P.* is valued using the net asset value (or its equivalent) as a practical expedient to report the fair value of the investment. The fair value of the Fund is based on information provided by the General Partner of the Fund. Management takes into consideration consultation with Fund investment managers and audited financial information to determine the overall reasonableness of the recorded fair value.
- *U. S. Treasury securities* are valued using prices obtained from active market makers and inter-dealer brokers on a daily basis.
- *Mutual funds* are valued at the published net asset value of shares held at year end.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while EHF believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

## NOTE 7 – PROPERTY

Property is comprised of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 750,000	\$ 750,000
Buildings and improvements	<u>11,268,322</u>	<u>11,185,105</u>
Total property, at cost	12,018,322	11,935,105
Accumulated depreciation	<u>(3,210,466)</u>	<u>(2,511,969)</u>
Property, net	<u>\$ 8,807,856</u>	<u>\$ 9,423,136</u>

## NOTE 8 – GRANTS PAYABLE

At December 31, 2019, grants approved and committed for future payments are payable as follows:

	<u>OTHER DIOCESAN OPERATING ENTITIES</u>	<u>OTHER</u>	<u>TOTAL</u>
2020	\$ 6,608,668	\$ 13,651,820	\$ 20,260,488
2021		4,054,699	4,054,699
2022		<u>314,886</u>	<u>314,886</u>
Total grants payable	6,608,668	18,021,405	24,630,073
Discount to net present value at 1.98% to 2.46%		<u>(114,580)</u>	<u>(114,580)</u>
Grants payable, net	<u>\$ 6,608,668</u>	<u>\$ 17,906,825</u>	<u>\$ 24,515,493</u>

EHF provided a \$5 million grant in 2019 and 2018 to a related Diocesan operating entity to fund a portion of clergy health insurance costs for all Diocesan entities. EHF provided other grants to related Diocesan entities totaling approximately \$1,491,000 in 2019 and \$1,702,000 in 2018.

## NOTE 9 – CONTRACTUALLY-RESTRICTED NET ASSETS

Under the provisions of the Agreement, EHF is required to expend 85% of the proceeds of the transfer of assets of SLEH for health initiatives, as defined in the Agreement, and 85% of the proceeds within the 57 counties that comprise the Diocese. Transactions and balances related to such restrictions are as follows:

Contractually-restricted net assets, January 1, 2018	\$ 893,485,571
Expenditure of funds for restricted purposes	(39,477,731)
Grant reversion	<u>217,500</u>
Contractually-restricted net assets, December 31, 2018	854,225,340
Expenditure of funds for restricted purposes	<u>(47,288,165)</u>
Contractually-restricted net assets, December 31, 2019	<u>\$ 806,937,175</u>



#### NOTE 10 – SUBSEQUENT EVENTS

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. Financial markets have experienced volatility. While EHF expects these events may impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through August 25, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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## **CANONICAL REPORTS**

### **COMMISSION ON MINISTRY**

#### **The Role of the Commission on Ministry**

According to the Constitutions and Canons of the Episcopal Church, the Commission shall advise and assist the Bishop in the:

- implementation of Title III, Canons 6, 8 and 10 pertaining to ordination.
- determination of present and future opportunities and needs for the ministry of all baptized persons, and
- design and oversight of the ongoing process for recruitment, discernment, formation for ministry, and assessment of readiness.

The Committee for the Diaconate is a part of the Commission on Ministry and provides the same advice and support to the Bishop for those on the diaconate track.

#### **Changes in Leadership**

In July 2020, the Right Reverend Kathryn (Kai) Ryan was named the new Executive for Ministry, replacing the Right Reverend Dena Harrison who retired in the fall 2018.

The Reverend Jan Halstead, Deacon, will become the chair for the Committee for the Diaconate, effective January 2021, replacing the Reverend Patricia Ritchie who served on the Committee for the Diaconate for 9 years; 6 years as the chair.

#### **Current Active Students**

The Diocese of Texas currently has ***41 persons at various stages preparing for ordination.*** Here is a breakdown of the current students:

- Preparing for the diaconate at Iona School: **11**
- Preparing for the bi-vocational priesthood at Iona School: **8**
- Preparing for the priesthood at seminaries: **20**

These students are studying at the following seminaries: SSW, VTS, Duke, Sewanee, Yale.

- Persons ordained in other traditions preparing for reception into or ordination into Episcopal orders: **2**

These numbers do not include the 20 aspirants interviewed in November 2020 by the Commission on Ministry and the Committee for the Diaconate.

#### **The Discernment Process/Discovery Retreats**

In 2020, two of the three Discovery Retreats were held. The May retreat was cancelled due to COVID-19. **The Discovery Retreat** is highly recommended but no longer required, for all in the Diocese discerning a call to lay or ordained ministry. Strong encouragement to participate comes from past retreat participants and those currently in the ordination process. To date 269 have participated in a Discovery Retreat since its inception in 2016. Registration for the Discovery Retreat is handled by Camp Allen [www.campallen.org/events](http://www.campallen.org/events). Dates for 2021 are on the diocesan calendar.

**Discernment committees** may be either regional or local. The decision as to which to use is made by the Head of Congregation and if desired, in consultation with the Chair of the Commission on Ministry, the Reverend Francene Young. To date 209 people across the Diocese have been trained to participate in discernment committees and 75 discernment committees have been conducted. We are grateful for all those who have volunteered to serve on discernment committees.

**September 1<sup>st</sup> is the deadline to submit applications for Holy Orders** and all required materials for entrance to formation the following fall. This applies to all orders: diaconate, priesthood and those already ordained in another denomination seeking to be received into the Episcopal church. Interviews for these aspirants are held in mid-November, following the September 1<sup>st</sup> application deadline.

### **Changes in Ordination Process**

Starting in January 2021, the Commission is moving to Vocation Conference where Postulants and Candidates will meet with the Commission on Ministry, the Committee for the Diaconate and/or the Examining Chaplains over a three-day period to progress to the next step toward ordination. This will replace the meetings in August and May and promote the building of community among the students across the various seminaries and the Iona School for Ministry.

**The “ordination process” website** has been revised to provide more detail and help take the “mystery” out of the ordination process. More revisions are under review as we continue to help others discern their call to lay and ordained ministry.  
<https://www.epicenter.org/diocese/discovery-retreat/ordination-process/>

A heartfelt “Thank you” to all of you who volunteered to be trained and serve as Discovery Retreat faculty and staff and those who served on discernment committees.

Your continued prayers are appreciated for the Commission, its members and all those answering God’s call to serve.

Francene Young, Chair

## **EXAMINING CHAPLAINS**

The Examining Chaplains met in January at Camp Allen to examine nine persons ( 3 seminarians and 6 IONA graduates) for ordination as Deacons. We continue to use the process we began in 2011 as a replacement for the National General Ordination Examinations. We continue to find it a more satisfactory assessment of the students’ knowledge and writing skills as well as their practical application of those skills. We met for three days for a series of written and oral exams. Each student was to present two documents: 1. A sermon recently preached, 2. A written response to one of three Contemporary Society situations to be discussed in small group sessions. Other short answer questions were asked regarding pastoral questions from parishioners that might arise in informal situations. This process allows us to know the students better and

understand their seminary experience through both informal and group discussions. During October each Chaplain met individually by Zoom with the new Deacons for an oral examination before recommending them for ordination as Priests. The Chaplains were A. Dean Calcote (retired), Mark T. Crawford, Nancy P. De Forest, Patrick M. Hall (Chair), Eileen E. O'Brien, and Edward L. Stein.

A. Dean Calcote, Chair

## **DEACON'S REPORT**

Our forty deacons, many of whom hold “regular” jobs, are involved in a great diversity of diaconal work throughout the Diocese. Several have stopped doing active ministry due to health or other issues.

The Austin Recovery ministry, a twelve-step recovery ministry where one of our deacons had listened to 5<sup>th</sup> steps for a number of years has closed due to Covid 19. One deacon is on the board of Christ Clinic, a clinic in Katy for adults without health insurance. Seven deacons do hospital chaplaincy at local hospitals. One deacon serves as the community member on the Professional Consultative Committee for the Harris Health System's CPE Program. Two deacons do hospice chaplaincy. One deacon has initiated prayer circles. One deacon organized and maintains a pastoral care program for the parish called the Shepherds. There are 14 in the parish and each parishioner is assigned to a shepherd. Each parishioner gets called monthly for check-in and to discuss pastoral needs. One deacon participated in leading – along with other youth ministers – the second annual LifeFest 2020 event. This event was organized for youth and was attended by approximately 700 youth. One deacon serves as the group mentor for EfM. One deacon manages a Laundry Love ministry, which has been temporarily stopped due to the pandemic.

Deacons continue to assist families who are food poor or need assistance with rent, electricity, etc. Six deacons are involved in feeding ministries, (Hunger Initiative, Food for the Poor, Feed My Sheep, Nutrition Backpack Ministry, 249 & Hope, Mobile Loaves and Fishes, etc.). Again, these ministries have had to adapt their offerings due to the pandemic; such as curbside backpack meals. One deacon began a food ministry that is contactless having people make donations in a little red wagon on the church porch. These donations are given to the local food bank. Four deacons are involved in ministry to the elderly and/or disabled at assisted living facilities and nursing homes serving more than 100 participants. This ministry has been drastically curtailed due to the virus. One deacon supports job search assistance through the Hope Center. Two deacons have facilitated the formation of a Racial Justice Team. One deacon teaches health care workers grief support, self-care, boundaries and debriefing. Three deacons are now involved in Kairos Prison Ministry. Several deacons do other ministry in prisons including a Jubilee ministry team, chaplain work, facilitation of an Overcomers Program or Bridges to Life, mentorship programs in juvenile detention and for women in jail and in prison, reVision for at risk and incarcerated youth, etc. Six deacons are involved in grief support in general, Walking the Mourner's Path, GriefShare and Footprints – children's grief. One



deacon leads a ministry called the Gathering Place, a monthly program for those with memory loss. Another deacon participates in ministry through deployment of the Tiny Chapel. One deacon serves in multi-faceted roles in the SoCo missional community in Austin. Several deacons are chaplains to law enforcement departments. One deacon participated in the Jerusalem Peacebuilders project.

Some teach first Communion and/or Confirmation classes. Five deacons have Bible Study groups – one at a Wine Bar, some with women alone and some with men alone. One deacon serves as needed at St. James House. Several deacons participate in Ashes to Go. One deacon serves as leader for the Independence Manor Missional Community. One deacon teaches the Asset Based Community Development Model to Iona students and current deacons.

One deacon participated in an annual mission trip to Honduras. One deacon continues a connection through Team Brownsville. Another deacon led a mission team to the border to work with Team Brownsville. One bilingual deacon is involved in multiple ministries in the church she serves; pastoral care, assisting families with navigating summer camp requirements, etc. One deacon assisted refugees through Refugee Services of Texas. Several deacons are team members of our diocesan Emergency Spiritual Care Team. One deacon served as a poll chaplain for Election Day.

In addition to this work in our communities, several deacons serve in Diocesan-wide roles. The Reverend Pat Ritchie serves as Chair of the Committee for the Diaconate, the Reverend Mary Lenn Dixon is Dean for the Diaconate track at the Iona School for Ministry, the Reverend Tamara Clothier supervises field work for the deacons in formation and additionally, the Reverend Wanda Cuniff serves on the Committee for the Diaconate. Several deacons serve as mentors for Iona students during formation. The Reverend Jan Halstead is the Diocesan Jubilee Officer, the Reverend Victoria Mason is Secretary to the EDOT Hispanic Ministries Commission, the Reverend Wanda Cuniff has served on the Division of Spiritual Formation and Ms. Alyssa Stebbing, the Reverend Linda Shelton and the Reverend Sherry Williams have been the Diocesan Liaisons for Episcopal Migration Ministries, which has included advocacy in Washington for refugee ministry funding support. Additionally, the Reverend Linda Shelton represents the Episcopal Church on Interfaith Ministries' Refugee Services Committee and Houston Refugee Consortium. The Reverend Joseph Mills serves on the Restorative Justice Ministry Committee. The Archdeacon serves in a consulting organization through Episcopal Relief and Development that works with dioceses and congregations who have experienced disasters and need assistance with how to respond. In addition, the Venerable Russ Oechsel is the Diocesan Disaster Coordinator.

Russ Oechsel, Jr., Archdeacon

## STANDING COMMITTEE

The Standing Committee of the Episcopal Diocese of Texas consists of three priests and three lay communicants within the diocese, elected by Council for a three-year term. It functions as a committee of advice to the bishop and is called at the bishop's discretion, or it may meet of its own accord. The Standing Committee gives consent for persons to become candidates for Holy Orders, consent for ordinations and consent to elections of bishops in other dioceses. When there is no bishop or bishop coadjutor, the Standing Committee becomes the ecclesiastical authority of the diocese. It has been an honor and joy to serve as President of the Standing Committee for the Episcopal Diocese of Texas and serve with such faithful members. The work of the Standing Committee has been fulfilling and it is a privilege to serve on behalf of the Diocese of Texas.

Committee members:

To 2021:

Edward Ziegler (President)

The Rev. Genevieve Razim (Secretary)

To 2022:

Gwendolyn Chance

The Rev. Jason Ingalls

To 2023:

KT Zaharia

The Rev. Jimmy Abbott

During the year the standing committee:

- Met with Bishop Doyle to learn and of matters pertaining to the Diocese of Texas.
- Updated orientation materials to aid those who serve on the Standing Committee.
- Gave consent to 7 candidates for Holy Orders.
- Gave consent to 3 candidates for Ordination to the Diaconate.
- Gave consent to 7 candidates for Ordination to the Priesthood.
- Gave consent in the election of:
  - The Rt. Rev. Mark Allen Van Koevering as Bishop Diocesan of the Diocese of Lexington.
  - The Rev. Deon Kevin Johnson as Bishop Diocesan of the Diocese of Missouri.
  - The Rev. Canon Frank S. Logue as the Bishop Diocesan of the Diocese of Georgia.
  - The Rev. Poulsen C. Reed as the Bishop Co-Adjutor of the Dioses of Oklahoma.
  - The Rev. Craig Loya as Bishop Diocesan of the Diocese of Minnesota.
  - The Rev. Dr. Glenda S. Curry as Bishop Co-Adjutor of the Diocese of Alabama.
  - The Rev. Diana Akiyama as Bishop Diocesan of the Diocese of Oregon.
  - The Rev. Canon Paul-Gordon Chandler as Bishop Diocesan of the Diocese of Wyoming.

Ed Ziegler, President

## DISCIPLINARY BOARD

During the course of this reporting year, the Board considered five complaints, in various stages of the disciplinary process. All have been resolved to date.

One member resigned from the Board. The current members of the Board are: Rev. Pedro Lopez, Rev. Lisa Hunt, Anne O'Connell, Hon. Sylvia Matthews, Rev. Hoss Gwin and Hon. Lora Livingston.

The Board received training from David Harvin and wishes to thank Mr. Harvin for his work preparing the Board to meet its responsibilities. The Board also wishes to thank The Rev. Canon Lisa Hines for her assistance to the Board during this reporting period.

Lora J. Livingston, President

## EDOT FINANCE

### 2021 PROPOSED BUDGET FORMULA

Outlined below is the budget formula used to determine the Diocesan and Insurance Assessments for each parish and mission in the Diocese of Texas. The original formula was passed by the 143rd Council. As a result of the movement to one budget, the Formula has been amended to eliminate the Asking for the Missionary Budget. There was a one time reset of the breakpoints in 2014 that had been in place since 1995 and a reduction in the rates for calculating assessments.

#### **Part (A) – The Insurance Formula**

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**GOAL: To allocate equitably to parishes and missions the insurance program costs for the diocesan clergy and families, retired clergy and spouses, diocesan lay employees, and spouses of deceased clergy. (Note 1)**

#### **METHOD:**

**A.** Create an annual Program Cost Factor (PCF) as follows:

**PCF** = Total Insurance Cost divided by the sum of:

- (1) Total Parish Operating Revenue *(Note 2)* plus
- (2) 75% of Total Mission Operating Revenue

**B.** Allocate health insurance cost to individual congregations as follows:

(1) **Parishes** – Insurance Assessment (IA) =  
Parish Operating Revenue X PCF

(2) **Missions** – Insurance Assessment (IA) =  
75% x Mission Operating Rev. X PCF

## Part (B) – Diocesan Budget

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**GOAL:** To allocate equitably to parishes and missions the monies that will be used to fund the Diocesan Budget.

**METHOD:**

C. Multiply Total Operating Revenue by the Percentage Factor (PF) using the break points noted below to determine the Maximum Formula (B) (MFB):

2020 Base Percentage Total Operating Revenue PF			
		12	
UP TO		\$225,000	0%
\$225,001	to	\$341,000	7%
\$341,001	to	\$568,000	8%
\$568,001	to	\$907,000	9%
OVER \$907,001			10%

The four break points have been adjusted annually by an amount equal to the change in Consumer Price Index (CPI), which was 2.3% for the 2021 calculation. Such adjustments to the break points shall be rounded to the nearest thousand dollars.

**D. Determine the Formula (B) Request (FBR) –**

For 2021 the MFB (Maximum Formula B Request) was compared to the MFB of the preceding year and adjusted, if necessary, so as not to increase more than 10 percent or decrease more than 20 percent. Under no circumstances, however, is the current year MFB to constitute less than 5 percent or more than 10 percent of a church's Operating Revenue. For 2021 the maximum reduction of 20% between years was applied to congregations with revenues below \$225,000. Any increases to Diocesan Assessments were eliminated.

**NOTES:**

- 1) This calculation is for the amount of the insurance expense in excess of the \$5 million provided by the Episcopal Health Foundation to offset this expense.
- 2) The Operating Revenue used for both Formula (A) and Formula (B) is the parish's operating revenue (as reported in their parochial report) for the year that is two years before the budget year. (For 2021, the Operating Revenue used was that of 2019.)

Linda Riley Mitchell, CFO

## 2021 DIOCESAN BUDGET

# The Episcopal Diocese of Texas

## 2021 Budget



As Approved by the Executive Board on December 2020 and  
Recommended to the 172<sup>nd</sup> Diocesan Council.

**Confidential**

# THE EPISCOPAL DIOCESE OF TEXAS

## 2021 Proposed budget

	2019 Budget	2020 Budget	2021 Budget	NOTES
<b>REVENUES</b>				
<b>Assessments</b>				
Diocesan	7,657,710	7,764,634	7,586,373	AT
Insurance	552,644	574,750	574,750	HE
Less: Allowance for Uncollectible Accounts	(164,207)	(83,394)	(244,834)	PR
<b>Net Assessment Revenue</b>	<b>8,046,147</b>	<b>8,255,990</b>	<b>7,916,289</b>	
<b>Foundation Support and Overhead Allocation</b>				
Church Corporation	635,969	697,528	697,528	
Bishop Quin Foundation	389,039	413,225	413,225	
The Episcopal Foundation of TX	423,856	445,903	445,903	
Episcopal Health Foundation	809,704	860,559	860,559	
Great Commission Fund	363,536	388,174	388,174	
Episcopal Seniors Foundation	35,000	35,000	35,000	
<b>Total Foundation Overhead Payments</b>	<b>2,657,104</b>	<b>2,840,389</b>	<b>2,840,389</b>	
<b>Program Revenues</b>				
IONA Program Revenue	90,000	75,000	85,000	IO
Commission on Ministry Revenue	10,000	10,000	10,000	
Congregational Vitality	10,000	7,000	7,000	
Formation/Youth Event Revenue	117,500	110,000	88,650	
Unified Commission Revenues	16,000	10,000	10,000	

Episcopal Service Corps	90,000	-	-
Other Program Revenue	27,000	27,000	27,000
<b>Total Program Revenues</b>	<b>360,500</b>	<b>239,000</b>	<b>227,650</b>

<b>Other Revenues</b>
-----------------------

Dialog Contributions	-	1,000	1,000	
Bequests and Donations	-	2,000	1,000	
Diocesan Council	216,596	180,000	85,000	DC
Compass Rose Society Reimbursement	75,000	75,000	75,000	
Miscellaneous Income	1,000	15,000	15,000	
Brochures Sales	4,000	4,000	1,000	
<b>Total Other Revenues</b>	<b>296,596</b>	<b>277,000</b>	<b>178,000</b>	
<b>TOTAL REVENUES</b>	<b>11,360,347</b>	<b>11,612,379</b>	<b>11,162,329</b>	

**EXPENDITURES**

<b>OFFICE OF THE BISHOP</b>
-----------------------------

**Clergy Compensation**

**Clergy Salaries**

Bishop of Texas	308,041	359,382	359,382
Bishop Suffragan - Tyler	111,523	116,309	116,309
Bishop Suffragan - Austin	101,269	104,309	104,309
Assisting Bishop	109,523	114,309	114,309
Visiting Bishops	12,000	12,000	12,000
Canon to the Ordinary	121,795	126,371	112,371
Chief of Staff	86,930	99,050	92,050

Secretary of the Diocese	7,160	7,615	7,615
<b>Total Clergy Salaries</b>	<b>858,242</b>	<b>939,345</b>	<b>918,345</b>
<b>Housing Allowance and Maintenance</b>			
Bishop of Texas	70,000	30,000	30,000
Bishop Suffragan - Tyler	48,000	48,000	48,000
Bishop Suffragan - Austin	31,667	60,000	60,000
Assisting Bishop	50,000	50,000	50,000
Canon to the Ordinary	60,000	36,000	50,000
Chief of Staff	48,000	40,000	47,000
Secretary of the Diocese	8,000	8,000	8,000
Rectory maintenance	86,643	86,643	86,643
<b>Total Housing Allowance and Maintenance</b>	<b>402,310</b>	<b>358,643</b>	<b>379,643</b>
<b>Pension and Social Security Reimbursement</b>			
Bishop of Texas	129,340	133,360	134,847
Bishop Suffragan - Tyler	65,227	67,567	68,877
Bishop Suffragan - Austin	54,355	67,567	68,877
Assisting Bishop	65,227	67,567	68,877
Canon to the Ordinary	58,607	55,202	55,969
Chief of Staff	47,337	50,697	51,014
Secretary of the Diocese	5,507	5,843	5,843
Life Insurance	25,000	20,000	20,000
Other Defined Contributions	10,000	10,000	30,000
<b>Total Pension and SS Reimbursement</b>	<b>460,600</b>	<b>477,803</b>	<b>504,304</b>



<b>Total Clergy Compensation</b>	<b>1,721,152</b>	<b>1,775,791</b>	<b>1,802,292</b>
<b>Lay Staff Compensation</b>			
Salaries	625,596	600,249	600,249
Pension	56,304	54,022	54,022
Employer FICA	48,638	45,919	45,919
<b>Total Lay Staff Compensation</b>	<b>730,538</b>	<b>700,190</b>	<b>700,190</b>
<b>Business and Travel Expense</b>			
Bishop of Texas	120,705	130,000	130,000
Bishop Suffragan - Tyler	58,000	50,000	50,000
Bishop Suffragan - Austin	47,000	50,000	50,000
Assisting Bishop	50,000	50,000	50,000
Visiting Bishops	13,500	10,000	7,500
Canon to the Ordinary	35,000	35,000	20,000
Chief of Staff	17,500	23,500	17,625
Secretary of the Diocese	1,500	1,500	1,125
Retired Diocesan Bishops	5,000	5,000	3,750
Archdeacon and Deacons	8,000	8,000	6,000
Business and Travel - Staff	24,000	24,000	18,000
Vehicle Depreciation	46,000	54,848	54,848
<b>Total Business and Travel Expense</b>	<b>426,205</b>	<b>441,848</b>	<b>408,848</b>
<b>Clergy Conference</b>	<b>117,000</b>	<b>120,000</b>	<b>120,000</b>
<b>TOTAL OFFICE OF THE BISHOP</b>	<b>2,994,895</b>	<b>3,037,829</b>	<b>3,031,330</b>

<b>Communication Department</b>
---------------------------------

Communication Staff Compensation			
		375,803	405,803
Dialog			
		40,500	40,000
Communications Department			
		25,000	25,000
New Initiatives Marketing and communications			
		35,000	65,000
Licensing, Training, Social Media, Memberships			
		12,000	9,000
Conferences, training, travel			
		1,500	1,000
Website Redesign			
		10,000	15,000
Business and Travel			
		28,000	21,000
		<b>527,803</b>	<b>581,803</b>

<b>CANONICAL EXPENSES</b>
---------------------------

Diocesan Council			
	331,850	250,000	175,867
Historian and Archives			
	10,000	10,000	8,000
Bishop Suffragan Transition			
	125,000	-	-
General Convention			
			50,000
Commission on Ministry			
	73,300	73,300	73,300
Executive Board			
	11,000	10,000	10,000
Standing Committee			
	1,200	1,000	1,000
Office of the Secretary			
	1,000	-	-
<b>TOTAL CANONICAL EXPENSES</b>			
	<b>553,350</b>	<b>344,300</b>	<b>318,167</b>

<b>MINISTRY EXPENSES</b>
--------------------------

<b>Ministry Staff Compensation</b>			
Salaries, Stipends and Housing			
	684,959	449,897	449,897

Pensions	89,856	57,263	57,263
Social Security	72,548	65,374	65,374
<b>Total Ministry Staff Compensation</b>	<b>847,363</b>	<b>572,534</b>	<b>572,534</b>
<b>Communications</b>			
Dialog	24,000		
Communications Department	6,000		
New Initiatives Marketing and communications	35,000		
Licensing, Training, Social Media, Memberships	8,500		
Conferences, training, travel	5,000		
Video Equipment	700		
Website Redesign	13,000		
Business and Travel	18,000		
<b>Total Communications</b>	<b>110,200</b>		
<b>Transition Ministry</b>			
Travel & Business - Transition Minister	11,000	22,500	16,875
Bishop's Fellows	75,000	75,000	105,000
<b>Total Transition Ministry</b>	<b>86,000</b>	<b>97,500</b>	<b>121,875</b>
<b>Wellness and Care Ministry</b>			
Business and Travel	15,000	15,000	11,250
Safe Church (Congregational Wellness /Care)	57,500	57,750	59,800
Clergy & Family Wellness/Care	42,500	42,500	41,000
Recovery Ministry	6,000	6,000	6,000
<b>Total Wellness and Care Ministry</b>	<b>121,000</b>	<b>121,250</b>	<b>118,050</b>

**Other Ministry Expenses**

Interfaith and Ecumenical Work	2,500	2,500	2,500
Chaplains to the Retired	6,000	6,000	6,000
Consultant for Schools	12,500	12,500	12,500
Support for Congregations	70,000	70,000	70,000
Calling & Moving	105,000	110,000	110,000
Iona School and Center	165,000	170,000	170,000
Clergy Training (Clericus, Curates, Cont. Educ. & FTIC)	50,000	64,000	64,000
Conferences & Clergy Gatherings	90,000	90,000	90,000
<b>Total Other Ministry Expenses</b>	<b>501,000</b>	<b>525,000</b>	<b>525,000</b>
<b>TOTAL MINISTRY EXPENSES</b>	<b>1,665,563</b>	<b>1,316,284</b>	<b>1,337,459</b>

**MISSION AMPLIFICATION**

Mission Amplification Compensation	853,769	1,024,148	1,024,148
Business/Travel - Mission Amp Team	80,000	78,500	55,500
Congregational Vitality	101,350	98,000	85,600
Youth Ministry	142,600	111,500	100,350
Young Adults	83,855	18,500	
<b>TOTAL MISSION AMPLIFICATION EXPENSES</b>	<b>1,261,574</b>	<b>1,330,648</b>	<b>1,265,598</b>

**SERVICE AND OUTREACH**

Support of the Episcopal Church	1,352,704	1,381,504	1,401,036	<b>DA</b>
Support of the Anglican Communion	300,000	300,000	300,000	
Support for the University of the South	5,000	5,000	5,000	

Provincial Synod Assessment	7,500	7,500	13,750	
Sustainable Development Goals	79,522	80,703	78,136	0.7% of Rev.
World Mission	25,000	25,000	25,000	
Companion Dioceses	50,000	50,000	50,000	
Unified Commissions Expense	57,500	75,000	75,000	
Prison & Restorative Justice Missions	40,000	40,000	40,000	
<b>TOTAL SERVICE AND OUTREACH</b>	<b>1,917,226</b>	<b>1,964,707</b>	<b>1,987,922</b>	

#### ADMINISTRATIVE EXPENSES

##### Lay Staff Compensation

Salaries	758,187	772,650	787,734	
Reserve for Salary Increases	30,000	50,000	50,000	
Pensions	68,237	69,820	70,896	
Employer FICA	48,572	47,396	49,091	
<b>Total Staff Compensation</b>	<b>904,996</b>	<b>939,866</b>	<b>957,721</b>	

##### Diocesan Center Operating Expense

Information Technology	266,535	251,080	286,349	OH, CR
Utilities	90,000	80,000	80,000	OH
Janitorial, Maint. & Building	97,000	105,000	105,000	OH
Houston office support to PECC	98,000	98,000	98,000	OH
Rent - Austin & Tyler Offices	96,216	96,216	96,216	
Storage	18,000	22,000	22,000	
<b>Total Diocesan Center Operating Expense</b>	<b>665,751</b>	<b>652,296</b>	<b>687,565</b>	

##### General Office Expense

Office Equip Lease/Maint	45,000	50,000	45,000	
Office Supplies/Printing	46,000	45,000	40,000	
Communications-Telephone	40,000	34,006	35,000	
Postage/Delivery Expense	20,000	19,000	20,000	
Miscellaneous Office Expense	10,000	11,167	10,000	
Payroll Processing Expense	12,000	14,302	13,000	
Depreciation - Furniture & Equipment	42,000	42,000	60,000	
<b>Total General Office Expense</b>	<b>215,000</b>	<b>215,475</b>	<b>223,000</b>	<b>OH</b>
<b>Insurance</b>				
Diocesan Property & Casualty Insurance	79,027	90,156	94,664	<b>OH</b>
Diocesan Workers' Compensation Insurance	14,000	30,000	59,336	<b>OH</b>
Automobile Insurance for Diocesan Vehicles	24,000	24,000	26,000	
Group Health Insurance	477,644	499,750	499,750	
Other Health Insurance Costs (insurance reserve)	75,000	75,000	75,000	
<b>Total Insurance</b>	<b>669,671</b>	<b>718,906</b>	<b>754,750</b>	
<b>Other Administrative Expenses</b>				
Overhead reimbursement to the EDOT FSC	280,021	290,264	290,264	
Legal Expense	60,000	60,000	75,000	
Diocesan Audit	25,000	25,000	25,000	
Interest and Bank Fees	11,800	10,000	10,000	
Business/Travel-Finance Staff	75,500	89,000	66,750	<b>OH</b>
Subsidy Pension - Retired Clergy	6,000	6,000	6,000	
Diocesan Staff meetings	24,000	24,000	24,000	

HR Consulting & other transition costs	20,000	10,000	10,000	
Employee training and development	5,000	25,000	25,000	
Consulting		20,000	50,000	CR
Miscellaneous Operating Expense	5,000	5,000	5,000	
<b>Total Other Admin</b>	<b>512,321</b>	<b>564,264</b>	<b>587,014</b>	
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>2,967,739</b>	<b>3,090,808</b>	<b>3,210,050</b>	
<b>TOTAL EXPENSES</b>	<b>11,360,347</b>	<b>11,612,379</b>	<b>11,732,329</b>	
<b>Special Accounts - Net</b>				
<b>Revenues over (under) Expenses</b>	-	-	(570,000)	
<b>NET CHANGE IN ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (570,000)</b>	

## NOTES

- AT Assessment** - The Diocesan Assessment decreased 2.3% due to special provisions in 2021 assessment formula.
- HE Health Insurance Costs** - This assessment amount is net of the \$5 Million grant from the Episcopal Health Foundation to offset these costs. Insurance expense is offset by the Insurance Assessment.
- PR Provision for Uncollectible** - This amount is 3% of the Assessments and represents the amount unlikely to be paid by congregations.
- OH Overhead** - These amounts represent reimbursement to the Diocese for overhead expenses incurred on behalf of the Foundations.
- IO IONA** - Increase due to the planned expansion of the program.
- DC Diocesan Council** - Expense reduction of \$74,000 due to virtual Council.
- CR Technology** - Expenses increase due to implementation and amortization of CRM Software.
- IT Information Technology** - Savings due to the transfer of IT network support functions to EDOT staff that had been outsourced.
- DA Diocesan Asking** - The Diocese has reached its goal to meet the TEC asking (15% of revenues).

Linda Riley Mitchell, CFO

## 2021 DIOCESAN ASSESSMENTS

Church	City	2020 Diocesan Assessment	2021 Proposed Diocesan Assessments
Grace	Alvin	14,676	11,741
Trinity	Anahuac	2,055	1,844
Holy Comforter	Angleton	19,363	19,363
All Saints'	Austin	94,790	94,790
Good Shepherd	Austin	328,881	328,881
Resurrection	Austin	15,939	15,939
San Francisco de Asis	Austin	4,682	4,395
SoCo Episcopal Community	Austin	-	784
St. Alban's (Manchaca)	Austin	26,702	26,702
St. Christopher's	Austin	14,064	14,064
St. David's	Austin	306,151	306,151
St. George's	Austin	16,858	16,858
St. James'	Austin	58,493	58,493
St. John's	Austin	12,014	12,014
St. Luke's on the Lake	Austin	79,453	79,453
St. Mark's	Austin	53,902	53,902
St. Matthew's	Austin	129,478	129,478
St. Michael's	Austin	67,184	67,184
Calvary	Bastrop	27,631	27,631
St. Mark's	Bay City	16,933	16,933
Trinity	Baytown	35,028	35,028



St. Mark's	Beaumont	75,034	75,034
St. Stephen's	Beaumont	51,175	40,940
San Mateo	Bellaire	18,651	18,651
St. Mary's	Bellville	13,173	10,538
St. Peter's	Brenham	28,248	28,248
St. Andrew's	Bryan	50,169	50,169
Epiphany	Burnet	8,316	7,013
Epiphany	Calvert	902	902
All Saints'	Cameron	6,642	5,415
St. John's	Carthage	2,699	2,699
Christ Church	Cedar Park	17,600	17,342
St. John's	Center	2,533	2,026
St. Francis'	College Station	9,568	8,097
St. Thomas'	College Station	41,764	41,764
St. John's	Columbus	2,521	2,332
St. James the Apostle	Conroe	62,184	62,184
St. Martin's	Copperas Cove	3,808	3,046
All Saints'	Crockett	1,487	1,262
St. Aidan's	Cypress	31,706	31,706
St. Mary's	Cypress	54,923	45,131
Holy Trinity	Dickinson	19,075	15,260
Christ Church	Eagle Lake	7,432	6,960
St. Paul's	Freeport	1,992	1,594
Good Shepherd	Friendswood	33,275	28,616

Grace	Galveston	18,708	17,361
St. Augustine of Hippo	Galveston	1,306	1,306
Trinity	Galveston	68,735	68,735
Grace	Georgetown	63,886	63,886
St. Philip's	Hearne	527	527
St. Bartholomew's	Hempstead	2,716	2,173
St. Matthew's	Henderson	6,371	6,241
All Saints'	Hitchcock	2,040	1,632
Ascension	Houston	31,592	31,310
Christ Church Cathedral	Houston	388,346	388,346
Christ the King (Alief)	Houston	9,519	7,615
Emmanuel	Houston	53,358	42,686
Epiphany	Houston	41,134	41,134
Grace	Houston	16,390	16,390
Holy Spirit	Houston	77,221	77,221
Hope	Houston	7,596	6,077
Lord of the Streets	Houston	10,776	8,621
Palmer Memorial	Houston	185,673	185,673
Redeemer	Houston	5,229	4,183
San Pablo/St. Paul's	Houston	8,998	7,198
Santa Maria Virgen	Houston	12,750	10,200
St. Alban's	Houston	5,762	4,610
St. Andrew's	Houston	39,631	39,631
St. Christopher's	Houston	25,123	20,098
St. Cuthbert	Houston	63,267	63,267

St. Dunstan's	Houston	110,739	107,590
St. Francis'	Houston	201,868	201,868
St. James'	Houston	52,448	42,830
St. John the Divine	Houston	714,157	700,478
St. Luke the Evangelist	Houston	5,077	4,094
St. Mark's	Houston	110,924	104,163
St. Martin's	Houston	1,457,319	1,453,982
St. Stephen's	Houston	106,431	106,431
St. Thomas'	Houston	54,461	43,569
St. Thomas the Apostle (Nassau Bay)	Houston	44,057	44,057
Trinity	Houston	93,511	93,511
Christ the King (Atascocita)	Humble	19,534	19,534
St. Stephen's	Huntsville	16,402	16,402
Trinity	Jacksonville	2,917	2,365
Trinity	Jasper	4,673	3,833
Christ Church	Jefferson	3,366	2,925
Holy Apostles	Katy	94,941	94,941
St. Paul's	Katy	27,203	27,203
St. Paul's	Kilgore	4,736	3,962
St. Christopher's	Killeen	17,860	17,423
Good Shepherd	Kingwood	94,893	94,893
St. James'	La Grange	29,522	29,522
St. Peter's	Lago Vista	2,716	2,282
St. Timothy's	Lake Jackson	31,697	28,116
Church of the Cross	Lake Travis	11,226	11,226

St. Michael's	LaMarque	9,936	9,936
St. Mary's	Lampasas	8,898	8,050
St. John's	LaPorte	19,565	19,543
St. Christopher	League City	41,593	41,593
St. Paul's	Leigh	1,022	818
St. Stephen's	Liberty	16,550	13,240
St. Luke's	Lindale	3,906	3,427
St. Luke's	Livingston	6,147	5,252
St. Michael & All Angels	Longview	8,843	8,118
Trinity	Longview	57,671	57,671
St. Cyprian's	Lufkin	55,998	54,484
Holy Innocents	Madisonville	942	882
St. Mary Magdalene	Manor	9,679	9,671
Trinity	Marble Falls	32,408	32,408
St. John's	Marlin	3,313	2,650
Trinity	Marshall	42,601	34,081
Christ Church	Matagorda	3,059	3,059
Christ Church	Mexia	2,616	2,616
St. Catherine of Sienna	Missouri City	32,356	27,428
Christ Church	Nacogdoches	41,748	40,841
St. Paul's	Navasota	5,424	4,339
St. Paul's	Orange	8,467	8,467
St. John's	Palacios	1,315	1,052
St. Philip's	Palestine	16,371	16,371
San Pedro/St. Peter's	Pasadena	17,059	17,059

St. Andrew's	Pearland	51,439	45,264
St. Paul's	Pflugerville	3,385	2,915
Holy Trinity	Port Neches	16,572	13,258
St. Francis of Assisi	Prairie View	3,944	3,944
Calvary	Richmond	57,667	57,296
St. Mark's	Richmond	22,137	21,094
St. Thomas'	Rockdale	1,756	1,405
St. Julian of Norwich	Round Rock	16,160	16,160
St. Richard's	Round Rock	50,923	44,994
St. Joseph's	Salado	5,616	4,493
Christ Church	San Augustine	4,470	3,911
St. John's	Sealy	4,810	3,848
St. John's	Silsbee	6,214	4,971
Holy Comforter	Spring	31,144	31,144
All Saints'	Stafford	21,659	17,634
Holy Cross	Sugar Land	46,763	46,763
St. James'	Taylor	3,777	3,558
Christ Church	Temple	42,790	42,790
St. Francis'	Temple	17,037	17,037
St. George's	Texas City	9,753	8,664
Trinity	The Woodlands	130,628	130,628
Good Shepherd	Tomball	31,983	31,983
Christ Church	Tyler	160,418	160,418
St. Francis'	Tyler	17,911	17,911

St. John's	Tyler	1,730	1,384
Holy Spirit	Waco	20,595	20,595
St. Alban's	Waco	57,119	57,119
St. Paul's	Waco	122,496	122,496
St. Mary's	West Columbia	11,906	11,906
St. Thomas'	Wharton	12,702	12,702
St. Paul's	Woodville	3,158	3,158
<b>GRAND TOTAL</b>		<b>7,764,634</b>	<b>7,586,373</b>

Linda Riley Mitchell, CFO

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS REPORT FOR THE  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Episcopal Diocese of Texas**

**(An operating unit of the Protestant  
Episcopal Church in the Diocese of Texas)**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2019 and 2018

**Episcopal Diocese of Texas**  
**(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)**

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**Independent Auditors' Report**

To the Council of  
the Protestant Episcopal Church in the Diocese of Texas:

We have audited the accompanying financial statements of Episcopal Diocese of Texas (an operating unit of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, of functional expenses and of cash flows for the years then ended, and the related notes to the financial statements.

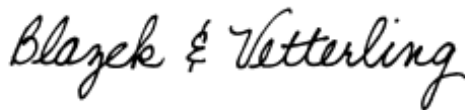
**Management's Responsibility for the Financial Statements** – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance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

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

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

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

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



June 25, 2020

**Episcopal Diocese of Texas**  
**(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Financial Position as of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 461,699	\$ 332,991
Accounts receivable, net:		
Assessments receivable from parishes and missions	335,586	394,814
Diocesan operating entities	285,543	779,138
Other accounts receivable	64,261	127,980
Grant receivable from The Bishop Quin Foundation	450,000	550,000
Prepaid expenses	176,958	120,031
Property, net <i>(Note 4)</i>	<u>623,849</u>	<u>424,445</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,397,896</u></b>	<b><u>\$ 2,729,399</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 361,353	\$ 581,745
Due to Diocesan operating entities	56,280	121,933
Grants payable to related entities		109,808
Deferred program fees	90,698	93,656
Funds held for parishes and missions	<u>81,470</u>	<u>66,266</u>
Total liabilities	<u>589,801</u>	<u>973,408</u>
Commitments <i>(Note 8)</i>		
Net assets:		
Without donor restrictions	904,413	883,083
With donor restrictions <i>(Note 5)</i>	<u>903,682</u>	<u>872,908</u>
Total net assets	<u>1,808,095</u>	<u>1,755,991</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,397,896</u></b>	<b><u>\$ 2,729,399</u></b>

See accompanying notes to financial statements.

**Episcopal Diocese of Texas**  
**(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)**

Statement of Activities for the year ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Diocesan assessments of parishes and missions	\$ 8,155,827		\$ 8,155,827
Support from Diocesan operating entities:			
Protestant Episcopal Church Council of the Dioceses of Texas	635,969		635,969
The Episcopal Health Foundation	809,704	\$ 179,986	989,690
The Bishop Quin Foundation	389,039	89,993	479,032
Episcopal Foundation of Texas	523,857	89,993	613,850
The Great Commission Foundation	363,536	134,989	498,525
Contributions	12,856	1,627,706	1,640,562
Program fees	534,964		534,964
Total revenue	11,425,752	2,122,667	13,548,419
Net assets released from restrictions:			
Hurricane response and recovery	2,066,398	(2,066,398)	
Diocesan services	25,495	(25,495)	
Total	13,517,645	30,774	13,548,419
EXPENSES:			
Program services:			
Diocesan services	7,312,796		7,312,796
Hurricane response and recovery	2,074,991		2,074,991
Total program services	9,387,787		9,387,787
Management and general	2,455,824		2,455,824
Unallocated payments for support of the National Episcopal Church and the Anglican Communion	1,652,704		1,652,704
Total expenses (Note 7)	13,496,315		13,496,315
CHANGES IN NET ASSETS	21,330	30,774	52,104
Net assets, beginning of year	883,083	872,908	1,755,991
Net assets, end of year	\$ 904,413	\$ 903,682	\$ 1,808,095

See accompanying notes to financial statements.

**Episcopal Diocese of Texas**  
**(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)**

Statement of Activities for the year ended December 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Diocesan assessments of parishes and missions	\$ 8,000,806		\$ 8,000,806
Support from Diocesan operating entities:			
Protestant Episcopal Church Council of the Dioceses of Texas	476,385		476,385
The Episcopal Health Foundation	807,596	\$ 1,162,694	1,970,290
The Bishop Quin Foundation	406,587	1,181,348	1,587,935
Episcopal Foundation of Texas	390,374	581,348	971,722
The Great Commission Foundation	343,027	872,020	1,215,047
Contributions	4,127	927,327	931,454
Program fees	633,018		633,018
Total revenue	11,061,920	4,724,737	15,786,657
Net assets released from restrictions:			
Hurricane response and recovery	4,022,576	(4,022,576)	
Diocesan services	232,159	(232,159)	
Total	15,316,655	470,002	15,786,657
EXPENSES:			
Program services:			
Diocesan services	7,421,105		7,421,105
Hurricane response and recovery	3,931,391		3,931,391
Total program services	11,352,496		11,352,496
Management and general	2,252,379		2,252,379
Unallocated payments for support of the National Episcopal Church and the Anglican Communion	1,627,162		1,627,162
Total expenses (Note 7)	15,232,037		15,232,037
CHANGES IN NET ASSETS	84,618	470,002	554,620
Net assets, beginning of year	798,465	402,906	1,201,371
Net assets, end of year	\$ 883,083	\$ 872,908	\$ 1,755,991

See accompanying notes to financial statements.

**Episcopal Diocese of Texas**  
**(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)**

Statement of Functional Expenses for the year ended December 31, 2019

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Payroll and related benefits	\$ 4,117,300	\$ 1,541,909	\$ 5,659,209
Hurricane response and recovery	1,867,443		1,867,443
Venue and equipment rental	696,469		696,469
Business travel and meals	570,762	67,761	638,523
Occupancy	371,570	170,673	542,243
Professional fees	165,196	202,357	367,553
Grants to Diocesan entities	290,012		290,012
Financial services support provided by FSC		280,030	280,030
Technology	195,796	62,810	258,606
Conference food and beverage	253,776		253,776
Depreciation	147,787	25,467	173,254
Office supplies and expenses	103,246	64,447	167,693
Grants to others	147,581		147,581
Clergy and staff relocation	140,487		140,487
Insurance	86,161	24,760	110,921
Other	<u>234,201</u>	<u>15,610</u>	<u>249,811</u>
Total	<u>\$ 9,387,787</u>	<u>\$ 2,455,824</u>	11,843,611
Unallocated payments for support of the National Episcopal Church and the Anglican Communion			<u>1,652,704</u>
Total expenses			<u>\$13,496,315</u>

See accompanying notes to financial statements.

**Episcopal Diocese of Texas**  
**(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)**

Statement of Functional Expenses for the year ended December 31, 2018

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	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Payroll and related benefits	\$ 4,134,868	\$ 1,446,838	\$ 5,581,706
Hurricane response and recovery	3,931,391		3,931,391
Venue and equipment rental	852,437		852,437
Business travel and meals	589,855	45,230	635,085
Occupancy	205,592	94,209	299,801
Professional fees	136,182	156,102	292,284
Grants to Diocesan entities	240,000		240,000
Financial services support provided by FSC		288,978	288,978
Technology	292,644	96,325	388,969
Conference food and beverage	271,792		271,792
Depreciation	111,892	23,244	135,136
Office supplies and expenses	164,189	62,412	226,601
Grants to others	130,134		130,134
Clergy and staff relocation	84,569		84,569
Insurance	80,772	22,063	102,835
Other	<u>126,179</u>	<u>16,978</u>	<u>143,157</u>
Total	<u>\$11,352,496</u>	<u>\$ 2,252,379</u>	13,604,875
Unallocated payments for support of the National Episcopal Church and the Anglican Communion			<u>1,627,162</u>
Total expenses			<u>\$15,232,037</u>

*See accompanying notes to financial statements.*

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**Episcopal Diocese of Texas**  
**(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)**

Statements of Cash Flows for the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 52,104	\$ 554,620
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	173,254	135,136
Provision for uncollectible accounts	53,599	23,037
Changes in operating assets and liabilities:		
Accounts receivable	562,943	(218,007)
Grant receivable from The Bishop Quinn Foundation	100,000	(550,000)
Prepaid expenses	(56,927)	(6,890)
Accounts payable and accrued expenses	(220,392)	281,708
Grants payable to related entities	(109,808)	109,808
Due to Diocesan operating entities	(65,653)	(117,362)
Funds held for parishes and missions	15,204	(184,624)
Deferred program fees	<u>(2,958)</u>	<u>(38,750)</u>
Net cash provided (used) by operating activities	<u>501,366</u>	<u>(11,324)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	<u>(372,658)</u>	<u>(134,461)</u>
NET CHANGE IN CASH	128,708	(145,785)
Cash, beginning of year	<u>332,991</u>	<u>478,776</u>
Cash, end of year	<u>\$ 461,699</u>	<u>\$ 332,991</u>

See accompanying notes to financial statements.

**Episcopal Diocese of Texas**  
**(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)**

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – Episcopal Diocese of Texas (EDOT) is an operating unit of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). EDOT was organized in 1836 in the State of Texas, and is a constituent of the Protestant Episcopal Church of the United States of America. The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Episcopal Diocese of Texas and a standing committee. EDOT carries out the ministry of the Diocese and is supported primarily through assessments from parishes within the Diocese. EDOT functions in coordination with the operations of the Protestant Episcopal Church Council in the Diocese of Texas, which guarantees its outstanding liabilities and provides Diocesan operating facilities and other support.

In carrying out the ministry of the Diocese, EDOT hosts the annual council and clergy conferences, supports new church planting and missions and ministries of the Diocese, provides training for lay leaders who wish to become active leaders in the Episcopal Church, provides grants and other assistance to Diocesan operating entities, related Diocesan entities and others, and provides funding to the National Episcopal Church and the Anglican Communion.

Related entities – The Executive Board (the Board) of the Diocese is composed of the Bishop and fifteen members elected by the Council of the Episcopal Diocese of Texas. The Board is responsible for the governance of EDOT and pursuant to various Canons, the Board has certain oversight responsibilities relating to the affairs of the following related Diocesan operating entities:

- *EDOT Financial Services Corporation (FSC)* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated Diocesan entities.
- *The Bishop Quin Foundation (BQ)* was created in 1943 to commemorate the 25<sup>th</sup> anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of BQ include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the 57 counties of the Episcopal Diocese of Texas.



EDOT routinely engages in transactions with related entities that are directly or indirectly governed by the Council of the Diocese. These entities include parishes, schools, missions, and other Diocesan entities.

Basis of presentation – These financial statements include only the assets, liabilities, net assets, and activities of EDOT. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities, parishes, missions, or other Diocesan entities. Each of these related entities is an operating entity distinct from EDOT, maintains separate financial records, and administers its own services and programs.

Federal income tax status – The Protestant Episcopal Church in the Diocese of Texas is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Accounts receivable represent the right to consideration that are conditioned only upon the passage of time. An allowance for accounts receivable is provided when it is believed that the balance may not be collected in full. The amount of bad debt expense recognized each period and the resulting adequacy of the allowance at the end of each period are determined using a combination of historical loss experience and a specific analysis of each receivable balance. The allowance for uncollectible accounts was approximately \$92,000 and \$80,000 at December 31, 2019 and 2018, respectively.

Grants receivable that are expected to be collected within one year are reported at net realizable value. Grants receivable that are expected to be collected in future years are discounted, if material, to the present value of the expected future cash flows. Grants receivable at December 31, 2019 are expected to be collected in one year.

Property with a cost of \$500 or more and an estimated useful life of more than one year is capitalized and reported at cost, if purchased, and at fair value at the date of gift if donated. EDOT provides for depreciation using the straight-line method based upon estimated useful lives of 3 to 7 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Diocesan assessments of parishes and missions – In order to provide funds for its operation, the Diocese levies assessments on its parishes and missions based on the size of operating revenues and certain other factors. Revenue is recognized in the amount that EDOT expects to be entitled to collect when the assessment is levied.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as with donor

restrictions. Conditional contributions are subject to one or more barriers that must be overcome before EDOT is entitled to receive or retain funding.

Program fees are recognized as revenue at a point in time when the event occurs and the performance obligations are satisfied. Program fees are billed in advance and are due when billed. Payments collected but not yet recognized as revenue are reported as deferred revenue. Deferred program fees were \$90,698 in 2019, \$93,656 in 2018 and \$132,406 in 2017.

Donated materials, use of facilities and services are recognized at fair value as unrestricted contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration and fundraising for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with a specific program. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on square footage. Information technology costs are allocated based on estimates of time and costs of specific technology utilized.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. Qualitative and quantitative disclosures are required to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU is effective for fiscal periods beginning after December 15, 2021. This ASU will result in EDOT recognizing a lease asset and lease liability for certain lease commitments that are currently only disclosed in the financial statements.

## NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATES

Effective January 1, 2018, EDOT adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that the entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services using a 5-step process to determine when performance obligations are satisfied and revenue is recognized and requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Effective January 1, 2018, EDOT adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional.

EDOT adopted these new accounting standards using a retrospective method. Because the timing and amount of revenue recognized previously is not different from revenue recognized under new guidance, adoption of these standards had no impact on beginning and ending net assets or on changes in net assets for the year ended December 31, 2018. Presentation and disclosures pertaining to the year ended December 31, 2018 have been updated as appropriate to conform to the new standards.

### NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 461,699	\$ 332,991
Accounts receivable, net	685,390	1,301,932
Grant receivable from The Bishop Quin Foundation	<u>450,000</u>	<u>550,000</u>
Total financial assets	1,597,089	2,184,923
Less financial assets not available for general expenditure:		
Donor-restricted net assets subject to satisfaction of restrictions	(36,160)	(27,593)
Funds held for parishes and missions	<u>(81,470)</u>	<u>(66,266)</u>
Total financial assets available for general expenditure	<u>\$ 1,479,459</u>	<u>\$ 2,091,064</u>

For purposes of analyzing resources available to meet expenditures over a 12-month period, EDOT considers all expenditures related to its ongoing program activities and disaster relief, as well as the conduct of services undertaken to support those activities, to be general expenditures.

EDOT is supported by assessments from related parishes and missions and by support from Diocesan operating entities. Assessments are approved annually by the Diocesan Council. EDOT monitors liquidity to meet its operating budget and other contractual commitments. In addition to financial assets available to meet general expenditures, EDOT maintains a \$1 million line of credit. EDOT operates with a balanced budget, approved annually by the Executive Board, and anticipates collecting sufficient revenue to cover general expenditures not provided for by donor restricted resources.

### NOTE 4 – PROPERTY

Property consists of the following:

	<u>2019</u>	<u>2018</u>
Furniture, fixtures and equipment	\$ 1,196,258	\$ 867,933
Vehicles	<u>288,965</u>	<u>244,632</u>
Total property, at cost	1,485,223	1,112,565
Accumulated depreciation	<u>(861,374)</u>	<u>(688,120)</u>
Property, net	<u>\$ 623,849</u>	<u>\$ 424,445</u>



## NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Disaster relief program	\$ 867,522	\$ 845,315
Scholarships and missions	<u>36,160</u>	<u>27,593</u>
Total net assets with donor restrictions	<u>\$ 903,682</u>	<u>\$ 872,908</u>

## NOTE 6 – RETIREMENT PLANS

### *Clergy Plan*

EDOT is a participating employer in pension plans sponsored and administered by The Church Pension Fund (the Fund). The Fund, a corporation chartered in 1914 by the Legislature of the State of New York, was established by the General Convention of the Episcopal Church. The Fund and its affiliates are official agencies of the Episcopal Church and operate under the Canons of the Episcopal Church.

The Clergy Pension Plan (the Clergy Plan) is a defined benefit plan providing retirement, death and disability benefits to eligible clergy of the Episcopal Church. The Clergy Plan (the Plan) is exempt from the federal income taxes and, as church plans are exempt from the Employee Retirement Income Security Act of 1974, the Plan is not subject to Pension Benefit Guaranty Corporation requirements.

The assets of the Plan are pooled along with other assets of the Fund solely for investment purposes for the benefit of all participants. The Fund may amend, terminate or modify the terms of the Plan, including the employer assessment rate, at any time, without notice and for any reason. Should the Plan terminate, the Fund has the authority to distribute assets in accordance with the terms of the respective Plan's documents.

All bishops, priests and deacons who are canonically resident in a domestic diocese of the Episcopal Church and who are not participating in the International Clergy Pension Plan must participate in the Clergy Plan if the cleric receives \$200 or more per month in compensation for three or more consecutive months from the same employer.

Participating employers pay assessments to the Plan on behalf of the eligible participants. Assessments for the Clergy Plan are equal to 18% of the applicable participants' compensation, which includes salaries, other cash compensation and the value of housing. Assessments fund benefits are provided by the Plan. Assessments are not held in individual accounts, but are invested in a general fund of pooled contributions for all employees participating in the Plan.

EDOT recognizes its assessments in the period that the related services are provided by the clergy. During 2019 and 2018, EDOT recognized assessments to the Plan totaling approximately \$399,000 and \$406,000, respectively.

The funding positions of the Plan as of March 31, 2019 and 2018 as reported in the Fund's latest audited financial statements are summarized below.

	<u>2019</u>	<u>2018</u>
Net assets available for pension benefits – after amount designated for assessment deficiencies	\$10,207,974,000	\$ 9,918,224,000
Less: Actuarial present value of accumulated plan benefit obligations	<u>(6,555,295,000)</u>	<u>(6,517,324,000)</u>
Surplus	<u>\$ 3,652,679,000</u>	<u>\$ 3,400,900,000</u>
Funding percentage	156%	152%

#### *Non-clergy employees*

EDOT sponsors a defined contribution benefit plan for non-clergy employees, which is qualified under §403(b) of the Internal Revenue Code. EDOT makes contributions based on employees' annual compensation. EDOT contributed approximately \$220,000 and \$203,000 to this plan in 2019 and 2018, respectively.

### **NOTE 7 – RELATED ENTITY TRANSACTIONS**

EDOT provides support to parishes, schools, missions, and other Diocesan entities. During 2019 and 2018, EDOT expended approximately \$1,673,000 and \$3,794,000, respectively, in support of parishes, schools, and missions. Additionally, EDOT uses Camp Allen Camp and Conference Center (Camp Allen) facilities for meetings and conferences and recognized expenses for use of those facilities totaling approximately \$422,000 and \$415,000 during 2019 and 2018, respectively. EDOT recognized expenses provided by FSC for administrative support totaling approximately \$280,000 in 2019 and \$289,000 in 2018, and for clergy health costs totaling approximately \$290,000 in 2019 and \$240,000 in 2018. EDOT paid EFT \$60,000 for rent expense in 2019 and 2018 and paid Church Corporation \$90,000 for rent and utilities in 2019. These amounts are included in expenses in these financial statements.

### **NOTE 8 – COMMITMENTS**

#### *Leases with related entities*

EDOT leases office space and office equipment under noncancelable operating leases. The office space for the Austin Diocesan offices is leased from EFT through May 31, 2029, at a rate of approximately \$60,000 per year. The office space for the Tyler Diocesan offices is leased from Church Corporation through April 30, 2026, at a rate of approximately \$22,200 per year. Future minimum lease payments at December 31, 2019 are as follows:

2020	\$ 124,000
2021	96,000
2022	96,000
2023	96,000
2024	96,000
Thereafter	<u>312,000</u>
Total minimum lease payments	<u>\$ 820,000</u>

Rental expense was approximately \$169,000 and \$150,000 during 2019 and 2018.

#### *Line of credit*

EDOT has a \$1 million line of credit with a bank with an interest rate of prime less 0.75% (4.75% at December 31, 2019) and a 2.8% floor, expiring in October 2021. The line of credit is guaranteed by Church Corporation. There were no amounts outstanding on the line of credit at December 31, 2019 or 2018.

#### *Hurricane disaster conditional grants*

During December 2017, EHF, GCF, EFT and BQ conditionally committed up to \$5.5 million to EDOT for Hurricane Harvey response and recovery initiatives. As of December 31, 2019, \$3,900,000 has been funded and recognized as contribution revenue. It is expected that as EDOT identifies and approves claims of support for churches and schools, the conditions of the grant will be met.

### **NOTE 9 – SUBSEQUENT EVENTS**

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. Financial markets have been severely impacted by fears of the COVID-19 pandemic and the sharp decline in the price of oil. The U. S. stock market has experienced a significant decline and remains volatile. While EDOT expects these events to negatively impact operating results and financial position, the financial impact cannot be reasonably estimated at this time.

During April 2020, GCF, BQ, EFT and EHF approved a COVID-19 financial relief package to provide a grant of up to \$5,000,000 to EDOT for the benefit of its congregations and institutions. The relief package provides funding to congregations for assessments; support for the Episcopal institutions in the Diocese that have experienced loss of revenue or the need to increase services; grants to congregations and institutions to bridge funding through the Coronavirus Aid Relief and Economic Security Act (Cares Act) and to aid congregation in the Diocese with the greatest financial need. Bridge funding provided is recoverable to the extent EDOT, its parishes, and institutions obtain funding through the Cares Act that is subsequently forgiven. This grant is conditioned upon EDOT identifying qualifying recipients.

EDOT has received a forgivable loan under the Cares Act totaling \$823,400. Federal guidelines provide for forgiveness of the loan to the extent funds are used to support compensation, rent, and utility costs over a specified period.

Management has evaluated subsequent events through June 25, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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Linda Riley Mitchell, CFO

## HEALTH INSURANCE

The Diocese of Texas purchases its health insurance coverage through the group medical plans offered by the Episcopal Church Medical Trust. (An affiliate of the Church Pension Fund) These plans cover all eligible active clergy, retired clergy, surviving clergy spouses, diocesan lay employees and the eligible dependents of each of these groups.

To active participants the Diocese currently offers ten Medical Trust Plans:

1. Cigna Consumer Directed Health Plan CDHP-20
2. Anthem Blue Cross Blue Shield Consumer Directed Health Plan CDHP-20
3. Cigna Consumer Directed Health Plan CDHP-40
4. Anthem Blue Cross Blue Shield Consumer Directed Health Plan CDHP-40
5. Cigna Open Access Plus PPO 90
6. Cigna Open Access Plus PPO 80
7. Cigna Open Access Plus PPO 70
8. Anthem BCBS BlueCard PPO 90
9. Anthem BCBS BlueCard PPO 80
10. Anthem BCBS BlueCard PPO 70

Retired clergy and their surviving spouses on Medicare continue to be covered by Supplements to Medicare Part A and Part B that are offered by the Episcopal Church Medical Trust and the Diocese. In addition to an Employee Assistance Program (EAP) available to Clergy, Lay employees and dependents enrolled in medical coverage, the Diocese also provides a stand-alone EAP that offers amongst other benefits, a Behavioral Health benefit, which is available to all covered clergy and lay employees. Starting January 1, 2021, the Medical Trust will provide Hearing Aid benefits to employees and dependents enrolled in any of the active or retiree medical plans. Hearing Aid benefit of \$1,500 per ear every three years, employees are encouraged to contact their health plan carrier for information about hearing aid.

Overall, the cost of health insurance for active diocesan clergy increase by 3.94% in 2021. Parishes and institutions health insurance cost will rise by 6.43% for 2021. This increase is less than the average for premium increases across the United States. Our Insurance Task Force held a meeting on September 16, 2020, to look at these changes in more detail and will make recommendations to the Executive Board prior to year-end. As a reminder, in September 2013 the Executive Board voted that all clergy joining the Diocese after December 31, 2014, would receive only single coverage for themselves. By terminating family coverage for those clergy hired after January 1, 2015, the Diocese has now fully implemented parity between clergy and lay health insurance coverage.

As in past years, the Diocese will be provided with \$5 million in 2021 to offset its health care costs through the generosity of the Episcopal Health Foundation. These funds will allow the Executive Board to continue the significantly reduced insurance assessment on the parishes.

Please call or email Zee Turnbull, Human Resources/Benefits Manager, at 713-353-2120 or 800-318-4452, ext. 2120, [zturnbull@epicenter.org](mailto:zturnbull@epicenter.org) for further information regarding health insurance.

Linda Riley Mitchell, CFO



## CLERGY LIFE INSURANCE

Since January 1, 2018, the Church Pension Fund increased the life insurance coverage available to clergy and began providing up to \$150,000 in life insurance for all eligible, active clergy. This increased benefit generates imputed taxable income to the clergy-person under the Internal Revenue Code. **CPF provides a calculation of this imputed income annually to the Diocese.** Churches will need to include this amount on the clergy person's W-2 each year.

Retired clergy or clergy person with 25 years of credited service will continue to receive \$50,000 of life insurance for retiree life insurance. We emphasize how **extremely important** it is that pension assessments be paid currently for all active clergy. Failure to do so by their parishes could result in the loss of this important life insurance benefit to the clergy. If the pension assessments for a priest are in arrears by more than twelve months and the priest should die, life insurance benefit will not be paid.

Since 2002, Supplemental Life Insurance has been offered to all active clergy and lay employees under the age of 65. This plan offers the option to purchase Supplemental Term Life Insurance for the eligible clergy person or lay employee up to three times the life insurance benefit the Diocese provides. Or, they may purchase in increments of \$50,000 to a maximum of \$500,000 of coverage. Spousal coverage is based on the same calculation; however, it is limited to a maximum coverage of \$240,000. Clergy and lay employees will be responsible for the premiums and may apply at the date of hire. Premiums are based upon age and change in five-year increments. The supplemental term life insurance will be automatically reduced by 50% at age 65 and terminates at age 70.

For more information, please call or email Zee Turnbull, Human Resources/Benefits Administrator at the Diocesan Center at 713-353-2120 or 800-318-4452, extension 1012, [zturnbull@epicenter.org](mailto:zturnbull@epicenter.org).

Linda Riley Mitchell, CFO

## PENSIONS

Pensions are provided to the clergy through participation in the Church Pension Fund. This is funded by monthly contributions based on the compensation of clergy in each parish. Parishes are responsible for making monthly contributions. The clergy should also review their reports from the Pension Fund to assure the accuracy and timeliness of the amounts remitted to the Church Pension Fund. Delay in reporting changes results in retroactive adjustments, which are difficult to manage. In addition, adjustments can only be made for the previous two years, so failure to report adjustments could result in lower pension bases and therefore reduced pensions at retirement.

The Pension Fund's total net assets for the year ended March 31, 2020, were \$13.0 billion representing a decrease from \$13.55 billion as compared to March 31, 2019. Although the value is lower than a year before, the portfolio is still sufficient to cover promised future obligations. These assets are still in excess of the required reserves by over \$1.40 billion. The Pension Fund paid out a total of \$412 million in pensions and other benefits during the period of April 1, 2019 to March 31, 2020.



The following fact delineates the benefits summary for period ending March 31, 2020:

Fast Facts:

\$7.2b benefits paid to clergy and dependents

\$98m annual assessments received from clergy, lay employees, and CPG staff.

\$412m annual benefits paid for pension, medical supplement and life insurance for clergy and dependents, lay employees, and CPG staff.

As the number of retirees increases in every diocese, the Church Pension Fund, through its ministry to the retired, is available to assist chaplains designated by our bishop in the ministry established in our diocese. Through personal contact and educational services, they are willing to assist the chaplains in interpreting pension benefits as well as introduce proven programs for ministry to and with the retired. The Church Pension Fund, in conjunction with the Diocese, provides training to enhance the pastoral ministry of these chaplains. The Church Pension Fund's Department of Pastoral Care and Education continues to offer Planning for Tomorrow Conferences, presented in each diocese every five years.

Church treasurers should be aware that 30% of the clergy's compensation is the annual housing factor to be used when computing the pension base for a clergy person who lives in a home owned by the church. Amounts reimbursed to clergy for payment of their self-employment social security also form part of the pension base along with salary, housing and utility allowances. Forms for calculation of clergy pension are available on the Diocesan website.

Church treasurers should promptly notify the Church Pension Fund office of all changes in compensation paid to their clergy staff. Monthly Pension assessment statements are issued by the Church Pension Fund and are based upon information on file. For questions or information, contact the Church Pension Group is 866-802-6333 or Zee Turnbull at 713-353-2120 or [zturnbull@epicenter.org](mailto:zturnbull@epicenter.org).

Linda Riley Mitchell, CFO

## **PROPERTY INSURANCE**

Nearly all congregations within the Diocese hold property and casualty, and personal property insurance with the Church Insurance Company of Vermont and their product partners. Parishes, Missions and entities within the Diocese are free to insure their property with any reputable company of their choice, so long as the coverages afforded are in accordance with Title II, Canon 5.2. This Canon requires that the coverages afforded under policies purchased from outside sources be comparable to those from the Church Insurance Company in the Diocesan master policy. Many commercial carriers will not write sexual misconduct insurance for churches and this coverage is required by the Diocese.

It is recommended to perform an annual review of your insurance coverage for general liability, sexual misconduct, non-owned auto, worker's compensation, director's and officer's liability and umbrella liability provisions.

Note that, flood coverage at Church Insurance is a \$1,000,000 maximum limit,

which is the minimum coverage to carry for flood. A Blanket Crime provision covers theft within churches with a \$25,000 limit. (Additional coverage is available at the church's expense.) Specific entities may find that they require other more expanded coverages to protect fine art, stained glass, vestments or other valuable church property. Church Insurance protects their insureds with all these coverages through the Diocesan master policy. They are also available to assist in reviewing coverage.

Church Insurance Agency has obtained product partners to provide quality coverage in several areas at a more affordable rate, such as director's and officer's and umbrella liabilities and this coverage is recommended by the Diocese.

For information and assistance with insurance through the Church Insurance Company, please contact our agent Mr. John Scheffler, Vice President of Client Services, at 972-355-0927 or via email to [JScheffler@cpq.org](mailto:JScheffler@cpq.org) or Jonathan Blaker, Director of Treasury at the Diocesan office at 713-353-2134 or [jblaker@epicenter.org](mailto:jblaker@epicenter.org).

Linda Riley Mitchell, CFO

## **COMMITTEES AND BOARDS CREATED BY CANON**

### **AUSTIN CONVOCATION**

The challenges of 2020 have served to deepen the spirit of collegiality which marks our deanery. In addition to our monthly convocation meetings, we instituted a bi-monthly Head of Congregation meeting to better support one another in meeting the changes of the current pandemic. We have also taken advantage of Zoom to invite speakers from our various seminaries to join us, and this year will be hosting Kelly Brown Douglas (EDS/Union), Andrew Teal (Oxford University), Ben King (Sewanee), and our own Cynthia Briggs Kittredge. In addition we have welcomed several new clergy to the Austin Area, and look forward to resuming in-person meetings by the Fall of 2021.

Bertie Pearson, Dean

### **CENTRAL CONVOCATION**

The year 2020 has been a year of change and adaptation in the Central Convocation. All the churches have moved worship services online, outside, and sometimes both at the same time. Though this year has been challenging there are many things to celebrate.

The Central Convocation became the first convocation to host an area missionary beginning in August 2020. Bishop Doyle appointed the Rev. Andrew Terry as the area missionary. He began on-site visits and community walks with congregations across the convocation. Under his leadership the convocation has held zoom gatherings for lay leaders and clergy to identify opportunities for collaborative ministry and relationship building with neighboring churches, institutions, and people.

At Saint Francis of Assisi, Prairie View the Rev. Rhonda Rogers was ordained a priest by The Rt. Rev. Hector Monterosso on January 18, 2020. Prior to the pandemic the men of St. Francis of Assisi hosted The Men's Prayer Breakfast in January and

February with more than 60 attendees. Services were livestreamed through Zoom and YouTube from mid-March through the end of October. In-person services resumed November 1, 2020 with continued livestreaming, and the Rt. Rev. Kai Ryan preached at the 70<sup>th</sup> anniversary of Saint Francis being established as a mission in October 1950. Prairie View University (PVU) campus ministry began in October through Zoom. In addition to bible study, the students have requested discussions about mental health, racism in Waller County, and life skills. St. Francis hosted a townhall meeting to discuss the application process for a Prairie View zip code. Although PV was incorporated as a city in 1960s it does not have its own zip code. The residents of PV addresses are currently divided between the cities of Hempstead and Waller.

Saint John's, Columbus is grateful for being able to continue its free 3rd Friday community lunch as a safe to-go lunch.

Bishop Doyle appointed the Rev. Bryan Callen as Curate at Saint Andrew's, Bryan. Lay leaders from Saint Andrew's and other local congregations formed the Middle Way Urban Monastery as a missional community to provide opportunities for people to engage and explore their spirituality. Saint Andrew's has also formed a racial justice working group to help Saint Andrew's listen to the voices of African Americans and engage in racial justice work in the Bryan/College Station in the community.

Daryl T. Hay, Dean

### **EAST HARRIS CONVOCATION**

In 2020, the Clericus of the East Harris Convocation gathered on the fourth Thursday of each month. Due to the pandemic, we had to conduct our meetings through Zoom. In the early stages of the pandemic, we benefited greatly from regular meetings with Bishop Hector Monterroso. With the help of our facilitator, Stephanie Jordan of the Fullerlife Counseling Center, the members of this group provided a great deal of support for one another during a very challenging time. At each meeting, we conduct a check-in, which provides an opportunity for each clergy person to share what's been going on in their parish ministries and our personal lives. This process has been vital for sharing information and resources. We are thankful to our bishops for the wonderful leadership and support they have provided.

Victor J. Thomas, Dean

### **GALVESTON CONVOCATION**

#### **St. Michael's, La Marque - The Rev. Bob Moore**

St. Michael's, due to COVID, had a time of only on-line Morning Prayer services downloaded to Facebook. Now, with Wi-Fi capability in the Nave and a MEVO camera, we are live streaming our 10am Holy Communion in-person services on Facebook and downloading a recording at noon on Sunday. The protocols for in-person worship have worked well and we have averaged over the past two months around 30 people at a Sunday service. The first three months of 2020 the ASA was 40.

The church office has had regular hours from 9-2 from Monday-Thursday. The Bishop's Committee has met in-person monthly since midsummer with masks and proper distancing as well as the Finance Committee. The Daughters of the King and the Brotherhood of St. Andrew also have been meeting in-person with proper protocol.

St. Michael's participates in "Servolution Mainland" and the eight or nine churches in this La Marque, Texas City & Dickinson ministry have done some amazing outreach projects. We meet and plan virtually. Here is a list of what St. Michael's has done in 2020 in participation with Servolution Mainland.

Collected shoes (Soles for Souls project (10,000 pairs.) dopted public school campuses in our neighborhood for prayer and support. Had a week of support for first responders where they could get free food and beverages at local bakeries and coffee shops. Printed up yard signs in support of first responders that were posted in parishioners' yards. Collected money along with new T-shirts and socks for the clients of NAMI (National Alliance on Mental Illness)

### **St. Thomas the Apostle, Nassau Bay - The Rev. Mike Stone**

March of 2020 started an unprecedented national experience of socially distancing and sheltering in place to slow the spread of the Corona Virus, COVID-19. Parishioners Todd Parker and Bob Ketcham helped to create a St. Thomas YouTube channel that was easily searchable and worked to improve the quality of service videos, helping St. Thomas earn a diocesan grant to support service streaming in perpetuity. Weekly healing services, focusing on the lives and legacies of saints, alongside service videos set in the St. Thomas sanctuary and featuring the lections and prayers of regular volunteers allowed parishioners to worship from home while Zoom Bible studies, book studies, coffee hour chats, and presentations allowed for parishioners to have face to face interactions and reflect on current events, theology, and life in general.

Meanwhile, St Thomas initiated a monthly fresh food distribution through the Galveston Food Bank, serving a retail value of \$17,000 in food to an average of 425 people each month and hosting a food ministry for Clear Lake's homeless weekly. St Thomas is poised to pay off a debt acquired in 2012 for a building expansion by year end. St Thomas continued to supply Title 1 school students with basic educational and nutritional necessities, adding 148 backpacks and 53 complete Thanksgiving meals to its food distributions.

### **Holy Trinity, Dickinson - The Rev. Vivian Shelby**

#### **WORSHIP:**

- Sunday Eucharist at 8am and 10:30am
- Morning Prayer Wed. at 8am Facebook Live
- Facebook live Sunday services started March 22<sup>nd</sup> – Liturgy of the Word, one service only. No in-person worship.
- Began Morning and Evening Prayer M-F 8am/8pm March 16<sup>th</sup>. Facebook Live with Rev. Vivian and DOK members splitting up services.

- Began limited in-person worship on November 1<sup>st</sup>, continuing Facebook live, with Eucharist
- Healing service held on Wed for two weeks in Lent then cancelled for COVID
- Special Services: JDOK Retreat Eucharist, Blessing of the Animals, All Soul's, Longest Night

#### PARISH HALL ACTIVITIES:

- Community Meetings: PTSD Support Group, AA, 4H Club, UDC, Knights of Columbus, Bridge Club, Faith Lutheran church retreat, Galveston County Long Term Recovery Group, Dickinson Police Association, Retired School Administrators, Yoga Classes

#### PARISH LIFE:

- Coffee and breakfast served every Sunday Morning until March 15<sup>th</sup> – online coffee hour once a month thereafter via ZOOM
- Provided lunch after our Annual Meeting
- Pancake Supper for Shrove Tuesday
- Activities including Bingo, Mystery Dinner, Clothing Drive, Scavenger Hunt – online after COVID

#### CHRISTIAN FORMATION:

- Sunday School, Youth Group, and Nursery until COVID
- Vacation Bible School was offered online
- Rector's Bible Study has two classes and continues online via Zoom
- Lenten Study of Living Compass began in-person and then via Zoom
- Church History Class on Zoom
- Stewardship bible study on Zoom
- Living Compass "Living Well during Advent" offered starting Nov. 29<sup>th</sup> via Zoom

#### OUTREACH

- M.I. Lewis Social Service Center - donation
- Bay Area Pet Adoption - donations and blessing of the pets
- Lord of the Streets team
- Stitch & Pray group – donations of chemo caps and prayer shawls
- Our House – donation of paper products for disabled community
- Blue Santa – donations for Dickinson Police Christmas presents for families in need
- Provided assistance to several families with Harvey damaged homes.

#### GROUPS

- We had our newly renovated office/classroom building leveled in August.

#### **St. Andrew's, Pearland - The Rev. Jim Liberatore**

St. Andrew's was honored by the Pearland Chamber of Commerce as the Business of the Year for her work within the community. This work included Harvey Home Repair

(Over 300 homes since Harvey hit,) support of the teachers and students of Title I school, Lawhon Elementary our annual Pumpkin Patch which sees over 20,000 visitors a year. The Rev. Jim Liberatore celebrated 25 years as rector of St. Andrew's in February just prior to our winding down of activities in March. The church remained closed to visitors and worship until September but outreach continued, social distanced and with masks.

St. Andrew's mobilized Brazoria Responds and volunteers to bring Houston Food Bank trucks to our campus to distribute to over 300 families on multiple occasions. The church had 2 AmeriCorps NCCC teams this year that worked on home repair and was awarded 2 AmeriCorp VISTA's through the church's 501C3 Mosaic in Action who will help Mosaic be sustainable in the years to come.

Bible Studies on Mark, Women's Issues, the Beatitudes, and the Parables of Jesus were done over Zoom. Children and Youth Formation was done over Zoom, through videos and with "Formation in a Bag" delivered to the doorstep.

The worship area was set up with three video cameras and worship was recorded on Wednesdays and edited on Thursday. A videographer was hired to assist. Volunteers came in one at a time to record their piece of The Liturgy of the Word including the sermon. Streaming of worship on YouTube and Facebook began in September as did in-person, socially distanced, by reservation worship. There have been two services a Sunday at 25% capacity. When there are more than 25%, a third service was added.

During the year, we trained and launched Joseph Yoo as the campus pastor of the church plant begun by St. Andrew's in 2015. Joseph was confirmed at St. Andrew's. Deacon Mary Reddick served with St. Andrew's and developed a prayer ministry as well as a shepherding ministry to check in on those dealing with the pandemic. Mary has a substantial ministry to incarcerated youth as well. Retired clergyman, the Rev. Mike Gemignani assisted in worship and offer Zoom spiritual growth groups via Zoom. The Rev. Nick Earl also assisted at the church until he was called up to active duty as an Army Chaplain.

Our 21<sup>st</sup> Pumpkin Patch was held at the request of local citizens and officials. This was done with masks and social distancing. It was the most successful Patch to date with proceeds going to St. Andrew's community outreach and the Navajo Nation where the pumpkins are sourced.

### **Grace, Galveston – The Rev. David Dearman**

Grace began 2020 saying goodbye to The Rev. Nick Earl and his lovely family. By the end of February, The Rev. David Dearman, was called as interim rector (part time), while Senior Warden Jeff Kilgore continued to oversee parish administration. The Rev. Pat Ritchie, deacon, assisted with worship and pastoral care. The lay leadership soon began preparing for a thorough search process. From March onward, the year 2020 was marked by adaptation and flexibility with an eye toward the waxing and waning numbers of Covid-19 infections in Galveston County. The pandemic forced the parish to pursue an online ministry which would best be described as "learn as you go." Technology allowed the church to remain connected to the most "at risk" members locally and to include new folks from farther away. An EDOT Mission Amplification grant and a small group of tech-savvy members helped the parish improve its online offerings. By June, when worship was restricted to "online-only" for the 2<sup>nd</sup> time, the parish was broadcasting public-facing

Morning Prayer live over Facebook. Most recently, under its Phase 2 plan, the parish offered on-site, socially-distanced worship (Holy Eucharist, bread only) while also streaming live over Facebook.

The Vestry and other committees continued to meet regularly over Zoom. The “Holy Cow” survey was completed and a parish profile created as part of the search process. Follow-up groups in key areas of parish life continued working on improvements. And, the search committee began its activities. Thanks to these groups and the tech which facilitated them, lay leadership at the church was strong. What has been termed “Brady Bunch-style” fellowship met regularly over Zoom about 30 minutes after on-site Sunday worship and helped on-site folks connect with the on-line folks. The pastoral care committee contacted every member on record early in the pandemic. The weekly “e-Messenger,” distributed via Constant Contact served as the primary means of general parish communication throughout the year. Grace offered a variety of regular educational opportunities over Zoom: Bible study, Hymn discussions, as well as book reviews. The children’s Sunday School teacher sent weekly lessons to parents via email. About 220 meals were distributed to church neighbors, and beyond, in an annual outreach effort. This year, instead of serving on site, the event was adapted as a socially-distanced boxed-meal “pick-up.” “The Silk Purse,” a parish thrift shop ministry has not re-opened since it first shut down near the beginning of the pandemic. There was a lot more, but this is probably enough to describe such an unusual year at Grace for the Journal.

### **St. John’s, La Porte – The Rev. Viktoria Gotting**

As the lives of God’s People have been heavily burdened this year due to the global COVID-19 pandemic, as well as social and political unrest locally and nationally, yet has the Body of Christ at St. John’s responded with faith and resiliency. St. John’s continues with vigor in our commitment to living out the Baptismal Covenant, in and through our exile, upholding also our mission as, “A family responding with Christ’s love to the needs of God’s people.” Our prayer has been to amplify the Good News during these seasons of challenge. This prayer is one in which we have asked simply to “hold steady and be ready.” We have seen this prayer answered, even as several parishioners, their family members and friends have fallen ill with the coronavirus, and the parish has recorded one related death. The wider effects in mental, emotional, spiritual, and financial terms have also reached the communal and individual households of the parish, and still we remain worshipful, seeking to be wise, generous, and kind as we encourage one another and our wider community towards connections and hope.

The Advent and Christmas seasons of Year A seem washed away in the memories, not yet fully integrated, of urgent and continuing responses to the pandemic, both administratively and pastorally. Our annual meeting and budget approvals were unremarkable, and grateful reports concerning our ministries, particularly our 22-year-old after school program in service to children and families at risk, were forward-looking and hopeful. Although St. John’s is small and affected by attrition due to high average age and health risks, the parish continues to be a robust and lively presence in service to the La Porte and surrounding communities.

At the writing of this report, the most recent memory of “normal” events might be early March 2020, when St. John’s presented more persons for Confirmation and Reception (6), in combination with adult baptisms (2) than in several recent years. +Bishop Hector Monterosso lingered long with us, playing basketball with the youth on our newly blessed sport court. We could not have known that within two weeks, our playground and extended day programs would be closed. These remain so at the time of this writing. By the end of March, our offices, childcare and education programs, 50+ year catering service to the local Rotary Club, and all else fell quiet.

Liturgies and all-ages Christian formation, both education and spirituality, immediately transitioned to the virtual environment. As the weeks flew by in trial and error, the leadership of the parish learned quickly what appeals to our faith family and culture. In terms of live online offerings versus recorded events (viewing at will/“canned”), live events have far less appeal and attendance, whether worship, education, or fellowship. This is true across age groups and other diversities.

Through recorded, creative, and many liturgy options, both on Sundays as we continue both Rites I and II and on weekday evenings, St. John’s has maintained principal worship attendance, and increased attendance at other liturgies. The same is true of education and spirituality opportunities, which relative to the parish’s size, have increased exponentially. In short, St. John’s has thrived in the recorded, virtual environment. There is also nearly triple the live attendance of adults to weeknight zoom and Instagram worship and education events. Education and spiritual formation have taken care to include tools for coping, resiliency, care of the self and others, as well as provided forums for frank conversations about matters affecting life in society. Prayer and devotionals have been accompanied by art and art therapeutics, including poetry, sculpture, history, as well music enrichment, fitness, nutrition, conversations concerning aging well, and more.

St. John’s has found the virtual environment to provide a welcoming canvas for creativity in every regard, and yet, we grieve the loss of our incarnational connections, and look forward to the day of unlimited regathering. Despite the seeming flourishing of our works in Christ, yet we are aware as leadership that the membership of St. John’s cannot sustain prolonged separation from the campus and from each other. Thus, it is our prayer that we can return to fullness of life, flavored by new abilities and experiences.

In and through our hallmark ministry, St. John’s After School Program, we sought to support our families, their connections to our parish, and to one another. These efforts have waned over the months, as a new school year began and families began to migrate to new situations and relationships with care providers, and none. St. John’s undertook immediately to offer virtual care for our students by hosting tutoring, virtual homework help, online chapel and Christian education, art classes, ASL, and all else on our menu of services. Quickly and finally through a largely underutilized virtual summer camp, St. John’s confirmed what we already know: our families need us in person, in care. Our community of children and parents have gracious plenty online offerings and requirements, and little time remaining as families to fold electives into limited discretionary hours.



As St. John's After School Program had developed and augmented community outreach and support skills parallel to online education at the end of the 2019-2020 school year, by mid-summer the Program made a transition fully as a virtual resource for community support and referral. This multifold ministry, offering help with food insecurities, school and household supplies, mental and general health care referrals, limited financial assistance, etc., continues even as we prepare for a return to childcare at one-half capacity, January 6, 2021.

Pastoral care at St. John's has been comprehensive, including both parishioners and our ASP families. Follow-up occurs with every active-attending household for which we have contact information, through regular vestry and Lay Pastoral Assistant contacts. Triage of urgent pastoral matters result in referrals to the rector, who maintains connection with all those at risk, ill, grieving, or in crisis, which to date and through the pandemic, in some matter, has included nearly every member household. The pastoral care component of St. John's ministries, given the size of the parish, is presently weighty—and it is a location of the sacrament of community. We are a stronger parish because of and in resistance to the temporal events.

We have chosen to go forward into 2021 without change to our annual budget, which has functioned well, though income hovers at 90% on average. We used our stewardship season otherwise as an opportunity for interrelationships and strengthening of connections between parishioners, and parishioners to the parish at large. Four weeks of writing, reflection, acknowledgment, and prayer (our "WRAP" season, *wrapping arms around St. John's*) ended with a reaffirmation of pledge-giving, or changes to existing pledges, opting for "steadiness and readiness" as we enter a new way of being the church. This, we felt, was pastorally indicated above canvassing for increased income, just as the membership is most challenged in every way.

St. John's is deeply grateful to the Episcopal Diocese of Texas, our Bishops, and diocesan leadership, for all guidance, direction, care, and support in maintaining general parish wellness by a diversity of definitions. We look forward, with hope, to a new year in the Household of God, and new opportunities to make utility of all that the world has challenged the church to develop, and which our Beloved Christ has invited and empowered. To God be the glory.

### **St Augustine of Hippo, Galveston – The Rev. Michael Brady**

St Augustine of Hippo started the year off with a bang .... On January 25th we celebrated the ordination of The Reverend Mike Brady to the Sacred Order of Priests. St Aug was holding steady at 28 or soft an ASA .... Five weeks into Fr Mike's being a priest COVID-19 came along and we stopped in person worship. The first Sunday following the cessation of in person worship we held a service on Facebook live ... it was strange with an empty church ... there were no real guidelines as of yet and we were just trying to keep going. After a couple of weeks, we partnered with St Christopher in League City. It was, and is, a great partnership. We alternated worship locations between St Chris and St Aug, we alternated duties of preaching and celebrating the mass between Fr. Brian

Cannaday, Fr. Jim Nelson, and Fr. Mike. We alternated musicians (all properly socially distanced) and we broadcast the same service to both of our congregations. Both churches went back to limited in-person worship in September.

St Aug has continued its online worship presence and we are having anywhere from 12 - 20 online attendances during the live service, not counting the views during the week, and approximately 12-15 in person worship. The incredible positive to come from this pandemic are a wonderful relationship between St Aug and St Chris in League City. This is a partnership that we are continuing. We shared Christmas Eve services as well as a Service for the Longest Night. We do not know where this partnership will take us, but we do know that we are excited to continue to work together as two congregations toward the spreading of the Kingdom of God in the SE Houston/Galveston Area!

### **Grace, Alvin – The Rev. Suzanne Smith**

The guiding force for this year at Grace has been the participation in the Vitalization Cohort. At the beginning of 2020, Grace was invited by the diocese to participate in a Vitalization Cohort for the next three years. This cohort, led by Amy Cortwright-Chambers, has challenged Grace in important ways. By setting yearly goals as well as quarterly goals called Rocks, Grace has been able to measure progress as well as bolster spirits by what has been accomplished in 2020.

Because of our participation in the vitalization cohort, as well as Grace's response to keep moving forward (safely) during COVID, Grace has seen growth during a pandemic. We have seen the power of saying "Yes" and Grace's choice to keep connection alive by offering opportunities for connection and worship each day of the week. We learned over the last year that Grace can be a force for good in the Alvin community. The main way we have chosen to do this is by providing food to our community.

The mobile food pantry has been providing food in Alvin on a weekly basis since January 3<sup>rd</sup>, 2020. We partnered with the Alvin Food Pantry and the Houston Food Bank in order to bring fresh food and produce to Alvin, an area that struggles with food insecurity. 51.7% of Alvin ISD students qualify under Title 1 for free or reduced cost breakfast and lunch. The district has 18 Title 1 campuses.

Every Thursday morning, the Houston Food Bank brings a refrigerated truck containing 8-10,000 pounds of fresh food and vegetables. The truck is set up in the Grace Church parking lot. Volunteers from Grace and other community organizations unload the food from the truck, bag it, and then guests then shop each station which contains the fresh food offerings. At this time, Grace has partnered with five local churches as well as 1 community organization. These groups along with Grace church members comprise the volunteer force to man the mobile food pantry each week (usually between 50-60 volunteers).

During COVID, Grace seamlessly transitioned to a drive-thru mobile food pantry. Each week Grace serves about 200 families and during March and April Grace was serving between 350-400 families weekly.

The drive-thru option has allowed food to be given out in a safe way by the volunteers boxing up the food and then guests driving through the parking lot and the food delivered in their trunks.

In addition to the Vitalization cohort, Grace also participated in the Stewardship Cohort led by Beth Fain. Though dialogue with other churches as well as sharing about our on-going efforts to help our community, it seems as though Grace has transitioned from a church that used to focus on Stewardship one month a year, to now being a church that is stewarding year-round.

Grace is offering virtual services on Sunday morning as well as Noon Day Prayer every Wednesday. Noon day prayer on Wednesday's has now grown to be global event! Churches from all over the Anglican communion are gathering for worship together via zoom and Facebook. What began as a local, gathered prayer time for Grace is now being attended by clergy and laity from all over the US and world.

Bible Study is being taught every week by zoom and a weekly coffee talk is also happening at a local coffee shop in Alvin and it too is being done by Zoom.

Ongoing... We have a Blessing Box outside of the church where it is stocked with food given by members of the church and community for those who need assistance with food. People come by foot, bike and car to "*take what they need or leave what they can*". In 2020, Grace added a blessing refrigerator outside of our office space. Fresh food, milk and meat are now able to be kept safely. There are approximately 65-100 people who stop by the blessing refrigerator each day.

### **St George's Episcopal Church - Texas City**

In 2020, leadership reaffirmed St. George's mission is to love Jesus, with all our heart, soul, strength and mind while loving our neighbors as ourselves. We then know and share this Love and Hope courageously with others. We identified core values to be: a worshipping community focused on Jesus and the practice of the priesthood of all believers praying prayers from the Book of Common Prayer. In February, we welcomed 3 newly baptized, confirmed 4, and received 2 adults into the family of faith with Bishop Monterroso.

We worshipped as a community in person on Sundays: Rite I – 8 a.m. and Rite II - 10:30 a.m. In March, due to the pandemic, we moved worship online on Facebook Live: St Georges Texas City and Zoom. We added Evening Prayer on Wednesdays on Zoom and Noonday Prayer Monday through Friday on Facebook with over 20 members helping own this ministry and sharing a devotion on the theme of the season each day online. Our reach was to over 800 people initially as we shared the Good News and tools for staying focused on God with us in the midst of so many changes. On September 13th, we came back to worship in person in the church at 11 a.m. on Sundays using our safety precautions. We continued our online services at 9:30 a.m. every Sunday and Noonday Prayer Monday through Friday. We held 6 memorial services during the year a few in

person and then creating a hybrid service for small groups of immediate families to be in person and the rest of the family and friends to be present with us online via zoom so stories and celebrations might be held in memory of the loved one. This has been very effective in helping families begin the grief process.

With a value of belonging: we welcomed 3 people through Baptism as part of God's family, confirmed 4 people, and received 2. As part of a new family, where everyone belongs and is included, we invited all to engage in spiritual growth, share what they know of Jesus, while seeking to learn from those who know and have lived their faith. Sharing the faith with the congregation and newest members, we held Compassion Camp for the new and old Members during the July and August. The preaching, teaching, and activities all focused on Compassion. We offered Compassion Camp VBS for youth, in collaboration with Grace - Alvin. Other themes for the year were praying the Lord's Prayer, the 23rd Psalm, Holy Resiliency, and Practicing Hope. We used living compass materials for Lent and Advent to inspire wellbeing.

With a value of Connecting: we gathered and have grown, through online and small groups, reflecting on God's word; praying for one another and loving one another and those who join us in fellowship.

As disciples of Jesus, we know we are called to go out and share the love of God with others by word, service, and presence. We did this boldly in 2020 by leaning on our relationships with our ecumenical partners to inspire over two hundred people to go and pray over our schools before school started in three cities. Working with 12 other churches we also mobilized many to pray over our first responders in Texas City, La Marque and Dickinson. We treated them to a free coffee and snack by giving a coupon for local coffee shops and had members post yard signs saying Thank you and we are praying for you. On Pentecost, 24 members joined us in a prayer parade, in which we gathered in cars and then drove around Texas City and La Marque praying Thy Kingdom Come, Thy Will Be Done and come Holy Spirit, come fill our cities with your light.

Forming Love teams to grow as disciples, we have been able to grow in leadership, taking on such roles as group leader, communications coordinator, chaplain, plan keeper, and prayer partner to help make real the goals we as a community set in February.

We make disciples in the way of love and hope, by first tending to our own spiritual growth as we look for any reason to fall in love with God and one another, and then seeking a few others we can share with through one-on-one fellowship, small groups, and fun. This has helped more people engage in some way whether praying from home, serving on a love team, writing letters, being part of a call committee, or leading Noonday Prayer. While separated, we actually had more people engaged than ever and have been able to reconnect with our homebound in meaningful ways that has been very life-giving to all.

In tending to our goal to invite, welcome, and connect with others, we courageously invite others into relationship with us as individuals and our worship community through social media, mail, and in person. We are working to have a robust newcomer welcoming and

integration process fully in place to receive and welcome all who want to connect. We have had 90% of our members engage on social media worship and drawn past members and friends and family from near and far to worship with us on a regular basis. We celebrate that hearts and lives are being transformed.

Another Goal is to Go Into The World. We stewarded our resources and collaborated with others to serve the good of our greater community. Beginning at Easter, a small team came together and prepared meals and delivered meals to 40 people and eventually to over 120 people every 2 weeks. To date over 2,250 meals and packets with bible studies, newsletters, and services have been shared. This provided a means for members and our Pastor to connect with homebound members. Many members furthered the ministry by asking for a meal with neighbors and to bless those out of work. We also distributed 220 Kidz Pacs from the Galveston County Food Bank which enabled 22 children to have food for the weekends during the summer months.

We have cared for and loved each other through online fellowship, phone calls, cards, food, and running errands to express caring relationships by supporting each other, staying in touch, identifying needs, sharing time and resources, and having fun and fellowship. We hosted a small socially distanced GriefShare class, both in person in small numbers and online in the Fall. In identifying needs, we began gathering those who are caregivers of someone with dementia and bringing in experts from the wider community to help share resources and support. For Advent, we determined our young families needed some extra love and so we created Advent Calendars in a Bag with a different treat for each day and prayers to pray through Epiphany and a home blessing kit.

Our Stewardship Theme: Doing What Love Requires called members to active discipleship by doing something, engaging in community and worship, and giving financially. We had 4 people pledge for the first time. While we were unable to host our usual Hope Festival, we held several fundraisers which also provided people with comfort food. We asked family and friends to be generous this Giving Tuesday by giving to St. George's so we could continue to make Ambassadors of Christ. Together we can do more! Consider becoming an Ambassador of Hope! For the month of December, St. George's broadcasts daily at Noon on Facebook: St. George Texas City – a message of Hope and simple ways to practice Hope. In these difficult times with the pandemic, political division and unrest, the world needs the assurance of Hope we have as Baptized believers. We encourage you to choose Hope today and ask to be used as a vessel of hope wherever you are!

Jim Liberatore, Dean

## **NORTHEAST CONVOCATION**

Grace and peace to you from the Northeast Convocation!

The status of the Northeast Convocation remains excellent even during this trying time of COVID-19. The clergy continue with their usual meetings on the fourth Tuesdays of the month between September and May, albeit via Zoom. We are always grateful when we

did meet in person this year for the generous hospitality of the church family at St. Matthew's in Henderson and their priest, The Rev. Pasty Barham.

Our meetings are times for the clergy in the Northeast Convocation to come together for fellowship and discussion of issues around our vocations as clergy. It is also a time for fellowship and support. When we meet in person some continue visiting and even go out to lunch together to continue our discussions.

During this time Bishop Doyle and Bishop Fisher both met periodically with the clericus for which we are grateful.

Between the Novembers, 2019 and 2020, the following notable things have occurred:

- We continue to use the <https://www.facebook.com/NortheastConvocation/> Facebook page! So far we have had the background photo alternating images of the various churches in the area. We have also been faithful in placing upcoming events for the whole convocation to see.
- Celebrated Christmas together at Bishop Fisher's home. Thank you for your hospitality!
- The Rev. Ryan Mails has left the convocation as the Missioner to East Texas & Priest-in-Charge of St. Michaels and All Angels in Longview on November 23, 2019 to become Rector of St. George's, York Harbor, Maine.
- The Rev. Tracey Carroll became Priest-in-Charge at St. Michael's and All Angels in Longview December 1, 2019.
- The Rev. Andrew Ellison has moved to become Rector of St. Catherine of Sienna, Missouri City, from Trinity, Marshall as Locum Tenens on July 31, 2020.
- The Rev. Dr. Frank Hughes has left as Rector of Christ Church, Nacogdoches and entered retirement as of August 1, 2020.
- The Rev. Karl Griswold-Kuhn is the new Rector of Christ Church, Nacogdoches as of August 1, 2020.
- The Rev. Ralph Morgan has left as Rector of St. Cyprian's, Lufkin and has become the Rector of Calvary, Richmond as of October 14, 2020.
- The Rev. Thomas Morris named Interim Rector of St. Cyprian's, Lufkin as of November 1, 2020.
- The Rev. Ashley Cook is moving from being the College Missioner at SFA to serving local congregations as a supply priest.

I look forward to being a part of growing conversations in our convocation concerning how we can get together and move forward as Episcopalians, members of the Diocese of Texas, and the Northeast Convocation.

Peace,

The Rev. Mitch Tollett, Dean

### **St. Michael and All Angels, Longview, Texas**

In October 2019, St. Michael's said farewell to our beloved Priest in Charge, Fr. Ryan Mails. Fr. Ryan accepted a call in the Diocese of Maine. On the first Sunday of Advent 2019, we greeted our new Priest in Charge, Mother Tracey Carroll, who is married to Father Bill Carroll, Rector of Trinity Longview. We celebrated Advent and Christmas as

a community, had our first annual meeting together, and soon after that, our church had to stop in person worship due to COVID-19. Mother Tracey taught us how to use Zoom so that our bible and book studies could continue, and even our Daughters of the King chapter is meeting on Zoom now. We are helping Longview Community Ministries feed our community with weekly collections of canned fruits and vegetables. We began worshipping in person again in early August as well as continuing to stream our services for our community.

### **St. Francis, Tyler**

Since last November St. Francis continues to reach out to the greater community. We have participated in the Church Under a Bridge initiative by providing monthly lunches in which we are in our fifth year of doing so. COVID-19 has not stopped that ministry! We have been unable to meet with our neighborhood community but as soon as we can, we will! Our missional community, The Well, has been renamed St. Clare's and is now under the pastoral oversight of the Bishop Diocesan. We give thanks for that community and pray for it's continued growth and impact in the local community.

COVID-19 has given St. Francis the opportunity to be agile. With a C-clamp, a knife, and a tripod we recorded our services. Now we have a quality camera and are currently livestreaming every week. We also have Mass in the Grass, an outdoor Liturgy of the Word service, and an indoor service that we livestream. We have taken this opportunity to make various improvements to our church buildings by painting the interior of the main church building, and renovating the youth and adult ed rooms, among many other minor improvements.

We are looking forward to coming together in a post COVID-19 world with open minds. We know that we all have been impacted in some way by the events of the previous year and are looking forward to what that means in the coming years.

St. Francis Church continues to seek growth in our relationship with God, our neighbors, and each other. In a prayer we say every Sunday, we pray in part that, "We seek [God's] wisdom, discernment and guidance as to how we may serve [God] best and to [God's] glory." Together we got this, with God's help.

### **St. Matthew's, Henderson**

1. Attendance- stable- appx. 30 avg. prior to pandemic -currently avg. in person- 10; virtually- avg. 30 during the week.
2. Two new families active part of church life. Two more potentials.
3. Ministry-
  - a. Enhanced Pastoral Care- COH # lay chaplains trained and serving- 4 parishioners- as pastoral care team
  - b. Lunches with 3 young college aged young women.

- c. Stewardship financial campaign- utilized Face Book live for videos, preaching, calls, and letters, thank you to those who pledged; together produced more pledges in number and more money pledged than in 13 years.
  - d. Adult Sunday School continues observing guidelines.
  - e. Active DOK as intercessors internally and in community.
  - f. Pumpkin Patch outreach ministry month of October- modified to meet guidelines. Sold out of pumpkins before the end of the month. Bake sale best of 13 years.
  - g. Other active outreach- Jesus Closet, Walk with the Doc., monthly craft night. Developing ministries- Women Who Pray- engaging women of different cultures; Band of Brothers.
4. Financially better than solvent with healthy reserve funds; added Pay Pal as method for donations and contributions; investing in and with new Capital Hall in EDOT, predicting much better return of interest; giving to charity/no-profit both Open Plate and from Outreach- Pumpkin Patch.
  5. Communication and technology expanded- Face Book live for virtual Sunday and Evening Prayer; You Tube acct. pending, parishioners writing/calling each other for encouragement, Zoom meetings to reconnect, revision of website, thankful for technology grant from EDOT. Improved system in sanctuary.
  6. Care of property and maintenance of campus updated.

### **Trinity, Longview**

As for all churches, due to Covid-19, 2020 has been a year of adjustments for Trinity, Longview. We worshiped online only from March till the end of June, as we sought approval for our regathering plan and date. We worshipped in person (with a continued online presence) on June 30, and then made the decision to go back to online only until August. We went through a similar process working with the board of our parish school, the Trinity School of Texas, about safety procedures, including a delayed start and the canceling of all fall sports. We secured a PPP loan and took advantage of the assessment grant to ensure cash flow. Through a grant from the diocese and several generous donors, we were able to improve our capacity to offer online worship, once we were back in the building with precautions. We established a network of laypeople to call those who were not able to get to church. We arranged for zoom meetings for our weekly Bible study and Wednesday study groups. We did a complete replacement of our roof during the summer, online only months. We redesigned and launched a new, seeker-friendly website. We worked with a search firm to find a worthy successor to Gary Whitwell, our head of school, a member of the parish who retired in June. After a nationwide search with a professional search firm, we have hired Dr. Doug Stump. Doug will begin his work at the school in February. We are nearing the end of the process of calling a second priest with extensive experience in school chaplaincy, who will work with our families with children and serve as chaplain to our school, as well as working with families with children in other area schools. As of this writing, we have had a first reading of a balanced budget, which includes funding for the second priest, and we see ample evidence that the needed income will be available to take this bold step forward in achieving our vision. With changes in diocesan policy, the rector has been engaged in



a series of porch visits, and we are retraining our Eucharistic Visitors. Right before Covid-19 struck, we had adopted a new committee structure, focused on achieving our hope-filled vision for the future. We have given each committee a clear mandate, appointed chairs, and are about to begin a strategic planning process to refine and make more specific our plans to carry our mission, building on the vision and initial action steps already identified by the Vestry in our last two retreats.

Mitch Tollett, Dean

## **NORTHWEST CONVOCATION**

### **Christ Church Temple**

This has been a transitional year for Christ Church, Temple, in many ways. We started the year bringing in an Interim Rector, Janice Krause. And ended the year with empty pews. Like most churches, the 12 months have been a bit of a roller coaster. The pandemic brought out the best in the parish. The Staff and Vestry quickly pivoted. We brought in a dedicated fiber optic line and added new technology. Our 9:00 online offering is a traditional service with music, no Eucharist. Our 10:30 outdoor service is a simplified Eucharist.

We offer daily noonday prayer, Wednesday Liturgy of the Word, small groups, Christian Ed., and meetings online. We have about 40% participating at least once weekly in non-Sunday morning activities. Christ Church also joined the Racial Justice conversation hosting Traces of the Trade, and various book studies including *Waking Up White* and *America's Original Sin*. We have been blessed to gain new members online and in person. We're practicing Invite, Welcome, Connect. Pastoral Care has been beefed up. All in all, the pandemic has brought us closer and opened many new avenues for creativity.

### **Episcopal Student Center-Waco**

The Episcopal Student Center-Waco had a strong start to the 39<sup>th</sup> year of its current assembly. We inducted four new members and looked forward to one of our largest graduating classes in history as the lockdown changed our landscape, so we said "Congratulations!" to our seven graduates and embarked on our journey to the wild web and Zoom.

The fall semester saw us in contact with three new first-year students and new student leadership. We saw growth due to our online presence and consistently had 20 people taking time to watch our videos online; one of our "Welcome to Baylor" videos was watched over a thousand times.

We began our capital campaign with a substantial lead gift and look to 2021 to see a significant renovation to the Thompson Canterbury House!

## **Holy Spirit Waco**

Holy Spirit, Waco, began the year growing but quickly had to adapt to a life- and church-changing pandemic. The process was painful and exhilarating. Painful, because we had to *stop* doing so much of what we love. Exhilarating, because we got to explore so many other avenues of ministry. We have grown into this new whatever-this-is-that-isn't-normal, adapted to online worship, cared for our congregation, and reached out to our community. Our Drive-Through Trunk-or-Treat served over 1,000 people on Halloween. We look forward to a year of challenge and renewal.

## **St. Christopher's Killeen**

The Parish has continued to prosper despite the ravages of Covid-19, and the unrelated loss of key members, including the unexpected rather loss of our long-time bookkeeper and treasurer, late last Fall. We miss each other, but faithfully follow the Virus protocols. Many faces are not often seen, and Sunday attendance does vary quite a bit, but our FB Live programs have good "viewage" (is that a word?), and our spirits are still relatively high.

The work on our site contuse, although at a slower pace. The development of a coherent and workable, vision for service to our church community, and to Killeen, is still in development, but we are a loving and motivated congregation. 2021 should be a good year of rebuilding and new direction, using technology and other outreach options.

## **St. Alban's Waco**

St. Alban's Waco ended 2019 with joy, full of hope for 2020. Christmas Eve services were packed, with the highest Christmas attendance since the 1960s. We were putting the finishing touches on "Our One Foundation," a \$6 million campaign to build a new Parish Hall, parking lot, and Welcome Center. As we entered 2020, our ministries, both within the church and to the wider community, were flourishing. Our part-time newcomer coordinator became our full time Connections Coordinator, handling communications, volunteers, and newcomers. Our former curate, the Rev. Neal McGowan, began his first full year as our Assistant Rector. On Shrove Tuesday, February 25, 2020, we marked a major milestone with the dedication and consecration of our new Welcome Center and Parish Hall with the Rt. Rev. Kathryn Ryan. Over 300 guests gathered for our traditional pancake supper, along with a Cajun feast and brass band. The following two Sundays, our new spaces transformed the way we were able to do ministry.

And then everything changed. Due to the coronavirus pandemic, services for Lent 3 (March 15) marked a St. Alban's first: a livestream-only Sunday. Our first foray into livestreaming was shaky at best. But we quickly adapted, improving the broadcast and re-thinking liturgy for digital church. We also began providing Morning Prayer every weekday via livestream on Facebook. Previously, before the pandemic, we offered Morning Prayer in the church every weekday. These services were typically attended only by the officiant. Online, however, we found we were gathering 10 to 20 people on a regular

basis. This is one of those online ministries that we plan on continuing even once the pandemic is over.

The year was full of more firsts: our first online VBC (welcoming kids from around the country), our first use of livestreaming for funerals and weddings, and by October 2020, our first outdoor services at the church. We discovered that our new parking lot, part of our 2019 expansion, was perfect for al fresco worship.

In March 2020, in the early days of the pandemic, an anonymous Episcopalian surprised us with an unsolicited \$3 million gift, the largest single gift in parish history. The vestry, clergy, and congregation were astounded at this level of generosity. The vestry wisely decided to use the monies to retire the debt on the recently completed construction project. This freed up the future stream of pledges to go towards the second phase of our Master Plan.

In November 2020, the vestry made the decision to move ahead with this second phase of the Master Plan: the renovation of the church. With \$600,000 in advance gifts and \$1.25 million in existing pledges from Phase 1, the vestry approved “Renew & Restore,” a capital campaign to raise the remaining \$650,000 needed for the \$2.5 million project. The centerpiece is a new organ by a world-class builder: Schoenstein & Co.’s Opus 180. The church renovations—new tile flooring, an updated narthex and restrooms, better lighting and sound, livestreaming equipment, and more—will be completed by late summer 2021, just in time for the organ installation in fall of that year. At this writing, 115 households have pledged \$686,015, or \$36,015 above our goal.

In 2021, St. Alban’s will celebrate 75 years of ministry in Waco, Texas. We are grateful for the service and sacrifices of those who planted our church, and for the opportunity to build on their legacy for generations to come.

## **St. Francis, Temple**

Well, this has been fun.

St. Francis started off the year, just as we had ended the previous year, with all hands on deck, and with plans and projects galore! We had been seeing small but steady increases in attendance, giving, involvement in the community, and excitement. And then came COVID.

Technologically, we have struggled this past year. Our church is located in a cell phone “nearly dead zone,” and our internet connections have proven spotty at best. This made for a trying time to decide how best to live stream Sunday worship, and made “broadcasting from home” the most attractive offer.

But, a number of reduced circumstances weddings, a phone tree that involves the whole congregation for pastoral care, online classes for formation, and the steady and faithful engagement of our parishioners makes for a continued presence in the lives of our

members, and in our community. St. Francis school engaged in innovative ways to continue to teach and form character. One bright spot was the engagement of a Summer Intern, a college student who helped develop an ex-students' association.

And as the year comes to a close, we find that there is tremendous support to continue to engage in these new forms of ministry, worship, and formation.

### **St. Paul's Waco**

St. Paul's, Waco began 2020 with the news that our rector needed to begin medical disability leave. This painful news was of course compounded by the onset of COVID-19. Throughout this year though, God's presence and grace has been felt and seen. Parish leadership quickly adapted to what would be needed to ensure worship and ministry continued—although in different ways. Technology investments were made and program staff collectively rethought how vital ministry could happen. 6 baptisms took place throughout the months of August-September (one baptism a week outside in the courtyard). School supply and food drives offered an opportunity for parishioners to serve those in need around us. While this kind of creative and flexible work remains challenging, St. Paul's continues to bear witness that God is still with us and so we remain open to do the work God has given us to do in downtown Waco.

### **St. Martin's, Copperas Cove**

God continued to show his faithfulness through the hard-working efforts of the parishioners at St. Martin's this year. Ordination to the priesthood was held in January 2020 and the Reverend Beth Woodson was made Vicar for St. Martin's. In June of 2020, Judy Harris was ordained to the permanent diaconate and was assigned to St. Martin's to serve in the capacity of our Deacon. Her arrival in August along with her husband Paul have been a welcome addition.

The church continued to reach out to the community by allowing our facilities to be used for NA/AA and MS support groups. This was changed to a virtual format for the MS support group with the COVID-19 recommendations for no in person meetings. St. Martin's had entered a float for the Veteran's Day parade held in Copperas Cove, but this event was canceled due to COVID-19 restrictions

As an outreach offering, St. Martin's provided a turkey and groceries at Thanksgiving for families of 25 students from our elementary school nearby. This will be repeated during the Christmas holidays. Our Daughters of the King Chapter provided sheets and towels to the local Cove Shelter in support and collaboration with their ministry.

Towards the end of 2020, the average Sunday attendance at St. Martin's was 18. Given our switch to a virtual format in March, we found new people participating with us at a distance from as far away as Germany, to all around the US. From July to October, we were able to hold outdoor services to be able to safely distance from one another. We have been able to maintain fellowship and communication through newsletters, virtual services, Zoom coffee hours and Book Studies as well as pastoral visits held outdoors.

Our children's ministry continues to grow and currently averages 18 children, ages 2yr to 12 yrs.

The parishioners of St. Martin's have faithfully come together this year to maintain an Episcopal presence for our community. We have managed to convey that the "church" is not the building but the essence of our community and fellowship we share together in worship and service. We will continue to reach out with God's grace and sharing the love of Jesus with our neighbors, family, and friends.

Aaron Zimmerman, Dean

### **SAN JACINTO CONVOCATION**

The clergy of the San Jacinto Convocation meet the first Wednesday of each month for worship, lunch, and fellowship. We gather for Holy Eucharist, have a "Check-in" concerning happenings over the past month, offer encouragement, collegiality, and support to our members, and engage in conversation relevant to our life and ministry.

This past year Bishops Doyle and Fisher met with the Clericus on several occasions.

We meet in several of the parishes during the year with every other month holding the meeting at Trinity, The Woodlands (the most central location within the convocation). On the alternating months, we travel to host parishes and enjoy their hospitality and have the opportunity to see other facilities in our Convocation.

Some changes within the churches of the San Jacinto Convocation in the past year (2019) include:

- The Rev. Deacon John Vancamp and the Rev. Elisabeth Rhoton (Curate) were assigned to Trinity, The Woodlands.
- The Rev. Roman Roldan became Rector of Saint Dunstan, Houston
- The Rev. Lecia Brannon became Rector of Saint Mary's, Cypress
- Saint Stephen's, Huntsville is without a Rector at this time. The Rev. Kellaure Johnson became Transition Minister for the Diocese of Texas.

Any mistake or omission to this list is the responsibility of the Dean.

Gerald Seveck, Dean

### **SOUTHEAST CONVOCATION**

#### Holy Trinity Episcopal Church – Port Neches

Holy Trinity congregation along with The Rev. Mark Chambers has held our own this past year. 2020 has been a different year with plans and activities that have flipped everything we thought we knew about ourselves and ministry.

The day before Thanksgiving 2019 the TPC chemical plant exploded and our building that sits one mile away sustained damage from the shock wave. Shortly after a second blast a mandatory evacuation was issued for our area. It took 9 months and \$92,000 dollars to complete all the repairs.

We hosted a Breakfast with Santa inviting the community for a free breakfast, photos with Santa and as part of our giving tree program collected over 25 new bicycles for orphans and children of prisoners. In January along with the Southeast Texas Civilian task force and the Diocese performed a house blessing for a family whose home was destroyed in Hurricane Harvey.

In March we transitioned to online worship following guidance in response to COVID -19 measures. We had a surprising response to our new online worship seeing numbers and names of people that have never stepped into the church building worship along with our regular members.

August the church was shut down due to Hurricane Laura as we were under mandatory evacuation orders. On Sept 4<sup>th</sup> St Luke's on the Lake brought supplies and relief money to be distributed. After supporting our community, the remaining supplies were distributed to SETX Civilian Task force to be taken to Lake Charles to further help in relief efforts. Support came from all over the Diocese to help in these efforts.

On September 6<sup>th</sup> the Church re-opened to in-person worship and continued to live stream our services to family's that chose to continue to worship online. On October 17<sup>th</sup> we hosted a Fund Raising Link sale for a member that is battling cancer. We raised \$3,600 and sold out an hour earlier than planned.

On October 31<sup>st</sup> we held our Drive Thru Trunk or Treat and had had a great community turn out. Our community gathered food to support Thanksgiving meals for the Community Care and Prayer Outreach Center. Through a member in our congregation we collected money to send to Nicaragua for relief efforts after they have been battered by Hurricanes Iota, we understand the needs and extended help and prayers for their recovery efforts. We continue to support local and remote recovery efforts with donations supporting SETX Civilian Task Force, the Cajun Navy, Cajun Cooks, and other organizations that are supporting local communities after all the storms and disasters that have affected the Central Gulf Coast this year.

The Holy Trinity community continues to learn and grow into these new expressions of ministry. We are learning how to respond to all calls for help and prayers continue to support and build the Kingdom of God here on earth, in our community and to all the world.

### St. John's Episcopal Church - Silsbee

St. John's was in planning mode as 2020 rolled around. First was Bishop Fisher's visit in late January, followed by a late February stop on the Rev. James Derkits' debut concert tour for his new CD "Love One Another."

Both events included virtually everyone in the congregation in some aspect of planning, promotion and execution. The concert, in particular, was a great opportunity to invite the wider community to St. John's. Many who had attended our second annual Christmas Jazz at St. John's concert just two months earlier joined us for Love One Another.

Our Wednesday morning book study opened the year with "The Way of Love." Following the suspension of in-person gatherings, the group resumed its gatherings online with a study of the Acts of the Apostles.

When in-person gatherings were suspended, we pivoted quickly to Zoom gatherings. On one Sunday, our Zoom congregation included visitors from London, Tokyo and Washington state. In fact, our visitor from Washington, who grew up in Silsbee and was baptized at St. John's in her youth, continues to join us most Sundays and considers St. John's her church. We certainly consider her part of our community.

When there was a shortage of masks, two members began sewing face masks for family and friends. They then offered masks to members of the congregation. As demand grew, they put out the call for fabric, and other members responded. Before long, some were donating cloth, others were donating funds to support the effort. Some were cutting, while others were sewing or delivering finished masks to responder organizations. At last count, they had sewn and delivered 1,300 masks to responder and non-profit groups throughout Hardin County and the wider region.

We've now re-gathered, though some have continued to join us virtually, and we've continued to refine our online offerings to ensure those who can't join us in person are able to access our activities.

#### St. Mark's Episcopal Church – Beaumont

The 2020 highlights for St. Mark's include giving over \$30,000 in grants back to the community and \$17,000 to our Outreach Ministries. This comes from our annual Chili Supper and Bazaar and our Treasure House resale shop. We have also overcome obstacles and learning curves thrown at us by COVID-19, transitioning from in-house worship to live and recorded online services, then back to doing both. From those learning curves, we are upgrading our audio/video equipment to better serve our parishioners and community through online services. St. Mark's has also gained a Curate, Deacon Clint Brown, who has been a wonderful addition to the staff, and who has been a great help in the transition from Rev. Tony Clark retiring in August and Rev. Mark Crawford becoming our Interim in September. One final highlight to 2020 is that we did not have to cancel our Annual Chili Supper! We thought outside of the box and held our first ever Drive-thru Chili Supper. It was a great success!

#### Trinity Episcopal Church - Anahuac

Prior to the pandemic, our church had plans to hold our annual fish fry in April and perhaps hold a one or two day vacation bible school in June. We also had to postpone a visit from

Jonathan Blaker to give us financial advice on how to best invest some funds. We look forward to doing all of those things again as soon as it is safe to do so! Post Covid, it has been an inspiration to watch how our little parish responded to “remote church”. Like many others, we knew little about Zoom and week by week we worked through it, sometimes smoothly, sometimes not. But in the end, *worship happened* and we found a new way to be together that is now an option moving forward. We have also been streaming live on Facebook and plan on keeping that as a regular offering. Since returning to in person worship in late September, our attendance has been good. Due to pre-existing conditions, we still have some parishioners who feel safer at home doing virtual worship. As Advent approaches, we will ask for RSVPs regarding Christmas Eve since our space is very limited; if necessary we will have two services. Finally, many thanks to the committed servants in our church who continued to support Trinity these last several months with their time, talent and treasure. It is a blessing to serve alongside such a generous group, We may be small in size, but we are big in faith.

#### St Paul’s Episcopal Church – Orange

Despite so many challenges facing us in the past year, the people at St. Paul’s have remained faithful and await the new year with anticipation and hope. After the onset of Covid-19, we chose to stream our service online and purchased additional equipment to do so. We opened back up for in person worship in August and have continued to live stream our service because we have reached so many people who had not previously attended our church. Several members of our congregation attended Community of Hope training and are now using their pastoral gifts in the community. As everyone is aware, Hurricane Laura severely damaged many homes and businesses in Southeast Texas and Southwest Louisiana. Our church sustained roof damage and we are working to complete those repairs. We have been able to reach out to many members of the community and provide assistance to those which were affected by the storm. We also provided a financial gift to the City of Refuge which is a shelter for veterans and whose facilities were damaged by the storm. Members of our congregation know the importance of Christian education and many members are graduates of Education for Ministry (EFM). One of these graduates, Margaret Light, recently went through discernment and has been accepted into the Iona School for Ministry in the diaconate track.

#### Trinity Episcopal Church – Jasper

Things are going well here at Trinity Jasper. Although the hurricane caused some damage to the church, we continued to worship in our parish hall. We have continued to be involved in outreach activities here in our local community. We provide breakfast to law enforcement officers here in Jasper County as a way of thanking them for the job that they do. In addition, we have adopted several families from Head Start and provide them with many needed items. Also, we have been able to make financial donations for our local Food Bank to help ensure that families in our area do not go hungry.\_



## St. Paul's Episcopal Church – Woodville

The congregation at St. Paul's is continuing to be faithful and continues to worship in the face of the pandemic. Two supply priests are serving at St. Paul's and the congregation is attending Morning Prayer on the other two Sundays. St. Paul's actively supports Caring is Sharing which is a food pantry located in Tyler County. The congregation also actively supports the Angel Tree Project and continues to operate its resale shop. Proceeds from the resale shop is directed to community outreach throughout Tyler County.

Keith F. Giblin, Dean

### **SOUTHWEST CONVOCATION**

In a year where blessings might seem in short supply, upon taking stock, God's. abundance characterized our life with Him as it does any other. Indeed, God most certainly not forgotten us. And there is abundance to appreciate even in the most trying of seasons.

The year began with The Reverend Brendan Kimbrough leaving St. Tim's and subsequently leaving the Diocese in March. St. Timothy's was blessed with the Reverend Genevieve Razim being called as their Interim Rector. And God called away two more among us; The Reverend Lecia Brannon & The Reverend Sharon Cox. Lecia Brannon served as Calvary, Richmond's Curate, then Associate Rector and finally as Locum Tenens before being called as St. Mary, Cypress', Rector. And having ably served St Mary's, West Columbia, as their rector Sharon Cox answered a new call to serve at St. Martin's, Houston. Both are already missed tremendously. The year ended with The Reverend Robert Dohle retiring as Rector of St. Paul's, Freeport after a rather fulfilling call there. He is still very much active at the Peach Street Farmers Market, though.

We are so very honored to welcome The Reverend Ralph Morgan having been called as Calvary, Richmond's new Rector. And in Reverend Dohle's stead, The Reverend Christopher Weis was called as Deacon in Charge of St. Paul's. And finally, St. Catherine's of Sienna called her new Rector, The Reverend Andrew Ellison. The Lord has, indeed, seen fit to bring in our midst excellent colleagues with which to serve in the years to come.

The year was challenging, no doubt, but hardship and blessing seemed never too far from each other. All of us, from smallest to largest, bolstered our technology capabilities out of necessity. So many of us are now adept at livestreaming; having YouTube channels and robust Facebook pages. For instance, in West Columbia, Sharon Cox conducted Wednesday evening Compline from March to September. At Mary's in-person services resumed at the end of June. And since Reverend Cox's departure, The Reverends Paul Wehner, Jim Abernathy & James Morgan have generously served as supply priests. St. Mary's is in very loving hands.

St. Mary's continues to serve the community through its Community Assistance

program, by helping the food bank at *Iglesia Centro Cristiano* with a weekly donation, through her Angel Tree Project. Also, St. Mary's sponsors a number of 5<sup>th</sup> graders from West Columbia Elementary so they can attend the Discovery Program at Camp Allen.

Christ Church, Eagle Lake, continued its remarkable Summer Lunch Outreach ministry which served over 1700 lunches with the help of a dozen volunteers from across the community, this year modifying their delivery to drive -thru pickup instead of home delivery.

All Saints in Stafford, began forging new relationships during the shutdown, most notably with the Montessori School with which All Saints shares a parking lot. Each Tuesday, called Terrific Tuesday, All Saints treats the teachers of the Montessori school to cookies. These Tuesdays quickly expanded to the Middle school across the street from the church in supporting the staff and students with school supplies, and cookies too.

When things were shut down All Saints bolstered its technological capabilities enough to where they could livestream Stations of the Cross and offer an labyrinth walk among other services and studies. They are currently in conversation with a website developer to improve their website and working on a new church logo.

Calvary in Richmond was able to resume classes in their esteemed school in August, offering both on-line and in-person options. By years end they have 80% of its student body back on campus. And timing was such that the school welcomed Mrs. Elizabeth Dow as its new Head of School.

In the myriad of sacrifices made this year, Calvary's traditional Thanksgiving meal was ended. Calvary can be very proud, as it has served as many as 1100 neighbors and friends. Her reach to the community did, however remain robust. Over 160 people received ashes and blessings through Ashes-to-Go. And up until the time this ministry was put on "hold" in April, Calvary's Laundry Love ministry washed and dried 1,690 loads of clothes. Additional needs of the community were identified by way of Laundry Love; 200 pairs of Bombas socks, 30+ toothbrushes and toothpaste, 60 boxes of Kleenex.

Cavalry also provided housing for one week for two homeless families, repaired a washing machine, fixed someone's car brakes and at Christmas gave away 20 \$20 Walmart gift cards. The Reverend Nancy Wilkes also served as clergy oversight for an 8-week session of Walking the Mourner's path held in January and February of 2020.

And remarkably, Calvary raised nearly \$400,000 in grants and endowment funding, (plus member donations above pledge) to complete the renovation of its parish hall, solarium, conference room and one set of restrooms. In addition, the church was blessed with a grant to repair and protect its 23 stained glass windows and that work is complete.

Holy Comforter in Angleton, too, opened her school doors in August after calling a new Head of School; Mrs. Annette Jones. Since her arrival in the Summer she has added a new pilot Kindergarten class which is already proving a success. The Peach Street Farmers Market hosted its first "Night Jams" in June which is music festival devoted to

Texas Country Music. As well, the parish began a new food ministry, bolstering its food pantry with already cooked and portioned meals for those who are low on time and energy.

The year proved a wellspring of small victories and redeeming moments despite all that happened around us. Even when the doors were closed, ministry kept happening. God kept happening.

Since March we have held our clericus meetings on-line, being most wonderfully led by Dr. Maureen Bacchi. (we are so fortunate to have her), and will continue to do so until we feel safer meeting face to face once again. We are a tight group and long to be with each other again.

Travis Smith, Dean

### **WEST HARRIS CONVOCATION**

The West Harris Convocation was blessed to be able to gather in person thrice before the effects of the pandemic forced us to move to online meetings. In November of 2019, we gathered for Noonday Prayer and lunch at Epiphany Episcopal Church, Houston for a large and joyful gathering. In January, St. Martin's Episcopal Church, Houston welcomed us to share in Noonday Prayer and lunch. In early March we prayed Noonday Prayer in the Nave of Ascension Episcopal Church, Houston and then enjoyed their hospitality for lunch. That gathering included an anticipatory discussion of what the Covid-19 virus could mean for our ability to hold in-person worship in our parishes. Soon thereafter, we all learned of the necessary shifts needed to promote safety and health in our congregations. Thenceforth, clergy in the West Harris Convocation were in regular communication with two formal gatherings taking place over Zoom in September and November. We continue to support and pray for each other in this uniquely challenging time. I am blessed to serve with a wonderfully faithful and devoted group of clergy.

The following clerical changes that have occurred since reporting for Diocesan Council in 2019 are as follows:

Christ the King Episcopal Church called The Rev. Wendy Wilkinson as Vicar

The Church of St. John the Divine, Houston called The Rev. Gill Keyworth as Deacon

Hope Episcopal Church, Houston called The Rev. Michael LaRue as Priest-in-Charge

Episcopal High School, Houston called The Rev. Art Callahan as Chaplain

The Nigerian Community of Houston is being planted by The Rev. Ngozi Emeka

St. Stephen's Episcopal Church, Houston called The Rev. Hannah Pommershein as Curate

St. Martin's Episcopal Church, Houston called The Rev. Sharron Cox as Associate Rector

St. Andrew's Episcopal Church, Houston called The Rev. Jeff Bohanski as Deacon

Joshua T. Condon, Dean

## **CAMP ALLEN CONFERENCE AND RETREAT CENTER**

### **Division of Diocesan Camps**

Camp Allen had over 35,000 visitors last year including over 3,000 youth. In spite of covid19, Camp Allen stayed open most of the year, hosted a reduced summer camp, and modify all facilities for safety reasons. Camp Allen reduced their full time staff by 10 people and eliminated all contract/part time positions. This year still had many accomplishments hosting a week long clergy conference with 50 clergy per day, a Wounded Warriors conference, and reduced in size Labor Day Family camp. Over 395 events were cancelled or postponed.

Camp Allen is celebrating 100 years in 2021 with an on campus celebration on May 1<sup>st</sup>. The Centennial campaign has raised \$13.5 million and included 21 projects. The most extensive project is the camp wide dining hall for Campsite 4. This complex has been named The Bishop Doyle Center.

The Camp Allen budget for 2020 was \$7,100,000 with a net surplus of \$250,000 before depreciation. The 2020 year will end short of the revenue goal by \$2.5 million due to COVID. The Diocese, our donors, and the PPP loan have bridged that gap allowing Camp Allen to avoid significant layoffs. The summer camp program is expected to rebound in 2021 with the distribution of a vaccine. The rate for a week of camp in 2020 is \$768. Camp Allen continues to closely survey its guests and to emphasize its theme of "Awaken Your Spirit in the Piney Woods."

George J. Dehan, President

### **2019 Audited Results**

#### **Revenues:**

Conference Center Fees	\$3,520,188
Summer Camp Fees	1,165,049
Campsites and Cabins	539,938
Discovery Fees	862,577
Gift Shop Sales	128,997
Contribution/donations/events	776,120
Equestrian and other income	175,093

**Total Revenues** **\$7,167,962**

#### **Expenses:**

Program services	\$7,146,082
Management and general	\$663,589
Fundraising expenses	\$314,823

**Total expenses (less depreciation)** **\$7,134,996**

**Net change in assets** **\$32,696**

George J. Dehan, President

## **CHAPLAINS TO THE RETIRED**

### **Austin, Central and Northwest Convocations**

I am thankful to serve as chaplain to the retired clergy households residing in Austin, Central, and Northwest Convocations.

This group consists of 161 persons living in 103 households. We have 76 retired clergy persons, 55 of whom have spouses. And we have 29 clergy widows/widowers. 57% of our folks are canonically resident in the Diocese of Texas and 43% are from various other dioceses.

Most of the past year has been challenging for everyone. I know many had looked forward to a wonderful Retired Clergy Retreat at Camp Allen. This retreat was cancelled due to the Corona Pandemic. But I am very thankful several retired folks were able to attend Bishop Ryan's Christmas Parties in Austin and Waco. And more than 50 persons attended the annual Austin Area Retired Clergy Luncheon held January 16, 2020 at St. Matthew's Austin. A special thanks goes to Haley Townsend for support and assistance in pulling together the luncheon. Bishop Ryan was warmly welcomed; everyone enjoyed getting to know our new bishop and her vision of ministry in Central Texas area. A good time was had by all; little did we know that these would be the last social events any of us would attend in what is turning out to be quite a long while.

The Church Pension Group (CPG) continues to provide wonderful support to all church retirees and I encourage any retiree to check out the CPG webpages and take advantage of the very informative articles, podcasts, and videos. I try to send emails to my group of retirees informing them of especially helpful CPG items as well as communication around especially challenging pastoral issues.

Every person in our group gets a birthday card and, when I learn of illnesses and deaths, I am able to support folks with a phone call, e-mail, or condolence note. I also notify our bishops when I learn of particular issues facing any of our retired folks. In previous years I have attended several funerals but that is, of course, not possible this year.

Again, I am thankful to serve in this position. It is especially a privilege to serve with our other Diocese of Texas Chaplains. We meet (zoom) regularly with Bishop Fisher and I am grateful for his care of us. A special thanks goes to Kathy Dunn in the Tyler office. Kathy is always so very helpful and encouraging.

Janne Osborne, Chaplain

### **East Harris and West Harris Convocations**

Chaplains to the Retired are a ministry of the Church Pension Fund. In the Diocese of Texas there are currently five Chaplain Couples under the supervision of the Rt. Rev. Jeff Fisher. Our responsibility is for all retired clergy and families living in the East and West Harris Convocations, whether canonically resident in the Diocese of Texas or not.

As has been true for all of us, 2020 proved to be a challenging, busy year. When Covid-19 broke out, the Pension Fund asked us to contact all our retirees to see how they were faring. We made 103 contacts and learned that, at that time, only one retiree had contracted Covid. Fortunately, good treatment was received and that person recovered.

In the early summer the Pension Fund initiated a Fraud Watch Alert in conjunction with AARP and we were able to contact 101 retirees to help them protect their personal information.

In addition to these two programs, since last December, we attended three virtual meetings with Bishop Fisher, four webinars with the Pension Fund, mailed 135 Christmas cards, 133 birthday cards and two condolence cards, made one hospital visit (in January before COVID) and attended two funerals (in January and early March).

Before COVID disrupted our lives we managed to have seven direct contact with fellow retirees and since have exchanged numerous notes and emails. Unfortunately, the Camp Allen Conference for Retired Clergy had to be canceled this year, but we remain hopeful that we may be able to resume that gathering in 2021.

In closing, remember that the Church Pension Fund is much more than a retirement fund. It is a major part of clergy wellness and is concerned that those who serve the Church are cared for in body, mind and spirit, as well as financially.

John R. Bentley, Jr., Chaplain  
Pamela Z. Bentley, Chaplain

### **Galveston and Southwest Convocations**

Our second year as chaplains to the retired has been different to say the least. This is a program ministering to retired clergy and their spouses and to surviving spouses of deceased clergy who live in the Galveston and Southwest Convocations. Face to face gatherings have all been put on hold as the pandemic has flourished in our area.

The one gathering, a Christmas Party hosted by Bishop Doyle, was held in December for the retired clergy in the southern region of the diocese. Sam and I missed that event as he was in the hospital at the time. Other gatherings had been planned but were cancelled as we sought to deal responsibly with the growing threat of COVID-19. The chaplains

have met several times over Zoom to discuss what we are doing and to develop plans for keeping in touch with the retired folks in new ways.

We are supported by Bishop Fisher's office as well as The Church Pension Group in New York.

Although planned conferences were cancelled, we have met with Bishop Fisher's office and other chaplains from around the nation through video conferencing.

We minister to 31 retired Clergy and their families in the Southwest and Galveston Convocations, and 8 surviving spouses of deceased clergy. In the past year we have sent 89 birthday and anniversary cards. Pastoral calls have been by phone this year because of COVID-19. I have spoken to most retirees and spouses by phone to see how they are faring and if they have any needs during this time of social distancing. We have sent out newsletters both by email and snail mail for those who do not have email. We also began to send out ecards for various occasions such as Easter and Thanksgiving.

We are looking forward to our ministry in the coming year and hopefully some in-person activities as we move past the COVID era.

Nan L. Doerr, Chaplain  
Samuel P. Doerr, Chaplain

### **San Jacinto and Southeast Convocations**

We serve as Chaplains to the Retired in two convocations: Southeast and San Jacinto. Since we are located in the Beaumont we are well acquainted with the retired in our convocation, and as time goes by we are becoming more acquainted with the San Jacinto folks.

There are approximately 40 retired clergy and surviving spouses in our two areas. We have tried to faithfully serve them in a variety of ways:

- Sending personal birthdays cards.
- Sending special occasion cards, get well cards, and sympathy cards when appropriate.
- Pastorally following up on situations with phone calls, encouragement and prayers and offering support to the family
- Making calls alerting retirees of fraud prevention
- Making home visits pre: pandemic
- Attending funerals of those who have died
- Following hurricanes contacted all on our list with a personal phone call, a message, or an email etc. to check on whether or not they had been affected by the storm. Many responded back and were most appreciative of the contact.

Other things of special note:

Because of the pandemic we were not able to gather at Camp Allen for a Retired Clergy Gathering. It was great fun and informational, but this year is not the year to be having in person meetings with persons in our age range.

We have had several deaths that we grieved this year. Don Burrow, husband of Ann Choate Burrow died and we were able to attend his service. We both attended funeral services for two of our closest clergy brothers from Southeast Texas, The Rev. Jack Leighton and The Rev. Byron Crocker. Jack's wife had preceded him in death. Byron's widow, Terry, is now on our list to care for and communicate with.

Terry Crocker was turning 60 this year so we arranged a drive by birthday for this special day. Seeing the burrows and horses at Terry's ranch on a beautiful day was a high point for many of us.

It is always a challenge to have updated Retired Clergy and Surviving Spouses lists. We persevere in the midst of bounced emails, returned snail mail and phone numbers that have been disconnected.

Nancy and Bill DeForest, Chaplains

## **COMMISSION ON SCHOOLS**

Of the 56 schools in the EDOT, 55 were open for instruction (online, in-person, or both) by the end of September or before, and 1 was anticipating a re-opening in January. Earlier in 2020, The Jordan School, Crockett, was permanently closed by its Board of Trustees. The impact of the Covid-19 pandemic helps explain significantly decreased enrollment overall. The number of schools with fewer than 50 students, increased from 8 last year to 19 such schools this year. Median enrollment dropped from 110 to 75 students. Reported enrollment is always from the first day of classes for each school, so the numbers may have improved as the academic year progressed.

The Canonical duty of the Commission on Schools is to publish Standards for Episcopal Schools in this Diocese, give general supervision to those schools, and perform other functions regarding schools as the Bishop may require. The Standards for Schools are published in the Commission Handbook & Directory which is found via a link on the "About Our Schools" page of the Diocesan website. General supervision for schools in the Diocese is accomplished primarily via the Annual Report which heads of school and directors submit to the Commission Chair in October. Due pandemic precautions, the Commission did not have any site visits in 2020.

In a Diocese as large as Texas, one can expect some leadership transitions each year. Among our schools, 6 new heads/directors have been named since last year's report as follows:



**Beth Dow** - Calvary Episcopal Preparatory, Richmond  
**Gigi Khalsa** – All Saints’ Episcopal Day School, Austin  
**Annette Jones** – Holy Comforter Episcopal School, Angleton  
**Mellissa McCreary** – (Interim) Trinity School of Texas, Longview  
**Jennifer Morgan** – Trinity Episcopal School, Austin  
**Leigh Moss** – St. David’s Episcopal Day School, Austin

Opening enrollment for schools in the EDOT was 9,937 students, 1,386 fewer than last year. Episcopal schools in this Diocese currently employ 2,440 people, full and part-time, down by 47 from the previous year.

David C. Dearman, Chair

### Annual School Report Summary, 2020-2021

EDOT Schools Total Number of Students: <b>9,937</b>			
<i>Schools by Highest Grade Level</i>		<i>Schools by Total Enrollment Groupings</i>	
Preschool/Kinder (may include Infant-Kinder)	33	with ≤ 50 students	19
Elementary (may include up to 5 <sup>th</sup> Grade)	4	with > than 50 students and < 300 students	28
Middle School (may include up to 8 <sup>th</sup> Grade)	9	with > 300 students	9
High School (may include up to 12 <sup>th</sup> Grade)	10		
<b>Total Schools in the EDOT</b>	<b>56</b>	<b>Total Schools in the EDOT</b>	<b>56</b>

<i>Other Stats</i>	
Total Minority Enrollment: <b>2,292</b> (approx... 23%)	Total Number of Employees: <b>2,440</b>
Students Receiving Financial Aid: <b>1,513</b> (approx.... 15%)	

### Location of Schools by City

Angleton	Holy Comforter
Austin	All Saints'
	Good Shepherd
	St. Andrew's
	St. David's
	St. George's
	St. Mark's
	St. Matthew's
	St. Michael's
	St. Stephen's
	Trinity
Bastrop	Calvary
Beaumont	All Saints'
Bellaire	Episcopal High
Bellville	St. Mary's
College Station	St. Thomas'
Conroe	St. James'
Friendswood	Good Shepherd
Galveston	Trinity
Georgetown	Grace
Houston	Archway Academy
	Ascension
	Cathedral House
	First Steps Montessori
	Grace
	Holy Spirit
	Holy Trinity
	St. Andrew's
	St. Christopher's
	St. Cuthbert's
	St. Francis'
	St. Mark's
	St. Martin's
	St. Stephen's
	St. Thomas'
	St. Thomas' Preschool
	St. Thomas the Apostle
Killeen	St. Christopher's
Kingwood	Good Shepherd
LaGrange	St. James'
Lindale	St. Luke's
Longview	Trinity

Lufkin	St. Cyprian's
Marshall	Trinity
Missouri City	St. Catherine of Sienna
Nacogdoches	Christ
Pearland	St. Andrew's Academy
Richmond	Calvary
	St. Mark's
Round Rock	St. Richard's
Sugar Land	Holy Cross
Temple	St. Francis'
The Woodlands	Trinity
Tyler	All Saints'
Waco	St. Paul's
Woodville	St. Paul's

David C. Dearman, Chair

## **DIVERSITY AND INCLUSION IN PRIVATE EDUCATION**

In the wake of the protests of June 2020, and having listened to church members, school leadership, and the Episcopal Diocese of Texas alumni of color, Bishop Andy Doyle formed the Episcopal Diocese of Texas Task Force on Diversity and Inclusion in Private Education to prayerfully and thoughtfully look into how our schools can share with one another and improve strategy, policy, and curriculum to increase diversity and inclusion. To lead this effort, Bishop Doyle appointed Episcopal High School's Wayne Jones, Director of Community and Inclusion as the head of the task force.

Bishop Doyle sent a deep and moving letter to all schools in the diocese calling for justice for all their constituents. His letter outlined ways in which all Episcopal schools wanted to look from inside out, but most importantly, he let schools know that the task force was formed and highly recommended them to have representation. The overall goal of the task force is to look at each school and submit ideas and ways that each school can help achieve its individually goal of equality and equableness for all of its constituents.

Wayne Jones jumped at the venture and had openly asked each school to submit representation as Bishop Doyle requested. Ten schools responded to challenge from the diocese and some assigned multiple members. The first item on the agenda for the task force is to create a mission statement a plan of action of for gathering and interpreting information from individual schools. Also, individual members of the task force have been put into subcommittees and each subcommittee will be charged with a certain task.

With Bishop Doyle and Canon Chambers support and foresight, the task force will diligently work in the coming months to prepare present a document that is a working actionable guide for all the schools in the diocese.

Joe Chambers, Chief of Staff

## SEMINARY OF THE SOUTHWEST

Seminary of the Southwest forms men and women for the service of Christ in lay or ordained ministry within the church and the larger society. The seminary's vision is to be a community for formation and leadership within the church supported by a strength of program, endowment, and environment that assures excellence in theological and pastoral education.

The following core values describe what Seminary of the Southwest stands for and believes in.

- Hospitality: creating a common life that welcomes difference and ensures that all voices are heard
- Mutuality: nurturing a collaborative environment that promotes mutual inquiry and accountability
- Respect: cultivating the virtues of patience, justice, and charity, so as to affirm the dignity of every member of the community
- Rootedness: embodying the richness of the Episcopal and Anglican traditions in particular contexts, especially that of the American Southwest and its Hispanic cultures
- Celebration: glorifying and enjoying God in worship, prayer, study, service, and fellowship, so as to create a community of gratitude and gift
- Conversation: listening to and critically engaging a variety of cultural and religious voices in order to commend the Christian tradition and discover fresh wisdom

The primary commitment of Seminary of the Southwest is to the students' growth in the knowledge and love of God as witnessed in Holy Scripture, the Creeds, and in the universal and ecumenical traditions of the Church through the ages. The seminary's purpose is to foster Christian ministers who are faithful, imaginative, and skilled.

In the summer of 2020, the Very Rev. Cynthia Briggs Kittredge began her eighth year as dean and president. The focus of the seminary's leadership is the formation of Christian leaders in community for the vitality of the church and to advance God's mission of reconciliation. Dean Kittredge believes that critical engagement with scripture, tradition, and context, energized by imagination, and grounded in prayer is the center of formation for mission. Dean Kittredge is the eighth dean and president of Seminary of the Southwest. She was appointed in 2013 after serving on the faculty as the Ernest J. Villavaso, Jr. Professor of New Testament and as academic dean.

The seminary offers the following degrees and diplomas:

- Master of Divinity
- Master of Arts in Religion
- Master of Arts in Clinical Mental Health Counseling
- Master of Arts in Spiritual Formation
- Diploma in Anglican Studies

A total of 135 students enrolled at Seminary of the Southwest for Fall 2020. The 51 ordination track students are from the following dioceses: Alabama, Arkansas, Atlanta, Central Gulf Coast, Colorado, Florida, Fond du Lac, Lexington, Long Island, Louisiana, Mississippi, New York, North Carolina, Northern California, Northwest Texas, Ohio, Oklahoma, San Joaquin, Southern Ohio, Southwest Florida, Texas, Vermont, Virginia, West Missouri, Western Louisiana, and Western North Carolina

Seventy-seven percent of students received institutional financial aid for tuition through the seminary's scholarship aid and work programs. Nearly all candidates for the Master of Divinity degree received 100% scholarship tuition aid and work study grants.

The faculty is made up of twenty highly qualified, Christian scholars who hold faculty positions in Old and New Testament, Church History, Christian Theology, Christian Ethics and Moral Theology, Liturgics and Anglican Studies, Preaching, Church Music, Pastoral Theology, Spirituality, Theology and Arts, Leadership Formation and Vocational Pedagogy, Counselor Education, and Latinx Studies. The Faculty includes five administrators; the Very Rev. Cynthia Briggs Kittredge, dean and president; Dr. Scott Bader-Saye, academic dean; the Rev. Dan Joslyn-Siemiatkoski, dean of community life; Dr. Gena Minnix, director of the Loise Henderson Wessendorff Center for Christian Ministry and Vocation; the Rev. John Lewis, director of the Iona Collaborative; Nandra Perry, assistant director of the Iona Collaborative. The faculty includes the Black Religious Scholars Group Crump Visiting Professor—a position that is filled annually with a scholar who helps us provide more diverse course offerings and convenes conversations about race on campus. Additionally, over 12 professionals from the Austin and San Antonio areas teach adjunct in the Center.

The Iona Center at Seminary of the Southwest houses the non-degree educational programming for the seminary. Over the past 18 months, the Iona Center has grown substantially and is comprised of five major areas: (1) *Iona Collaborative*, a cooperative project directed by the seminary and currently including twenty-nine Episcopal Dioceses. The program provides high-quality, graduate-level, digitized curriculum to local diocesan educational programs for use in the formation of priests, deacons, licensed lay leaders, and faithful disciples. There are approximately 205 students currently enrolled throughout the country. To date the seminary has awarded 137 Certificates in Theological Studies and 4 Certificates in Diaconal Studies to Iona Collaborative diocesan graduates, as well as 49 Certificates in CPE/Pastoral Care Education. (2) *Thriving in Bi-Vocational Ministry*, a continuing education and mentoring program supporting new and recently ordained bi-vocational priests and deacons serving in pastoral settings throughout the Church. Generously funded by a \$1M grant from Lilly Endowment, Inc., the program facilitates the building of relationships with peers and experienced clergy who serve as role models to guide participants through key leadership challenges at critical moments in their early ministerial careers. In its first two years the program has served 81 clergy in course offerings of Spiritual Formation and Practices, Preaching, CPE, and Congregational Leadership. (3) A *Video Collection for Congregations* started just over one year ago now offers 65 teaching videos

designed for use in all Iona Collaborative congregations. (4) *Thriving Bi-Vocational Congregations* is a new program just launched through a second \$1M grant from Lilly Endowment that invites participating bi-vocational congregations to enter a three-year collaborative peer learning community that will focus on understanding and embodying bi-vocational ministry; discerning the church's core vocations; transforming the congregation's relationships with its wider local community; and facilitating growth in Christian maturity of its individual members and the congregation as a unified body of Christ. (5) *Continuing Education* courses for every baptized Christian that will offer teaching and personal engagement through internet technology. As of January 1, 2021, the Iona Center will have three full-time employees: The Rev. John Lewis, DPhil (Director); The Rev. Nandra Perry, PhD (Assistant Director); and Rebecca Hall, MASF (Director of Spiritual Formation and Discipleship).

The seminary—like virtually all other institutions of higher education in the U.S.—is operating in an environment characterized by significant economic uncertainty. The CARES Act, a \$2 trillion economic stimulus package signed into law by the president in spring 2020, provided significant economic relief to the seminary — and many other institutions of higher education, churches, nonprofit and for profit organizations. Under provisions of the CARES Act, the seminary received (i) a forgivable loan in the amount of \$950,600 under the Paycheck Protection Program administered by the U.S. Small Business Administration (SBA) and underwritten by Frost National Bank; and (ii) a federal grant of \$29,000 under the Higher Education Emergency Relief Fund (HEERF) administered by the U.S. Department of Education.

The seminary reduced its principal long-term debt by \$1.97 million during FY 2020. Net assets without donor restriction increased from \$12.8 to \$13.6 million; net assets with donor restriction increased from \$47.7 million to \$54.7 million, largely attributable to temporarily restricted contributions to the capital campaign and a permanently restricted contribution of \$5 million to the permanent endowment by organizations of the Episcopal Diocese of Texas designated for three specific racial justice initiatives.

Total actual revenue of \$16.6 million exceeded total actual expense of \$8.7 million resulting in an increase of total net assets of \$7.9 million. Restricted gifts to the capital campaign and endowment funds were principal contributors to this activity. Unrestricted net assets increased by \$799,000.; however, the seminary's proceeds from the sale of non-producing royalty interests in mineral property prior to the pandemic's onset were released from temporary restriction providing \$1.1 million for long-term principal debt reduction. Thus, the general operating fund recognized, after a non-cash depreciation expense of \$268,000., an net operating loss of ~ \$250,000.

Seminary of the Southwest provided a 100% tuition scholarship to nearly every graduate student in its Master of Divinity degree program during academic year 2019-2020. In

addition, full- and part-time students in most other degree programs were recipients of institutional financial aid funded by the seminary's permanent endowment.

The annual financial support of dioceses and parishes across the country is absolutely vital — and needed — in order to sustain the seminary's multiple-accredited programs of training and formation. A named endowment created in 1959 by St. Paul's Episcopal Church, Waco, and maintained at the seminary is an example of permanent legacy funding provided in support of Master of Divinity students. The seminary regularly invites dioceses and parishes to consider not only an annual fund contribution, but also the creation of a permanent named endowment to provide a seminary education for the church's future clergy.

In March 2020 all academic programs shifted to 100% online instruction due to the COVID-19 pandemic. This method of teaching continued through the summer semester. In the fall, the seminary rolled out a mixed-attendance delivery mode for our courses, allowing both students and faculty to opt for online-only or online plus in-person participation. Per the direction of the seminary's Academic Dean, all courses were to maintain the usual high standard of work and academic quality that our instructors, students, and accreditors have come to expect. With guidance from the Academic Dean, all seminary instructors increased their level of expertise in distance teaching and have been successful at delivering well-organized, thoughtful, and educational remote learning experiences to our students.

The Clinical Mental Health Counseling (MHC) program offers a 60-hour degree designed for students seeking graduate-level instruction in professional counseling that prepares the student to pass the Texas state LPC qualifying exam and provides an opportunity to integrate professional counseling competencies with spiritual, religious and ethical values. All MHC courses address the knowledge, skills, and dispositions required for competent professional counseling practice in a diversity of settings. In addition to courses specific to spiritual, ethical, religious and multicultural competency, every course within the counselor education curriculum is infused with antiracist and social justice competencies.

Despite the COVID-19 pandemic, Seminary of the Southwest met its goal by enrolling 24 new students into the Master of Arts in Clinical Mental Health Counseling in 2020-2021. Enrollment shifted its recruiting efforts from in-person visits to virtual meetings and email campaigns giving a peek into the seminary via online platforms.

In October 2020, the Board of Trustees of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) approved Seminary of the Southwest's application for the Master of Arts in Clinical Mental Health Counseling to be accredited for distance education and to include it in the current scope of accreditation. Distance education instruction will supplement and expand the current program of in-person instruction, making the degree more flexible for the students to schedule and take their required courses in order to meet the graduation requirements. Seminary of the Southwest has a talented and experienced counseling faculty, technological infrastructure, and support from the leadership and board of trustees to ensure this change is successful.

Offering distance education enables Seminary of the Southwest's MHC program to fulfill its mission "to form men and women for the service of Christ in lay and ordained ministry within the church and the larger society." Seminary of the Southwest offers a unique program of Spiritual Integration in Counseling that is of interest to students who live beyond Central Texas. Online learning will enable students who live beyond a comfortable commuting distance of the campus to take courses remotely and create more flexibility for the faculty offering instruction.

The immediate need for this change was the conditions of the COVID-19 pandemic that required the closure of campus and suspension of in person teaching in March 2020. The urgent need to adapt to the altered conditions caused faculty to obtain additional skills in online instruction and to collaborate on best practices for teaching online. However, before the pandemic required change, the faculty was exploring the possibility of offering online instruction to increase access to the degree. The effectiveness of online teaching and learning had been demonstrated in the non-degree programs of the Iona Center at Seminary of the Southwest, and that experience encouraged the faculty to explore this modality of instruction.

In fall 2019 Seminary of the Southwest administrators and MHC faculty began this year's assessment of the MHC program. The MHC Assessment committee met through April 2020 culminating in a report published on Seminary of the Southwest's website. The Annual Clinical Mental Health Counseling Degree Program Assessment Report contains a summary of continuous systematic program evaluation data as well as the aggregate assessment of student learning outcomes, which provide information regarding the effectiveness of the clinical mental health counseling degree program. The degree program assessment plan includes data points collected throughout a student's program of study, the means by which the data is collected, the assessment measures utilized, the process by which remediation occurs if/when needed, and the means by which data is analyzed and utilized for curriculum and program improvement/modification. This report also includes information regarding the Clinical Mental Health Counseling Degree Program graduates, such as the number of graduates for the past academic year, pass rates on credentialing examinations, degree completion rates, and job placement rates for graduates.

The MHC curriculum revision task force led by Dr. Awa Jangha and including all counseling faculty and Center staff, began meetings in September that will occur thrice each in the fall and spring semesters through April 2021. The goal of the task force is to review the same components for each course to ensure it meets the new course objectives determined by the task force. Two new objectives to be added to each MHC course syllabus are structured to ensure the courses are committed to spiritual integration in counseling, and anti-racist and social justice practices and that the corresponding competencies are infused and assessed for each course. Upon completing each course review the course syllabus template will be revised to reflect the inclusion of the new course content. This process will ensure that all counseling courses are meeting the need to address these important issues with sensitivity and consistency.



The MHC Program Admissions task force led by Dr. Marlon Johnson and the seminary Director of Enrollment and Center Enrollment manager, and representatives from the counseling faculty. The purpose of the task force is to discuss and create improvements to the counseling program admissions process. Upon completing the task force assignments the Center and the seminary enrollment department expect to have an admissions process that better presents the counseling program to prospects while also improving efficiency and our ability to determine the best future students for the counseling program.

Our MHC faculty recognizes the unique components of our counseling degree and have begun a robust schedule of offering continuing education workshops to seminary alumni as well as the greater Austin counseling community. The workshops have been well-attended, offering the seminary the opportunity to welcome former students and new visitors to our campus while allowing the MHC faculty to provide cutting-edge workshops beneficial to counselors and their clients. The next CEU offering will be a webinar on anti-racism and social justice competencies offered to the greater counseling community in early spring 2021.

The MHC faculty with guidance from the Rev. Daniel Joslyn-Siemiatkoski, Seminary of the Southwest's Dean of Community Life, is in the planning stages of offering guided conversations on race to Center students during the spring 2021 semester. Planning for these important conversations involves a clear vision and objectives for the talks, resources to be used, and how to measure the effectiveness of the conversations. Prior to the conversations being held, the MHC faculty will conduct a needs assessment with students to ensure important and appropriate starting points for the conversation.

At Seminary of the Southwest, matters of social justice and advocacy are paramount to our goals and vision for our student body, community, and world - especially in our roles as counselors. With this in mind the Center has formed a chapter of Counselors for Social Justice led by Dr. Maria Spellings. As a division of the American Counseling Association, the national and local chapters work to promote social justice and confront systemic oppression that affect professional counselors and their clients to foster optimal human development. In August, a Zoom meeting was held where the group watched a video of Dr. Ibram X. Kendi's TedTalk followed by a discussion. This MHC program chapter will meet at various times throughout the academic year.

There are currently six MHC program alumni employed as Bishop Dena A. Harrison Fellows working at an East Texas mental health organization, Burke, as LPC-Interns. Burke administrators have stated that the Harrison Fellows Program is allowing Burke to reach more clients both in the hubs of Lufkin and Nacogdoches but additionally in other areas of East Texas. One of the largest benefits to the Harrison Fellows is the amount of supervision they receive during their Fellowship. The Fellows receive this from their supervisors at Burke, but additionally from Dr. Gena Minnix, LPC-S, LMFT-S, Center Director and an Associate Professor in Counseling Education, and also Dr. Maria Spellings, LPC-S, and an Assistant Professor in Counseling Education. Drs. Minnix and Spellings offer scheduled monthly

supervision to the LPC-Interns working at Burke; they are also available for impromptu calls or guidance, and to remind the Fellows of the importance of self-care. This regular supervision is beneficial to the Harrison Fellows working at Burke, but it also provides a vital feedback loop for our MHC program. The information obtained during supervision is extremely valuable for the counseling faculty to ensure our counseling students are receiving the most useful education and training to prepare them for their post-graduate work, and also helps to inform decisions about the counseling program's focus going forward.

In August 2019, Seminary of the Southwest officially changed the name of the Latino/Hispanic Counseling Concentration to the Latinx Counseling Concentration (LCC) to reflect our support of a more inclusive and gender-neutral title for the program. Currently the Center has 16 MHC students enrolled in this specialized concentration. The shortage of Spanish-speaking mental health providers is a well-documented barrier to access to counseling services. This barrier combined with our results with current LCC students and Spanish-language acquisition has led to the decision to begin recruiting counseling students already bilingual in Spanish, increasing the number of Latinx Counseling Concentration students prepared to serve Spanish-speaking clients in a post-graduate fellowship. The enrollment department at Seminary of the Southwest encounters Spanish-speaking counseling student prospects at recruiting events; however, barriers to graduate education for Spanish-speaking students include tuition cost and moving expenses. The Latinx Counseling Concentration was developed for Clinical Mental Health Counseling students interested in providing a deeper level of clinically competent counseling services to the Latinx community, currently one of the largest growing minority groups nationally and regionally. Our goal remains to train curious, culturally empathic, accepting, self-aware counselors with or without Spanish-language proficiency. During their time at the seminary, students will explore different interventions, counseling theories, best practices, and advocacy related to the Latinx population and will emerge as graduates well-trained to serve this growing and underserved community.

In December 2019 The Henderson-Wessendorff Foundation awarded the seminary a \$1.7 million grant to fund the Richmond Area Bilingual Fellows Program (RABF). This innovative program is modeled after the Harrison Fellows Program, building a pipeline of bilingual MHC graduates who will move to the Richmond area post-graduation to work as LPC-Interns at the Houston Galveston Institute (HGI) providing much-needed counseling services to the Latinx community. The grant includes salary support beginning in 2022 for the MHC faculty member overseeing this program and the Center's Latinx Counseling Concentration (LCC.) The grant is also structured to support six bilingual MHC students who will deploy as Richmond Fellows between 2022-2024. These fellows will be able to provide services to up to 2,100 Spanish and English-speaking clients in the Richmond area, at no cost to the clients nor the organizations in which they are serving.

In April 2018 Seminary of the Southwest received a \$2.5 million grant from The Henderson-Wessendorff Foundation to endow the Loise Henderson Wessendorff Chair in Spiritual Integration in Counseling. MHC faculty member Dr. Awa Jangha was named the Loise

Henderson Wessendorff Assistant Professor of Spiritual Integration in Counseling and is directing this innovative program. The Center strives to address spirituality in all our courses beyond the four common theological courses. Additional education will occur through the inclusion of research on spirituality and the course topic, conversation about the impact of spirituality on the content being covered, and reflective activities that help students to increase their self-awareness of their own spirituality and how that impacts their future work. The education of counseling students in this specific area will bolster their confidence, benefit their clients, and add an additional layer of professional development to meet the American Counseling Association's (ACA) "Competencies for Addressing Spiritual and Religious Issues in Counseling" requirement. Historically in the counseling field, matters of spirituality have been left to individuals not specifically trained to address matters of mental health and spirituality from the client's perspective. Spirituality is now recognized as an important factor to address in counseling, but many experienced clinicians are not adequately trained and, unfortunately, these same clinicians have primarily taught and supervised students in counselor education programs. A main focus of the program is to devote considerable effort to researching, understanding, and creating teaching methods for this important integration.

One of the goals of the spiritual integration in counseling program within the MHC program is to propel Seminary of the Southwest into a position of leadership in the spiritual integration in counseling field in Texas, and eventually nationwide. Our current and historical focus of integrating spirituality and psychology in the counseling program, uniquely positions us to develop methods to further implement spiritual integration skills into a counseling degree.

The seminary continues to offer a healthcare chaplaincy concentration in the Master of Arts in Spiritual Direction and Formation (MSF) degree to train lay chaplains who prefer not to become board certified chaplains. In contrast, a health care chaplain with an MDiv degree will now meet the academic requirements for becoming a board certified chaplain in the APC.

The Master of Arts in Spiritual Direction and Formation (MSF) is a 48-hour degree that engages the theology and practice of Christian spirituality and spiritual direction. The MSF is designed for students who wish to explore the spiritual tradition of the Christian path as well as for lay and ordained ministers seeking to develop skills in spiritual direction. The MSF curriculum provides a biblical, theological, historical, and ethical foundation for pastoral ministry. Other required course work allows students to specialize in spiritual direction, spiritual formation, or health care chaplaincy. Students who desire to serve as spiritual formation leaders in parish, retreat, and Christian education programs follow the spiritual formation track, allowing them to tailor a program that culminates in a project that will help them define their future ministry. Students who desire to serve as spiritual directors follow the spiritual direction track, allowing them to make use of their academic degree in a spiritual direction practice. Students who want to work in health care chaplaincy follow the health care chaplaincy track to complete 15 hours of chaplaincy courses.

Institutional Advancement (IA) continued to produce strong fundraising results, despite 2020's unprecedented concerns over the pandemic and the economy. The Forming Leaders

at the Future: Campaign for Southwest, capital campaign is nearing surpassing the \$20M goal - just \$300,000 shy as of November 2020. The enthusiastic support and engagement of many alumni, trustees and friends across the diocese and the U.S., along with significant diocesan financial investment, has been a major contributor to this year's continued progress. Presiding Bishop, Michael Curry, co-hosted a virtual celebration of giving event attended by over 100 supporters on October 5, as all campaign activities have gone digital - but not silent.

The Annual Fund for Southwest continues on track to meet or exceed last fiscal year's record results (\$890,000 - a 34% increase over prior year). As of November 2020, fiscal year results to date are \$390,000 toward an FY21 goal of \$890,000. The Annual Fund provides essential financial support to seminary operations and student tuition assistance. From many parishes' commitment of 1% giving to theological education, to diocesan, foundations' and individual donors' giving, we are grateful for the ongoing loyalty to Seminary of the Southwest's mission represented by the success of the Annual Fund.

Charley Scarborough, joined Seminary of the Southwest as VP of Institutional Advancement in March, 2020 after leading the IA team as contract, interim VP for the prior 6 months. Charley brings over 20 years of fundraising and leadership experience from the finance and healthcare sectors to this role. We are grateful to have his leadership and specialized knowledge guiding our advancement efforts.

While all in-person events were canceled this year, the IA department undertook a major reorganization to increase the focus on identifying and cultivating major donors relationships with the seminary. Job responsibilities and qualifications were changed to align with this focus, resulting in some staff turnover, yet increasing the team's overall skills and experience to grow revenue in the coming months and years. Community Counseling Services (CCS), our capital campaign consultants since the campaign launch in 2017, has worked with the IA team to transition from campaign fundraising into this realigned effort in 2021. Utilizing predictive analytic modeling of our donor database to identify top prospective donors for the future, CCS and the IA team have developed fundraising strategies to position the seminary to grow donated revenue. With these adjustments and increased focus, IA and the seminary are positioned to grow revenue to support the seminary's strategic plans ahead.

Seminary of the Southwest is accredited by The Southern Association of Colleges and Schools Commission on Colleges and the Commission on Accrediting of the Association of Theological Schools of the United States and Canada. The seminary is also accredited by the Council for Accreditation of Counseling & Related Educational Programs for our Master of Arts in Clinical Mental Health Counseling degree.

An outstanding Board of Trustees chaired by the Rt. Rev. C. Andrew Doyle, bishop diocesan, Diocese of Texas, leads the seminary. Other trustees include Clarke Heidrick, executive chair, Diocese of Texas; The Very Rev. Barkley S. Thompson, Seminary Treasurer, Diocese of Texas; Dr. Dan Joslyn-Siemiatkoski, faculty representative (non-voting member), Seminary of the Southwest; The Rev. Morgan Allen, Diocese of Massachusetts; The Rev.

Bert Baetz, Diocese of West Texas; Cheryl “Toni” Belhu, student representative, Seminary of the Southwest; Taylor Bowles, Diocese of Texas; John Hancock, Diocese of Texas; Josephine Hicks, Diocese of North Carolina; The Rev. Eric Hungerford, Diocese of Texas; Shannon Hunter, Diocese of Texas; The Very Rev. Cynthia Briggs Kittredge, Ex Officio, Seminary of the Southwest; The Rev. Justin Lindstrom, Diocese of West Texas; The Honorable Lora Livingston, Diocese of Texas; The Rt. Rev. James “Jay” Magness, Diocese of Southern Virginia; The Rev. Lisa Mason, Diocese of New York; The Rev. Harrison McLeod, Diocese of Upper South Carolina; Lynn Meredith; The Rev. Patrick Miller, Diocese of Texas; The Rev. Alex Montes Vela, Diocese of Texas; The Rev. Kathy Pfister, Diocese of West Texas; The Rev. Genevieve Razim, Diocese of Texas; The Rt. Rev. Kathryn “Kai” Ryan, bishop suffragan, Diocese of Texas; Timothy Saunders, Diocese of Connecticut; The Rt. Rev. Brian Seage, Diocese of Mississippi; The Rev. Jemonde Taylor, Diocese of North Carolina; The Very Rev. Chadwick Vaughn, Diocese of Atlanta; The Rev. Gregory Warren, Diocese of Arkansas; Kathleen Wells, Diocese of Ft. Worth; and Lesley Wilder, Corporation Secretary (non-voting member), Seminary of the Southwest.

Details about the seminary’s programs, faculty and news can be found at <http://www.ssw.edu>.

Cynthia Briggs Kittredge, Dean and President

## FINANCIAL CATEGORY SUMMARY REPORT

Organization Name: **The Episcopal Theological Seminary of the Southwest**

### FYE 2020 STATEMENT OF FINANCIAL POSITION

#### ASSETS

Cash & Investments	49,509,362
Fixed (net)	11,155,773
Other	<u>11,863,484</u>
Total Assets	72,528,619

#### LIABILITIES AND NET ASSETS

#### LIABILITIES

Current	1,393,978 <sup>†</sup>
Non-current	<u>2,783,254</u>
Total Liabilities	4,177,232

#### NET ASSETS

Without donor restriction	13,621,657
With donor restriction	<u>54,729,730</u>
Total Net Assets	68,351,387

### FYE 2019 STATEMENT OF FINANCIAL POSITION

Total Liabilities and Net Assets	72,528,619
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### FYE 2019 STATEMENT OF FINANCIAL ACTIVITIES

Revenues	16,560,497
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#### Expenses

Program	6,093,535
Administrative	1,233,550
Fundraising <sup>†</sup>	<u>1,381,724</u>
Total Expenses	8,708,809

Change in Net Assets	7,851,688
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#### ASSETS

Cash & Investments	45,378,526
Fixed (net)	11,333,815
Other	<u>8,921,592</u>
Total Assets	65,633,933

**LIABILITIES AND NET ASSETS****LIABILITIES**

Current	384,234
Non-current	<u>4,750,000</u>
Total Liabilities	5,134,234

**NET ASSETS**

Without donor restriction	12,822,195
With donor restriction	<u>47,677,504</u>
Total Net Assets	60,499,699

<b>Total Liabilities and Net Assets</b>	<b>65,633,933</b>
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**FYE 2018 STATEMENT OF FINANCIAL ACTIVITIES**

<b>Revenues</b>	8,891,918
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<b>Expenses</b>	
Program	5,506,993
Administrative	1,252,487
Fundraising <sup>†</sup>	<u>1,288,980</u>
Total Expenses	8,048,460

<b>Change in Net Assets</b>	<b>4,119,365</b>
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<sup>†</sup> Includes \$950,600 Paycheck Protection Program forgivable loan

Cynthia Briggs Kittredge, Dean and President

**EPISCOPAL HIGH SCHOOL**

Founded in 1983 by a group of Houston business and Episcopal Church leaders as an institution of the Diocese of Texas, Episcopal High School is an intellectual and spiritual community committed to educating the minds and hearts of students. Through the Four Pillars – academics, arts, athletics, and religion – EHS encourages critical thinking, intellectual risk-taking, responsibility for one's own actions, personal integrity, ethical awareness, respect for diversity, and individual leadership.

For 37 years, the School has responded to the needs and capabilities of each student, providing opportunities for growth and achievement in a Christian community that reflects the beliefs and traditions of the Episcopal Church. Episcopal High School admits students of all races, colors, and national/ethnic origins to all the rights, privileges, programs, and activities accorded or made available to students at the School. The School does not discriminate on the basis of race, color, or national/ethnic origin in the administration of its educational and admission policies, financial assistance programs, or athletic and other school-administered programs.

EHS is accredited by the Independent Schools Association of the Southwest. EHS successfully completed our 10-year accreditation visit in the Fall of 2019. The School also holds memberships in the National Association of Independent Schools, the National Association of Episcopal Schools, the National Association of Secondary School Principals, the National Association of Principals of Schools for Girls, the Council for the Advancement and Support of Education, the Educational Records Bureau, the College Board, the National Association for College Admission Counseling, the Texas Association for College Admission Counseling, and the Southwest Preparatory Conference.

Under the leadership of Head of School Ned Smith, EHS is in its 37<sup>th</sup> year of operation with an enrollment of 790 young men and women from 75 zip codes across the Greater Houston Metropolitan Area. To reflect the community that the school serves, EHS strives to maintain a student body which represents social, economic, ethnic and academic diversity. In 2020-21 school year, we matriculated 223 new students who represent 55 different feeder schools. Approximately 27% of our students self-identify as students of color and 18% of our students are Episcopalians.

The School's faculty represents diversity in age, experience, and ethnicity. The student-to-faculty ratio is roughly 14 to 1 and 65% of our faculty hold advanced degrees. Together they teach 102 core academic course offerings (46 at the Honors or Advanced Placement level). The Faculty and Staff are especially commended for their ability to pivot into a virtual learning environment in March 2020 due to COVID 19. Leading peer schools, both locally and nationally, Episcopal High School offers one of the best educational programs, not just in person, but also virtually. A great investment has been made to upgrade our network, our hardware and software and teacher training in order to continue to deliver on the EHS Mission in this global pandemic.

The School has a premier campus that harmoniously reflects its academic, artistic, athletic, and religious programs. In the 2019-2020 school year, generous gifts from parents, trustees, alumni, alumni parents, grandparents, friends, and foundations raised over \$2.86 million to support the School's \$26.9 million budget. Furthermore, 10% of our operating revenue is allocated to financial aid. The endowment fund ended the fiscal year with a market value of \$38.5 million.

Members of the Class of 2020 were accepted to over 179 colleges and universities and are attending 69 different schools. Of the Class of 2020, 50% are attending private schools and 50% are attending schools in Texas.

These graduates join over 4,700 other EHS alumni spread across the country. The EHS Alumni Association, led by a directors' council, continues to coordinate class reunions, renew friendships, and participate in fundraising activities for the School. Currently, eight alumni are on staff at the School.

The religious program includes daily chapel overseen by the Rev. Beth Holden as well as five course offerings, parent education, and a number of special services (Founders Day, Grandparents Day, Advent Chapel, Ash Wednesday, Holy Week, and monthly Eucharists). Many of these services will need to be re-designed or canceled in the 2020 school year, due to COVID procedures, but we are continuing to hold daily Chapel even in our virtual world. Students of all religions and faiths attended the services. We are pleased to welcome the Rev. Art Callahan as Chaplain to EHS as well.

In 2019-2020, the vast majority of students served the community after school and on weekends by participating in service projects through the Nehemiah Center, the Houston Arboretum, Challenger Football and Basketball, the Race for the Cure, and many other social service agencies. We are currently evaluating service opportunities that can be done from home or virtual, such as the supply drive for Nehemiah Center that our students organized in the spring.

The athletic pillar thrived as more than 87% of students participated in one or more sports. The pillar offers six wellness classes, 54 teams and 15 sports. In 2019-2020, girls' volleyball brought home the SPC championship title for EHS with an exciting home court victory. EHS football continued its legacy with another championship as well. While Spring 2020 and Fall 2020 Athletic Seasons are feeling the impact of COVID, our students are still practicing, working out and encouraged to remain "Knight Strong."

The EHS arts pillar also experienced a year of success. We offer forty-seven courses in the arts and enjoy over 87% student participation beyond the four-semester requirement. Movie Making, Photography and Ceramics are the most popular courses. Productions included *The Man Who Came to Dinner*, *King Charles*, two Dance Concerts (*one virtual!*), student-film festivals, *Tuck Everlasting* and a student directed one act plays,

converted into a Radio play in our virtual learning environment.

Currently in a capital campaign, we are actively raising funds for the remaining three items on our campus master plan: a new performing and visual arts building, a new Benitez Chapel and renovated outdoor athletic facilities and fields. We completed the construction of a new baseball field and a new field hockey field will be completed in October 2020. EHS is looking forward to these exciting improvements to the campus which will help our facilities reach the level of excellence that the school's Mission warrants. Great things continue to be ahead with God's help.

### **Mission Statement**

Episcopal High School, founded and guided by the Diocese of Texas, is an inclusive and joyful Christian community where students discover and develop their individual talents through the Four Pillars – academics, arts, athletics, religion – preparing for meaningful lives in service to others.

Peggy Haney, Director of Advancement

### **FINANCIAL CATEGORY SUMMARY REPORT**

	<b>19-20 Final Budget</b>	<b>20-21 Final Budget</b>
<b>REVENUE</b>		
Tuition & Fees	\$22,661,000	\$24,777,000
Annual Giving	\$2,585,000	\$2,630,000
Auxiliary Services	\$2,188,000	\$2,219,000
Endowment Distribution	\$1,071,000	\$1,111,000
Other Income	\$378,000	\$294,000
Total Revenue	\$28,883,000	\$31,031,000
<b>EXPENSES</b>		
Compensation	\$13,313,000	\$14,055,000
Benefits	<u>\$3,637,000</u>	<u>\$3,727,000</u>
Compensation and Benefits	\$16,950,000	\$17,782,000
Instructional	\$1,779,000	\$1,889,000
Plant Maintenance	\$2,812,000	\$2,922,000
Transfer to PPRSM	\$600,000	\$790,000
Auxiliary Services	\$1,554,000	\$1,525,000
General and Administrative	\$1,969,000	\$2,037,000
Financial Aid	\$2,834,000	\$3,025,000
Tuition Remission	\$385,000	\$454,000



Total Expense	\$28,883,000	\$30,424,000
Surplus (Deficit) - Subtotal	\$0	\$607,000
Transfer to Economic Recovery	\$0	(607,000)
Surplus (Deficit)	\$0	\$0

Peggy Haney, Director of Advancement

### **ST. STEPHEN'S EPISCOPAL SCHOOL**

St. Stephen's Episcopal School, a coeducational boarding and day school for students in grades 6-12, is a caring and diverse community, grounded in the Christian tradition that nurtures moral growth and values the potential and dignity of every human being. The school challenges motivated students to live intelligently, creatively and humanely as contributing members of society, developing the whole person by providing rigorous academic preparation, stimulating physical activities, and rich opportunities in the fine arts.

The school continues to benefit from the leadership of Christopher Gunnin, the twelfth Head of School. Under Chris' leadership, the school quickly pivoted to a remote learning and living model in response to local shelter-in-place orders in March 2020. A medical advisory committee, comprised of senior administrators, Board of Trustees leadership, and current parents who are medical and public health professionals, was formed during the summer. The group consults with and advises the administration and Board of Trustees in its decision making. The school invested significant resources in technology infrastructure and systems improvements, safety equipment, and facilities improvements, including increasing outdoor furnishings and acquiring new facilities as well as repurposing existing spaces for isolation and quarantine units for boarding students. The school has also deployed a twice-weekly PCR testing program for students and employees which is designed to give the school quicker notice of any current COVID infection so we can timely isolate infected individuals and prevent additional person-to-person infections on campus. Significant time and attention have been dedicated to the safe repopulation of our residential community and the reopening of campus for in-person learning for the academic year 2020-21. We welcomed boarding students back to campus in August, and we have and will continue to operate in a hybrid, in-person and remote model for the foreseeable future. Now more than ever, the school remains committed to supporting student academic success and social-emotional development while providing an education that is relevant and successful in positioning graduates to be leaders in the 21<sup>st</sup> century.

Bishop Hines' founding vision of a talented and diverse student population is alive and well at St. Stephen's. The total enrollment of the school for 2020-21 is 684. Our 156

boarding students represent 9 states, 25 cities in Texas, and 13 foreign countries, bringing an unmatched diversity of race, ethnicity, and religion to our campus. Our 528 day students (201 in Middle School and 327 in Upper School) are from over 30 different zip codes in the Austin area. Students of color represent approximately 32 percent of the day student enrollment, and approximately 47 percent institutional-wide when including international students. \$4.4 million in need-based, financial assistance was awarded to 136 students (20 percent of the student body). Astoundingly, this year, despite the administrative complications and current educational uncertainties caused by the pandemic, St. Stephen's admissions and enrollment trends are extraordinarily strong allowing the school to meet our strategic enrollment goals with well-qualified, mission-appropriate candidates.

In 2019-20, we partnered with the Glasgow Group to conduct a Diversity, Equity and Inclusion audit. Members from every constituency were invited to participate through surveys and focus group discussions. The process spanned nine months and resulted in a report highlighting lessons learned, major themes, issues uncovered and proposed actions for the future. The Board of Trustees has formed a "Diversity, Equity and Inclusion Task Force," comprised of Trustees, administrators, faculty, staff, and parents, that will create a strategic plan for DEI initiatives.

We opened the 2020-21 school year on sound financial footing, having balanced the operating budget for 16 years in a row. We closed out the 2019-20 school year by achieving a balanced budget all while keeping all employees at full compensation, issuing refunds to our families for undelivered services during the lockdown period, and realizing revenue reductions. In 2019-20 Annual Fund giving was healthy and strong with record participation numbers across constituencies. The school's strong financial position is a direct result of careful fiduciary stewardship by the Board of Trustees.

At the conclusion of the school's last capital campaign, the Trustees directed the school to raise funds for the school's endowment. The focused, endowment fundraising initiative has yielded \$12.34 million to date. Over the last 10-year period, the Endowment Corporation has distributed over \$4.5 million to the School's operating budget. As of July 31, 2020, all assets of the Endowment, including pledges owed to the endowment, totaled over \$27 million. In 2019-20, the School undertook a campus master plan update and a facilities assessment, and the Board of Trustees began planning for the School's next multi-phased capital campaign. These capital fundraising efforts as well as the implementation of the five-year strategic plan have been temporarily suspended during this period of economic uncertainty.

The Chapel program remains at the center of the St. Stephen's campus and experience, and continues to provide significant opportunities for spiritual formation as well as student participation and leadership. Daily Chapel services include worship from the Episcopal tradition and an effort to celebrate our God-given diversity. The school has continued holding remote Chapel services for our students as well as small, outdoor services on Sundays for our residential members.

The impact of spiritual development at St. Stephen's is evident in the commitment of our students to service their community and around the world. Our students expended more than 10,000 hours of service to non-profit organizations this past year, including volunteer work with such organizations as Any Baby Can, El Buen Samaritano Episcopal Mission, Mobile Loaves and Fishes, and the tutoring and mentoring of students in the Breakthrough Program. Faculty and student leaders in each division continue to work to focus service learning efforts on more quality projects that enable students to engage in meaningful service and reflect on their experience. In some cases, this has meant reducing the total number of hours, but enhancing the specific projects, so that students not only serve, but learn about societal issues and innovative solutions in the process. The global pandemic has not slowed these efforts; our students and faculty have redoubled their efforts to serve our community and world.

The school continues to furnish its students with outstanding academic preparation. Over the last two years, its students' mean SAT scores equaled 1,380, and the average ACT composite score was 30. The 120 graduating seniors in the class of 2020 enrolled at 71 different colleges and universities, and 25 percent of the school's graduating seniors were recognized as National Merit Semi-Finalists, National Hispanic Scholars, or National Merit Commended students.

We are committed to the health, safety and well-being of our community now more than ever. Ours is a school that thrives on interpersonal relationships and shared experiences. We are confident that the relationships formed and fostered between faculty and students will convey across learning formats and platforms and will help us fulfill our mission and continue to grow institutionally during these challenging circumstances.

Christopher Gunnin, Head of School

#### FINANCIAL CATEGORY SUMMARY\* REPORT

\*Summary by Categories Only

Organization Name: **St. Stephen's Episcopal School, Austin**

	2019-20	2018-19
<b>Revenue</b>		
Tuition	\$24,749,007	\$24,501,002
Fee Revenue	\$430,738	\$446,506
Other Revenue	\$569,669	\$435,342
Auxiliary Services	\$2,712,691	\$3,737,557
<b>Total Revenue</b>	<b>\$28,462,105</b>	<b>\$29,120,407</b>
<b>Expenses</b>		
Instruction & Student Services	\$12,835,803	\$13,128,461
Administration	\$5,261,800	\$4,637,574
General Institution	\$804,356	\$696,813
Plant Operations	\$4,178,889	\$4,614,288

Financial Aid	\$3,511,774	\$3,262,338
Remission	\$622,450	\$639,264
Auxiliary Services	\$3,343,024	\$3,728,421
<b>Total Expenses</b>	<b>\$30,558,096</b>	<b>\$30,707,159</b>
<b>Gifts, Funding &amp; Transfers</b>		
Annual Giving - Unrestricted	\$1,290,368	\$1,249,826
Annual Giving - Restricted	\$670,724	\$605,827
<b>Subtotal Annual Fund</b>	<b>\$1,961,092</b>	<b>\$1,855,653</b>
<b>Transfers &amp; Endowment</b>		
Transfer - Restricted Funds	-	-
Transfer - Restricted Endowment	\$680,822	\$585,276
<b>Subtotal Transfers</b>	<b>\$680,822</b>	<b>\$585,276</b>
<b>Total Transfers &amp; Gifts</b>	<b>\$2,641,914</b>	<b>\$2,440,929</b>
Principal debt payments	-	-
Reserves - Financial Aid	-	-
Reserves	-	-
<b>Total Debt &amp; Reserves</b>	<b>-</b>	<b>-</b>
<b>Net Change in General Fund</b>	<b>\$545,923</b>	<b>\$854,177</b>

Fiscal year runs from August 1 to July 31

Christopher Gunnin, Head of School

## EL BUEN SAMARITANO

We are grateful to the Episcopal Diocese of Texas and the Episcopal Foundation of Texas for helping build our capacity. In the last year alone, this support has helped us build our status as a premier provider of quality bilingual and bicultural programming to more than 20,000 people, more than tripling the number of individuals served in 2019. El Buen Samaritano has remained grounded in the commitment and intention to safeguard the health and well-being of our community and ensure continuity of operations in providing essential services to families.

### Introduction

El Buen Samaritano (El Buen), an outreach ministry of the Episcopal Diocese of Texas serving the Latino Community of Central Texas, is committed to recognizing the dignity of all by ensuring access to healthcare, education, and essential needs that lead to healthy, productive and secure lives.

El Buen was founded in 1987 to empower and support Austin's Latino community. Over the years, we have adapted to meet the community needs that come with population growth, immigration, and economic fluctuations. We use a multi-prong approach that

overlays equity and access, data driven interventions, and partnerships.

The first part of this report will focus on our operations during the COVID-19 pandemic related to food access and cash assistance – something that was not originally anticipated when we submitted our funding request. The second part of the report will address achievement of performance measures proposed with our FY20 funding request.

## **Part I: El Buen's Operations During the COVID-19 Pandemic (Food Access and Cash Assistance and pivoting to online services for adult and youth education and health literacy)**

### Community Needs

On March 13, when the City of Austin announced the first two confirmed cases of COVID-19 in our city, El Buen activated its food pantry emergency response operations. Since then and throughout the pandemic we have seen the specific needs of the Latino immigrant community multiply to include access to **food, diapers and basic hygiene needs, cash assistance, testing, contact tracing, and comprehensive wrap around services**. In addition, we have seen firsthand the isolation experienced by those living in households without access to technology and Internet. The first week of emergency response operations, we saw an increase in demand for our pantry services. Eight months later, widespread job losses, health concerns, COVID-19 infection, academic isolation for youth, and lack of access to services has disproportionately affected the Latino immigrant community.

While we are in South Austin (78745), we serve all zip codes in Austin/Travis County and surrounding areas. El Buen is located in the middle of a COVID-19 hotspot, and most families accessing pantry and cash assistance from El Buen live in three of the five zip codes with the highest COVID-19 infection rates.

### COVID-19 Emergency Response Food Pantry Services

**During this reporting period**, El Buen was sourcing more than **18,000 pounds of food donations weekly** from the Central Texas Food Bank, local partners, and individual donors in order to provide access to the healthy, high-quality nutrition that so many in our community need.

From March 13 to September 30, 2020, we provided more than **271,000 pounds** of food using a drive-through distribution method. Before COVID-19, El Buen's pantry had about 100 family visits to the pantry per week. For the same period, we served 400 families per week in our drive-through pantry, and in just six months (March to September) we had responded to more than 15,000 family visits to the pantry, which is more than we would normally serve in 3 years.

In addition to the drive-through pantry, El Buen extended its reach to Latino immigrant families via partnerships. We established partnerships with multiple organizations

including AVANCE, Lone Star Circle of Care, SAFE, Lifeworks Austin, Refugee Services of Texas-Austin, Todos Juntos, Lake Travis Presbyterian, CommUnityCare, Community Coalition for Health, and others. These collaborations allowed us to increase access to food to an additional 300 families in Central Texas per week.

During the week of July 4, when the Austin Independent School District closed for a week, we answered the call and through a partnership with Keep Austin Fed we distributed 6000 meals to AISD youth and families. We continue to seek partnerships that will allow us to create access to food to the many food desert communities along the eastern crescent of Austin/Travis County. We are seeking additional funding to re-establish our mobile food pantry. As of this report, we have started distributing weekly meals to older adults (100 meals) and to AISD students living near our campus (100 meals).

### Financial Assistance to Families

As the pandemic continued, many of the families we served experienced significant financial burdens. We conducted a comprehensive assessment of the families visiting the food pantry during the month of April 2020. From this report, we learned that ninety-eight percent (**98%**) **of our clients reported that they had been financially impacted by COVID-19**. Simultaneously, **61% of the clients reported that they were ineligible for a Federal stimulus check** through the CARES Act.

On April 16, the City of Austin awarded El Buen \$500,000 to provide Relief in a State of Emergency (RISE) financial assistance to families' ineligible for Federal CARES assistance. Through RISE, El Buen provided a **one-time, \$400 Visa gift card** to more than **1,161 eligible families** to cover their basic needs.

Based on our ability to quickly disseminate our original \$500,000 RISE award to the community, the City of Austin granted us a contract for an additional \$1,000,000 in RISE Bridge funding. Through this award, El Buen distributed \$2,000 Visa gift cards to 445 eligible families to help them cover their basic needs. These funds also allowed El Buen to reinforce its technology and data infrastructure with the flexibility to scale up or scale down depending on organizational needs.

## **Part II: Performance Measures FY20 Financial Request**

Our FY20 financial request focused on funding to provide adult and youth education, as well as health literacy services. Below is a summary of our accomplishments in these areas.

### Adult Education

During the Fall 2019 semester, El Buen provided services to 300 adults who participated in:

- Five levels of ESL taught by trained volunteers focusing on building students' general language proficiency,

- Two levels of computer literacy on Microsoft Office and internet skills and safety,
- Primary and Secondary Adult Basic Education in Spanish that allows students to earn their high school equivalency, using Mexican National Institute for Adult Education curriculum.

### Narrowing the Digital Divide

During the Spring and Summer 2020 adult education semesters, El Buen began pivoting to an online venue during the Summer, while simultaneously developing and preparing to implement a full-time online curriculum for the Fall 2020 semester.

- During the spring and summer sessions we served 135 adult education students who participated in ESL and Digital Literacy self-study opportunities facilitated by an online instructor.

Below is a summary of the Adult Education performance measures reached for the FY20 reporting period. Some performance measures were recalibrated due to COVID-19.

Adult Educ.	Proposed Performance Measure FY20	Achievement
English as a Second Language (ESL)	<ul style="list-style-type: none"> <li>• Enroll 750 students (duplicated), 550 (unduplicated)</li> <li>• 75% of students will pass literacy test at end of session</li> <li>• 60% will show a level gain in oral proficiency at end of session</li> </ul>	<p>Fall 2019 Semester: 333 students enrolled in ESL classes, of these students:</p> <ul style="list-style-type: none"> <li>• 75% of students passed literacy test at end of session</li> <li>• 60% demonstrated a level gain in oral proficiency at end of session</li> </ul> <p>Spring 2020 and Summer 2020: 337 students participated in our online self-study offerings</p>
Adult Basic Education in Spanish	<ul style="list-style-type: none"> <li>• Enroll 20 students (unduplicated)</li> <li>• 60% retention rate each semester</li> <li>• 40% of retained students take and pass final test for their level</li> </ul>	<p>Fall 2019: 6 students enrolled:</p> <ul style="list-style-type: none"> <li>• 60% completed the semester</li> <li>• We had to pause due to COVID-19 and students did not complete a final test</li> </ul> <p>Spring 2019 and Summer 2020: In-person classes were paused</p>
Digital Skills	<ul style="list-style-type: none"> <li>• Enroll 100 students (duplicated), 75 (unduplicated)</li> <li>• 75% of students improve scores on post-tests</li> <li>• 70% report improved job/income opportunities on end-of-course survey</li> </ul>	<p>Fall 2019: 36 students enrolled in Digital Skills, of these students:</p> <ul style="list-style-type: none"> <li>• 75% of students improved scores</li> <li>• 70% reported improved opportunities</li> </ul> <p>Spring 2020 and Summer 2020: 29 students participated in our online self-study offerings</p>

## Youth Services and Education

### Fall 2019 Youth Services Semester

- During this period, we served 52 students with both afterschool tutoring and enrichment services.

## Narrowing the Digital Divide

### Spring 2020 Youth Services Semester (COVID-19 Pandemic Period)

- El Buen paused, assessed, and developed online youth education programming.
- During this period, we conducted extensive outreach and engagement strategies that allowed us to remain connected to families.
- We facilitated family needs assessments that informed us regarding family priorities and needs and allowed us to best connect and refer families to resources.
- At the same time, we initiated planning to pivot youth services to an online venue. We focused on addressing the unique education and technology challenges caused by COVID-19. At the forefront of these efforts was the adaptation of our youth education programming to digital platforms, to increase access to academic/education opportunities and foster engagement to reduce social isolation.
- We secured funding to provide technology and online access to families and trained our staff to provide online instruction and support to youth and families.

### Summer 2020 Online Youth Services

- Attached is an end of Summer report with recalibrated performance measures. We have developed a comprehensive youth program that includes key elements to support youth academic, social-emotional, and physical development. As we were pivoting to online methods of engaging youth and families, we also developed an interim youth summer curriculum that included access to technology, social-emotional learning, physical education, and parent engagement sessions. El Buen developed an all-digital approach to ensure students had access to critical education/academic resources, social-emotional interaction, and physical activity during the summer. El Buen established the following:
  - a. A Summer Camp website and education portal for students and parents (<https://elbuensummercamp.wordpress.com/>);
  - b. An online interactive Summer Camp curriculum for students in the 2<sup>nd</sup> through 7<sup>th</sup> grades; and
  - c. A team of educators with background in pedagogy, technology, STEAM, and social-emotional development.



During the Summer 2020, we provided 27 families with computers and/or Internet access. Looking ahead to Fall 2020 and Spring 2021, our goal is to recruit an additional 40 families per semester, helping us to reach our goal of 100 families participating in the program. We are using multi-channel recruitment strategies, including developing and exploring mutual referral agreements with local schools and social service organizations, such as Communities in Schools, HACA, AVANCE, Todos Juntos, and others.

We developed a comprehensive (interim) STEAM, social-emotional, and physical activity curriculum that included guided activities, hands-on exploration, product development, self-reflection, and conversations with youth designed to expose them to new concepts. The curriculum was aligned with TEKS (Texas Essential Knowledge and Skills), ELPS (English Language Proficiency Standards), and SEL (Social and Emotional Learning) standards. Guest speakers were featured throughout the curriculum (Blanton Museum of Art and Shakespeare at Windale).

Below is a summary of the Youth Education performance measures reached for the FY20 reporting period related to the Fall 2019 non-COVID period. Some performance measures were recalibrated due to COVID-19.

Program	Proposed Performance Measure	Achievement
After School Tutoring	<ul style="list-style-type: none"> <li>Enroll 40 students (duplicated)</li> <li>85% of students will improve/maintain grade in Reading, Language Arts, or Math</li> <li>75% of completing students will maintain/improve social skills</li> </ul>	Fall 2019, 30 students were enrolled: <ul style="list-style-type: none"> <li>85% of students improved their grade in Reading, Language Arts, or Math</li> <li>75% of students improved social skills</li> </ul> Spring 2020 paused due to COVID-19
Evening Tutoring	<ul style="list-style-type: none"> <li>Enroll 45 students (duplicated)</li> <li>75% of students will maintain/improve social skills</li> <li>75% of students will maintain/demonstrate improvements in attitude school &amp; learning</li> </ul>	Fall 2019 22 students were enrolled: <ul style="list-style-type: none"> <li>75% of completing students improved social skills</li> <li>75% of completing students demonstrated improvements in attitudes toward school and learning</li> </ul> Spring 2020 paused due to COVID-19
Summer Camp	<ul style="list-style-type: none"> <li>Enroll 150 campers (duplicated)</li> <li>75% of campers will maintain/improve social skills</li> </ul>	This Performance Measure recalibrated due to COVID. See attached youth services report.

#### Health Literacy, Wellness Promotion, CHW Certification

During the 2019-2020 period our health literacy goal was to increase access to health and social services. Our goal included providing referrals for health and social services

at El Buen, and other local providers. At our traditional onsite pantry in 2019, and emergency response drive-through pantry distribution in 2020, clients were provided with information about other health and social services, including education classes and health literacy and nutrition, health care services available at affiliate clinic Lone Star Circle of Care, and services offered by other partnering organizations. In 2020 we implemented several health literacy initiatives, including the provision of reproductive health and family planning education and referrals, as well as monthly webinars on nutrition. We offered joint trainings and bi-monthly Continuing Education Units (CEU) sessions for Community Health Workers (CHWs) in collaboration with Lone Star Circle of Care.

The impact of COVID-19 caused us to miss several planting windows in our community garden at the beginning of the Spring 2020. Thus, we were unable to raise fully matured vegetable plants before the heat of the summer. Given this situation, we recalibrated our goal to harvest 500 pounds of vegetables to 100 pounds, and we ultimately harvested 130 pounds. Shifting our goal allowed us to amplify emergency food services, especially at a time when the garden was not fully open due to social distancing requirements. In non-COVID times, harvested produce goes directly to our food pantry clients, providing healthy food options, and the opportunity to open a conversation around food security. The pandemic made nutrition education more difficult, and with the increase in food pantry clients, we could not meet the demand for produce through our garden alone. We consequently shifted our focus to purchasing fresh produce through the Central Texas Food Bank.

We were able to rent out most of our garden plots each season; the plots are rented twice per year. We rented our plots to 14 different community garden members (our goal was 15). Due to continued member participation through the seasons, we usually only gain or lose one or two members each season, eliminating turn-over. Seven of our members have been at our garden for over a year. Our members are required to spend three hours per month volunteering to maintain the garden space.

Below is a summary of the Health Literacy performance measures reached for the FY20 reporting period. Some performance measures were recalibrated due to COVID-19.

Program	Proposed Performance Measure	Achievement
Food Assistance	<ul style="list-style-type: none"> <li>4,000 individuals will receive food assistance and health literacy through the onsite food pantries</li> <li>Rent 15 garden plots in our Community Garden</li> <li>Provide 6 gardening classes</li> </ul>	<ul style="list-style-type: none"> <li>More than 12,000 individuals visiting the pantry received additional health and social services information</li> <li>Rented 14 garden plots in our Community Garden</li> <li>Provided 6 gardening classes (in 2019)</li> </ul> <p>Spring 2020 gardening classes were paused due to COVID-19</p>

Integration	<ul style="list-style-type: none"> <li>English as a Second Language: 12 health literacy presentations to ESL classes (one per month)</li> <li>Coordinate 4 joint trainings with El Buen and LSCC Community Health Workers (CHWs)</li> <li>Establish WIC partnership with Austin Public Health and LSCC</li> <li>Collaborate with all programs to provide reproductive health and family planning education and referral to 500 individuals.</li> </ul>	<ul style="list-style-type: none"> <li>This activity was paused due to COVID</li> <li>We coordinated 4 joint trainings with LSCC CHWs.</li> <li>Established WIC partnership with Austin Public Health and LSCC</li> <li>Reached 585 individuals through provision of reproductive health and family planning education, conducted 286 family planning encounters</li> </ul>
CHW Certification	<ul style="list-style-type: none"> <li>Develop an online presence to market CHW Certification and CEU services</li> </ul>	<ul style="list-style-type: none"> <li>Developed a marketing plan to provide CEU services for CHWs in collaboration with multiple partners. We also created a Fall 2020 CEU training program in collaboration with multiple partners.</li> </ul>

Rosamaria Murillo, Chief Executive Officer

## FINANCIAL CATEGORY SUMMARY\* REPORT

\*Summary by Categories Only

Organization Name: El Buen Samaritano Episcopal Mission

FINANCIAL CATEGORY	2019	2020
<b>Revenues and gains:</b>		
Grants and contributions	2,032,499	1,908,169
Government grants and contracts	1,596,833	2,087,076
Patient fees	331,033	0
Return on investments	30,685	156,288
Rental Income	51,150	231,555
Program service fees	37,657	14,769
Other revenues	<u>19,517</u>	<u>14,168</u>
<b>Total revenues and gains</b>	4,099,374	4,412,025

<b>Expenses and losses:</b>		
Payroll and benefits	3,534,296	1,764,550
Professional services	902,014	737,381
Medical supplies and expenses	272,269	(5,247)
Equipment rental and maintenance	149,979	178,086
Depreciation	180,934	174,504
Facilities	171,744	156,716

Insurance	49,020	46,804
Program supplies and expenses	37,596	1,456,926
Communications	38,359	41,595
Information technology	22,218	23,401
Travel	17,281	6,613
Printing and reproduction	11,023	2,852
Special program events	23,812	32,651
Bank fees	9,465	10,182
Office supplies and expenses	7,152	4,216
Interest expense	6,904	2,978
Dues and subscriptions	15,171	8,705
Postage and delivery	6,517	1,056
Professional development	6,119	7,013
Advertising	962	260
Other expenses	<u>39,817</u>	<u>3,650</u>
<b>Total expenses and losses</b>	5,502,652	4,654,891
<b>Change in net assets</b>	(1,403,278)	(242,866)

Rosamaria Murillo, Chief Executive Officer

## EPISCOPAL CHURCH WOMEN

The Board of Directors of the Diocese of Texas Episcopal Church Women are acutely aware that this year has brought many challenges to every aspect of our church lives as well as our individual lives. The pandemic and the results from a survey sent to the women throughout the Diocese, reinforced the decision that the October Annual Meeting and Retreat needed to be cancelled. That was done with the hope and prayers that October of 2021 will be a celebration for gathering again. Each board member whose term would have ended this October, agreed, with full support of Bishop Fisher, to complete another year on the Board of Directors. We have had some resignations on the board in three of the convocational positions.

We continue to have successful electronic communications with women in the Diocese utilizing electronic media including, what has become the new norm, ZOOM. We are blessed with having countless women post words of encouragement on the DOT ECW Facebook page as well as convocational pages. The network of Episcopal Church Women on electronic media is growing. We are so thankful for the time and efforts of The Reverend Tracey Carroll, Priest-in-Charge, St. Michael and All Angels, Longview and Dr. Rachel Toombs, Lay Minister for Spiritual Formation, Holy Spirit, Waco to have taken the time to share uplifting video messages on our Facebook page.

We are grateful that we were able to award higher education scholarships from the Vera Gang Scott Scholarship Fund to each of the five applicants we had this year. We also

awarded an outreach grant to St. John's, Carthage to assist in stocking the food pantry and ladies' rooms at the local college that they minister to.

The words from author Jen Sincero seem to encapsulate historical 2020 best:

"If it doesn't challenge you, it doesn't change you. This moment in time is a profound and rare opportunity for us to shift our perspective because sh\*\*'s shifting whether we like it or not. We're being knocked out of our comfort zones, ruts and our day to day lives (granted, some of us in much more intense ways than others) and with this comes the opportunity to discard old ways of being and cultivate more highly evolved existences."

We continue to pray that this "shift" that the Board of Directors is experiencing will be a positive and impactful one that emphasizes the message that we are, and continue to be, 'the hands and feet of Christ'. Assisting the needs of women and children in this hurting world is paramount to what we, as Episcopal Church Women, are tasked to do. Episcopal Church Women are important to congregational life, and this Board of Directors, as well as all women in the Diocese of Texas, continue to encourage women to be active within their congregation. Be impactful! Make a difference!

Trish Johnston, President

## EPISCOPAL CHURCH WOMEN BOARD

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346-779-0811  
St. Luke's the Evangelist, Houston  
[convo.eharris.soeast@gmail.com](mailto:convo.eharris.soeast@gmail.com)

### Galveston/Southwest Convocations

OPEN POSITION

### Northeast Convocation

Liz Garrison (2022)  
2 Spring Valley Cir.  
Longview, TX 75605  
903-431-6198  
Saint Paul's, Kilgore  
[convo.noeast@gmail.com](mailto:convo.noeast@gmail.com)

### Asst. for Northeast Convocation

Roxanne Brink  
SO15 Lake Cherokee  
Henderson, TX 75652  
480-208-2966  
Saint Michael and All Angels, Longview  
[fbrink10@gmail.com](mailto:fbrink10@gmail.com)

### Northwest/Central Convocation

OPEN POSITION

### San Jacinto/West Harris Convocations

OPEN POSITION

### Outreach/ Vera Gang Scott Scholarship

Deidre "Dee" Hicks (2021)  
14923 Cobbe Valley Dr.  
Houston, TX 77062  
713-449-1254  
St. Thomas the Apostle, Nassau Bay  
[edot.ecw.outreach@gmail.com](mailto:edot.ecw.outreach@gmail.com)

### United Thank Offering

### Bishop Kinsolving Memorial

### ECW Endowment Fund

Jamie Watson (2021)  
3328 Charleston St.  
Houston, TX 77021  
832-687-0044  
St. James', Houston  
[edot.ecw.funds@gmail.com](mailto:edot.ecw.funds@gmail.com)

### Communications

Natalie Brady (2020)  
1921 Harbour Cove Dr.  
Seabrook, TX 77586  
318-447-9140  
St. Christopher's, League City  
[edot.ecw.comm@gmail.com](mailto:edot.ecw.comm@gmail.com)

**Daughters of the King**

Annette Matthews (Representative)  
6618 Coral Ridge Road  
Houston, TX 77069  
281-583-1244  
Holy Comforter, Spring  
[edot.ecw.dok@gmail.com](mailto:edot.ecw.dok@gmail.com)

**Chaplain**

The Rev. Nan Doerr (Appointed)  
901 S. Johnson  
Alvin, TX 77511  
713-293-2826  
[edot.ecw.chaplain@gmail.com](mailto:edot.ecw.chaplain@gmail.com)

**Parliamentarian**

Pam Holley (Appointed)  
3304 S. Cameron Ave.  
Tyler, TX 75701  
903-570-3856  
Christ Church, Tyler  
[edot.ecw.parl@gmail.com](mailto:edot.ecw.parl@gmail.com)

**Bishop Suffragan**

The Rt. Rev. Jeff Fisher  
2695 South SW Loop 323  
Tyler, TX 75701  
903-579-6012; 888-579-6012  
[jfisher@epicenter.org](mailto:jfisher@epicenter.org)

Trish Johnston, President

## **EPISCOPAL SENIOR FOUNDATION**

As with most ministries in our diocese, the year 2020 did not turn out as expected for The Episcopal Seniors Foundation, the successor organization to St. James House, Baytown, the formerly-diocesan-owned nursing home. Even without a formal grant application process this year, we were able to fund the second year of the 3-year grant commitments we had made in 2019. In conversations with some grantees, though, it quickly became apparent that the original uses of the funds granted had to be adjusted to respond to different, and more urgent, needs. We anticipate more of the same into 2021.

The Foundation has made grants as small as \$500 and as large as \$25,000 to fulfill our mission to enrich the lives of our aging population in the Diocese of Texas by improving the quality of life with specific goals of:

- Promoting the health and wellbeing of seniors, especially those who are least served
- Fostering the faith formation and spiritual growth of seniors

- Educating through information to seniors, caregivers, congregations, and others.
- Encouraging missional communities and community life for seniors wherever they live.

At this writing, the Foundation is reviewing additional grant requests that promise to fulfill one or more of these goals, with the expectation of funding most of them. We are pleased that we have been able to expand the diocesan ministry to senior adults from only the Houston/Baytown area to the entire diocese, and have provided social and spiritual opportunities, education, food and hygiene supplies, and direct assistance for rent, utilities, and other necessities. Possibly most importantly, our grants have helped senior adults stay connected with their churches during this time of isolation.

The ESF is grateful to The Episcopal Foundation of Texas for its gift of more than \$170,000 from The Elise Casey Fund. These funds were given to us at the very end of 2019 and were added to the corpus of the ESF where income from them will continue to advance Ms. Casey's goal of supporting the needs of those of retirement age and older.

We ask that you continue to keep the work of The Episcopal Seniors Foundation, and all those touched by it, in your prayers.

Pamela S. Nolting, President



# FINANCIAL CATEGORY SUMMARY\* REPORT

\*Summary by Categories Only

Organization Name: Episcopal Seniors Foundation

2019	2020
Beginning capital balance \$ 3,317,226.95	Beginning capital balance \$3,906,255.99
Withdrawal (106,747.20) Note B	Withdrawals (164,257.16) Note A
Contributions 2,109.82 Note C	Contributions 14,243.19 Note B
Capital Gains (Losses) 37,322.22)	Capital Gains (Losses) 457,770.48
Net Investment Income 39,159.94	Net investment income (7,856.36)
<u>Change in Unrealized Gains (Losses)</u>	Change in Unrealized Gains/(Losses)
<u>385,117.93</u>	(281,676.13)
Change in Account Balance	Change in Account Balance 18,224.02
282,318.27	Ending Capital Balance (@10/31/2020)
Ending Capital Balance (10/31/2019)	\$3,924,480.01
\$ 3,599,545.22	
Note B, withdrawals:	Note A:
1/2019 Fee to Diocese \$35,000	Fees to diocese \$64,166.70
Grants Made:	Grants funded 50,000.00
1/2019 15,000	Lawsuit settlement 50,000.00
6/2019 56,500	Property Taxes 90.46
Total Grants 71,500	
7/2019 Taxes 247.20	Note B:
	Mineral rights Income \$450.00
Note C, Contributions:	Bal. of SJH acct. 17,172.19
Mineral income \$2,109.82	DOT error, to be corrected
	on Nov. statement (3,379.00)
(From report to 2020 Council)	

Pamela S. Nolting, President

## THE UNIVERSITY OF THE SOUTH

Located on the Cumberland Plateau in southern Tennessee, Sewanee is the Episcopal University. Coming to the Mountain can be like coming home. And we touch the lives of Episcopalians through a superb College of Arts and Sciences, a School of Theology with rigorous and innovative new programs and a commitment to supporting Episcopalians preparing for lay and ordained ministry, and a full slate of summer programs that enrich the lives (and faith journey) of youth. To learn more, to recommend a student, or to become a partner with us in this important work, visit [episcopal.sewanee.edu](http://episcopal.sewanee.edu)

### Finances (fiscal year ending June 30, 2020)

- Diocesan donations to Sewanee: \$10,000
- Donations from parishes in the Diocese: \$23,800
- Percentage of parishes making donations: 1.95%
- Financial aid to college students from the area: \$2,210,305
- Financial Aid Awarded to Episcopal students (college and seminary): \$405,553

On average, dioceses received \$38 for each dollar donated to Sewanee.

### Diocesan Engagement Measures

- College Students from the area: 79
- Episcopal college students: 19
- Residential seminarians: 1
- Advanced Degree Students: 3

### Diocesan Trustees

The Rt. Rev. C. Andrew Doyle  
The Rt. Rev. Jeff W. Fisher  
The Rt. Rev. Kathryn M. Ryan  
The Rev. David Goldberg  
Kristine Devine  
Ben Okoh

## **University of the South Almanac 2020-2021**

### College

- Enrollment in the College: 1733
- Class of 2024: 494
- Number of applicants for Fall 2020: 4992
- Percent of students who identify as Episcopalians: 22%
- Percentage of first-year college students receiving a scholarship or need-based aid: 98%

### School of Theology

- Residential Enrollment in the Seminary: 74

- Summer advanced degree and non-degree enrollment: 74
- Percentage of full-time, residential seminarians receiving a scholarship or need-based aid: 95%
- Average number of Education for Ministry (EfM) groups per Diocese: 8

Sewanee touches the lives of many people throughout the country and beyond through superb educational programs for college students, seminarians, lay leaders, and lifelong learners.

Each summer high school youth ascend to the Mountain to participate in the SUMMA Student Theological Debate Society, learning formal debate and wrestling with important theological questions. The flagship program of the Beecken Center, Education for Ministry (EfM) has enriched the lives of thousands of Episcopalians, conferring a greater sense of ministry. The Invite Welcome Connect ministry energized congregations and leads them to greater thriving. Seminarians such as Malcolm McLaurin, T21, find Sewanee a welcoming place to prepare for a call to ministry. Seminarians such as Hannah Pommersheim, T19, and college students collaborate on such investigations as the Roberson Project, which is looking critically and carefully at the history of the University and the church through the lens of race relations. To learn more, visit [episcopal.sewanee.edu](http://episcopal.sewanee.edu).

David Goldberg, Trustee