

J O U R N A L

One Hundred Seventy-Third

ANNUAL COUNCIL

The Episcopal Diocese of Texas

Volume I

The Woodlands, TX

February 25-26, 2022

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 172ND COUNCIL

UNFINISHED BUSINESS & CERTIFICATION OF MINUTES

I certify that there are no items of unfinished business remaining from the 172nd Annual Council of the Episcopal Diocese of Texas. I also certify that the minutes (as contained in Volume II, *Journal of the 172nd Council*) are a true and accurate account of the proceedings of that Council.

John R. Soard II, Acting Secretary to Council

REGULAR COMMITTEES FOR THE 173RD COUNCIL (2022)

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.)

The Rev. Stanford Adams, Good Shepherd, Austin

Maria Boyce, St. Martin's, Houston (Chair)

The Rev. Lillian Hyde, Trinity, Galveston

Mr. Robert Sumners, St. David's, 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)

Chair: The Rev. Canon Christine M. Faulstich, Diocese of Texas, Houston

Diocesan Council Coordinator: Mary Cloud, Trinity, Houston

Chancellor: David Harvin, St. Martin's, Houston (Ex Officio)

Chair of Committee for Dispatch of Business: The Rev. William "Bill" Fowler, St. Mary's, Lampasas (Ex Officio)

Susan Duif, Trinity, Galveston

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

Rob Montgomery, St. Thomas', College Station

Joanne Starbuck, Trinity, Houston

Tammy Tiner, St. Thomas', College Station

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.)

Oliver Chapin-Eiserloh, St. David's, Austin

The Rev. William "Bill" Fowler, St. Mary's, Lampasas (Chair)

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.)

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

Clergy Standing Committee Representative: The Rev. Jimmy Abbott, Holy Comforter, Spring

Lay Executive Board Representative: Mark Duncan, Calvary, Richmond

Ex-officio: David Harvin, Chancellor

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

To Council 2024

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

The Rev. Scott Painter, Grace, Houston

John Wallace, Palmer Memorial, Houston

Liz Garrison, St. Paul's, Kilgore

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.)

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.)

Linda Gray, St. Peter's, Brenham

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

BUDGET

The Rev. Mitch Tollett, St. Francis, Tyler

Nancy Bradley, Good Shepherd, Friendswood

John Akard, St. Mary's, Cypress

STANDING COMMITTEES OF THE COUNCIL

Pre-Council Report of the

COMMITTEE FOR CONSTITUTION & CANONS *to the 173rd Council*

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

A. CONSTITUTIONAL AMENDMENTS

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

Article 2 THE COUNCIL

EXISTING:

Section 2.5 Attendance

It is hereby declared to be the duty of every member of the Clergy entitled to a seat to attend the Council; and of every Parish and Mission to send one or more delegates. Each Parish or Mission is expected to make suitable provision, either by collection or otherwise, for the expense of the Clergy in fulfilling the above required duty.

PROPOSED:

Section 2.5 Attendance

It is hereby declared to be the duty of every member of the Clergy entitled to a seat to attend the Council; and of every Parish and Mission to send one or more delegates. Each Parish or Mission is expected to make suitable provision, either by collection or otherwise, for the expense of the Clergy and lay delegates in fulfilling the above required duty.

IF AMENDED:

Section 2.5 Attendance

It is hereby declared to be the duty of every member of the Clergy entitled to a seat to attend the Council; and of every Parish and Mission to send one or more delegates. Each Parish or Mission is expected to make suitable provision, either by collection or otherwise, for the expense of the Clergy and lay delegates in fulfilling the above required duty.

SUBMITTED BY: The Executive Board

RATIONALE (by the Executive Board): Our Baptismal Covenant calls us to “strive for justice” and it is just, fair, and equitable for congregations to also cover the expenses of lay delegates who fulfill the required duty of attending Council. This amendment would permit lay people to serve as delegates who otherwise would not because of financial reasons.

THE COMMITTEE RECOMMENDS THIS PROPOSAL FOR A SECOND READING.

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 2022

Treasurer of the Diocese (1)
Linda Riley Mitchell, lay, Trinity, Houston

Secretary of the Diocese (1)
The Rev. Marcea Paul, clergy

Standing Committee (1 lay, 1 presbyter)
The Rev. Simón Bautista Betances, clergy, Christ Church Cathedral, Houston
The Rev. Bill Carroll, clergy, Trinity, Longview
The Rev. Mike Stone, clergy, St. Thomas the Apostle, Nassau Bay
Debbie Allensworth, lay, St. Andrew's, Pearland
Vyonne Carter-Johnson, lay, Grace, Houston

Executive Board (3 lay, 2 clergy)
The Rev. Janssen Gutierrez, clergy, San Mateo, Houston
The Rev. Ralph Morgan, clergy, Calvary, Richmond
The Rev. James Pevehouse, clergy, St. Mark's, Beaumont
The Rev. Roy Varghese, clergy, Good Shepherd Indian, Stafford
The Rev. Wendy Wilkinson, clergy, Christ the King, Houston
Michael Bullington, lay, Christ Church Cathedral, Houston
Joyce Davis, lay, St. Paul's, Katy
William R. (Bob) Parkey, Jr., lay, St. Martin's, Houston

Cindy Roper, lay, St. Thomas the Apostle, Nassau Bay
Frecia Todd, lay, St. Paul's/San Pablo, Houston
Debra Waltz-Reasonover, lay, St. Luke the Evangelist, Houston

Trustee of the Church Corporation (1 lay or clergy)
Andrea Shiloh, lay, Hope, Houston
The Rev. Sean Steele, clergy, St. Isidore, Spring
Helen Toombs, lay, Palmer Memorial, Houston

Trustee of the University of the South (1 lay)
Catherine Foster, lay, St. Mark's, Houston
Halford Haskell, lay, Grace, Georgetown

Lisa Neilson, Chair

COMMITTEE ON RESOLUTIONS

The Committee received no resolutions for consideration at the 173rd Council of the Episcopal Diocese of Texas.

Courtesy Resolutions of the 173rd 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 148-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 173rd 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 173rd Council of the Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, instructs the Secretary of the Council to send greetings to The Rt. Rev. Diane M. Jardine Bruce, Bishop Provisional elect 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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-three seminarians preparing for Holy Orders attending Duke Divinity, Seminary of the Southwest, Sewanee School of Theology, Virginia Theological Seminary, Yale Divinity, and Fuller Seminary as well as twenty-four 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 173rd 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, 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 173rd Council of the Episcopal Diocese of Texas, assembled at The Woodlands, Texas, 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, Mr. Robert C. Schorr has faithfully served the Episcopal Diocese of Texas through his ministry; and

WHEREAS, as a member of the Diocesan Staff he retired during the year 2021; 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 173rd 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 Keith Giblin, Stephen Kinney, and Carol Peterson 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 2021; 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 173rd 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, 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; Tammy Tiner, St. Thomas', College Station, and Nick Johnson, Grace, Houston.

Jimmy Grace, Chair

REPORTS OF BISHOPS

REPORT OF BISHOP JEFF W. FISHER

Recently on Twitter, I saw someone refer to the Covid-19 pandemic as: "The Great Reveal." These last two years have revealed much about our common life: as a nation, as a Church, and as disciples of Jesus Christ.

During 2020, my visitation schedule with our congregations was abruptly interrupted. During that year, I spent most Sunday mornings at home, watching live-streamed worship, just like many others did. Yet in January of 2021, I began a regular visitation schedule again. During this year of 2021, I have been back to in-person worship with you all: celebrating the Eucharist, preaching, teaching, conducting parish forums, meeting with vestries, and witnessing parishioners "come back" in a variety of ways, all while following local protocols. During "The Great Reveal," it has been revealed to me, in new ways, the importance of an incarnational presence with you all, in our congregations.

It has been wonderful to get back to more in-person events this year. In 2020, we canceled the annual fall Retreat for Retired Clergy and Spouses. Yet in September of 2021, we resumed this wonderful gathering at Camp Allen, with a great turnout of 61 people. The retreat included some super offerings, including a presentation and discussion with Dr. Scott Bader-Saye, professor at the Seminary of the Southwest, as he spoke about how to live out our faith in the midst of a time of fear. We also had a presentation by the Church Pension Group about changes to the retiree health insurance program, free time with activities such as a nature hike and skeet shooting, and an informative tour of the new Bishop Doyle Center and Campsite 4 at Camp Allen. Mark your calendars for next year's Retreat: Monday evening thru Wednesday noon, September 26-28, 2022!

During these challenging times of isolation, assisting me in pastoral care to our retired clergy and spouses, is a superb 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), the Rev. Nan and Sam Doerr (Galveston and Southwest convocations), the Rev. Nancy and the Rev. Bill DeForest (San Jacinto and Southeast convocations), and the Rev. Cliff Rucker (Northeast convocation). In our ministry to one another, it has been revealed within our community of retired clergy and spouses how much we need each other and how much we enjoy being together.

As Executive for Pastoral Ministries in our diocese, I help to coordinate the responses to varied pastoral concerns of our clergy and their families. This includes surgeries, illnesses, personal hardships, praise for recoveries, and even the joyous news of a new baby. During 2021, it has been my honor and privilege to walk beside families, upon the death of several members of the clergy. These times have revealed to me the pastoral heart of my ministry.

As a part of my pastoral ministry, I have served as the liaison to the diocesan board of the Episcopal Church Women (ECW). Over the years, the diocesan ECW board has pondered their purpose and function. In accordance with the bylaws of their board, in January of 2021, the diocesan ECW board resolved to dissolve, and to prepare a plan of dissolution. Admirably, the plan included 10 significant grants of \$30,000 each, to be given in each of the 10 convocations of the diocese. These grants were to institutions and charities that particularly impact women and children. The plan also included a \$30,000 grant to the Iona School for Ministry, to support women in formation. This plan of dissolution was approved by Bishop Doyle, and it was then ratified by more than two-thirds of the heads of congregations, per the requirement of the bylaws of the board. It should be reiterated that the vibrant ministry of local ECW chapters in our congregations is not affected by this decision; it is just that oversight by a diocesan level board is no longer needed.

The diocesan ECW board formerly operated the Vera Gang Scott Scholarship program, which is awarded to young women pursuing higher education. In August, the future oversight for this scholarship program was organized under a separate committee, now that the diocesan ECW board no longer is the administrator.

In October of 2021, the diocesan board of the ECW planned a “Farewell Retreat” at Camp Allen, for women around the diocese. Worship and workshops were significant, as well as celebrations of past presidents and board members. The leadership of the final President of the diocesan ECW, Trish Johnston, has been outstanding and forward-thinking. I have been so grateful to work alongside Trish and the women on the board; they have made bold and courageous decisions, with good faith and stewardship.

I also serve as the liaison to the diocesan Daughters of the King (DOK) in our diocese. DOK is an order for women who devote themselves to evangelism, service, and prayer. The DOK offered their Spring Assembly on-line, and that presentation included a sermon I preached and submitted by video. The Fall Assembly was held in-person at Camp Allen; everyone was so joyful to be back together. Therefore, my sermon at that assembly focused on the revelation of the joy of the Lord in our lives.

For the Episcopal Seniors Foundation (ESF), I serve as chair of the board, and Pam Nolting serves as president. During 2021, even with little in the way of solicitation of grant requests, we still made a handful of grants to congregations and ministries who share our goal of fostering healthy living for seniors. ESF renewed the 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 spring. In the midst of the pandemic, it has been revealed to us how important it is to connect seniors, in community and in response to needs.

Small Church Network gatherings in 2020 were moved to on-line offerings. Yet we did gather in person in April of 2021 at Camp Allen. The Small Church Network is for laity and clergy in congregations with an average Sunday attendance of 50 or fewer, usually gathering twice a

year at Camp Allen. During the time of the pandemic, the fruit of our gatherings as a network were revealed, as lay and clergy leaders supported and leaned on each other, in a web of relationships all across the diocese. The Small Church Network gathering in April focused on: Pandemic Take-Aways and Missional Impact. This was led by the Mission Amplification team of the diocesan staff. We attempted to meet again in September, yet by then the Delta variant made us a bit wary and so we cancelled that gathering. In 2022, we are making a renewed effort for Spring and Fall gatherings at Camp Allen, hopefully focusing on missional formation. Please put Sunday evening through Monday noon, March 27-28 and September 25-26, on your calendars!

Even globally, the pandemic revealed to us that we are not islands unto ourselves, yet we are connected in many ways. In our diocese, the World Mission Board coordinates our global companion relationships with three dioceses: North Dakota, Costa Rica, and Southern Malawi. The board also oversees grants to worthy ministries around the world, all coordinated by a very diverse and fun group of people, led by the Rev. Meredith Crigler and me. During 2021, we did not skip a beat in our global relationship building, including grants. From my own perspective, I stayed in touch with the bishops of our companion dioceses: Bishop Alinafe Kalemba (Southern Malawi), Bishop Orlando Gómez (Costa Rica), and Bishop Tom Ely (North Dakota). With these bishops, I have shared the common challenges and revelations of these times.

At Bishop Doyle's request, I chair the Diocesan Liturgical Commission, which includes priests and lay persons, including church musicians. I think that we all would agree that when we were not able to worship together in our Episcopal tradition, this revealed the huge part that liturgy plays in our common life in the praise of Jesus Christ. 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). In 2021, the new rectors and the bishops in our diocese were now finally able to utilize these new trial liturgies, and we will gather feedback on them in 2022.

The Liturgical Commission has also produced trial liturgies (Eucharistic Prayers A, B, C, and D) for the Holy Eucharist, that use consistently applied principles, with a bit more inclusive language. (These liturgies contain only a small number of changes from the 1979 liturgies). In the fall of 2021, a handful of our congregations have been testing these liturgies in their own contexts, so that we may gain feedback on them in the spring. My hope is that these more inclusive language liturgies, with Bishop Doyle's approval, will then be more widely available across the diocese, and also to the wider Church. Bishop Doyle has also asked me to field various liturgical questions from clergy. All four of the bishops in our diocese talk about liturgical practices quite often; these times have revealed the importance of liturgy and worship to all of us.

I serve on the board of All Saints' Episcopal School in Tyler. Because of protocols, the all-School Easter chapel service was held outdoors in the football stadium, and I was asked to be the preacher. I preached from the 50-yard line, doing my best to channel my "inner Billy Graham." In May of 2021, it was so refreshing to be back in the school Chapel for an in-person Baccalaureate service for the graduating seniors, and I was honored to be asked to preach for that occasion. The Tyler Diocesan Office is on the campus of the school; it is a joy to be among a vibrant community of students, faculty, board, and staff, all of whom have approached these challenging times with care.

The House of Bishops of The Episcopal Church conducted both of our 2021 meetings (spring and fall) virtually. There are now many newer bishops, whom I have never even met. We miss each other! We are hopeful that the House of Bishops can gather in-person in March of 2022 at Camp Allen, for an extended meeting, focusing on building relationships once again.

Due to postponements, The General Convention in Baltimore is now scheduled for July 2022. The Lambeth Conference, which was originally 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 preparation for Lambeth, in the fall of 2021, bishops from all over the world were invited to participate in a monthly Bible study on Zoom. In my Bible study group were bishops from the United States (Texas, California, Maryland, and Washington State), as well as from such places as Canada, Taiwan, New Zealand, and Australia. These Bible studies revealed our worldwide Anglican Communion to me, in new and relational ways.

I serve on the Program, Budget, and Finance (PB&F) Committee of The Episcopal Church (TEC), where I was elected to be the Vice-Chair. This committee will work on a budget for the wider Church for 2023-24, to be presented to The General Convention in July of 2022. Along with the chair of the committee, I co-led the first meeting of the PB&F committee in November, which was an organizational gathering over Zoom. In February of 2022, we will meet in-person for the first time, in Baltimore, to start digging into the nuts and bolts of the 2023-24 budget. In connection with this work, during 2021, I have been attending the meetings of the Executive Council of TEC, as well as the Finance subcommittee. This has allowed me to get up to speed on the budgeting process, and to provide some input, even though I am not a voting member of the Executive Council.

In connection with my work with the PB&F Committee, I served on a task force formed by our last General Convention: The Task Force on the Budget Process. From that task force, we presented our conclusions and proposed changes to streamline the budget process, changes which will be considered by The General Convention in 2022.

It has been revealed to me, in an even greater way this year, how fortunate I am to work on a team of bishops. In most dioceses, the bishop is solo, without a colleague to share in the episcopate. Yet I have the privilege to work on a team with Bishop Doyle, Bishop Ryan, and Bishop Monterroso. The four of us meet by Zoom every other Tuesday morning; it is wonderful to share in ministry with them.

Covid-19 has brought death and sadness and so much heartache. And, in many ways, I also believe that this pandemic has been “The Great Reveal.” Much has been revealed, and things have changed, about how we interact with our neighbors, and about the ways in which we do ministry. Yet it has also been revealed that there are things that are unchangeable: love of God, love of neighbor, and the fact that Jesus Christ is the same, yesterday and today and forever.

For in the Bible, Isaiah 40:5 proclaims: “Then the glory of the Lord shall be revealed...”

Jeff W. Fisher, Bishop Suffragan

REPORT OF BISHOP KATHRYN “KAI” RYAN

As we come to the end of 2021, I have learned once again the truth that the ministry of the Church endures regardless of the nature of the present challenges. I have been strengthened and inspired by the faithfulness and resilience of the congregations, people, and institutions of the Diocese of Texas this year, and am privileged to serve Christ and you as Bishop Suffragan.

Central to our work as your bishops are visitations and ordinations. I presided at the ordinations to the priesthood of Chris Weis and Elizabeth McManus-Dail (for North Carolina). Chris' service was delayed by weather and Lizzie's by COVID. Holy Comforter in Angleton and the Seminary of the Southwest (outdoors on the Mott) were gracious to host. In June, during Bishop Doyle's sabbatical, I was privileged to preside at the ordinations to the diaconate of the 2021 class. Bishop Monterroso preached, gifting each new deacon with a soccer ball – a reminder to go out into the mission field in creative ways to bring others into the fellowship of the Church. I also ordained Santi Rodriguez to the diaconate for the Diocese of Virginia in a small service on St. David's, Austin's outdoor labyrinth.

Visitations in 2021 returned, for the most part, to in-person worship. To accommodate the dangers of COVID, several congregations gathered in creative outdoor spaces. St. James, La Grange hosted a beautiful Confirmation at the Fayette County Fairgrounds amphitheater. At St. Christopher's, Austin, I baptized and confirmed on the bluff, with the congregation enjoying one of the best views in the Diocese. On a Saturday evening in December, the first Bishop's visitation to Misio Episcopal de Waco, the Diocese's new Latino Church Plant in Waco, held in the parish hall at St. Alban's, Waco, included 9 confirmations and 14 receptions, testimony to the dedicated leadership of the Rev. Oscar Huerta. The evening was a wonderful celebration of collaboration and mission!

In all, I made 42 visitations, including 9 that were fully remote. Most of the in-person visits included confirmations and/or receptions and reaffirmations of baptismal vows; a few included baptisms. Utilizing the technologies adopted during the height of social distancing, many services continued to be live streamed to include those unable to be physically present. I met with most vestries and bishop's committee on Zoom, hearing the hopes, concerns, plans, and challenges of leaders wondering whether and when absent members of the congregations would return, and moving forward with creative ministries for regathering and incorporating learnings from COVID-tide. Many clergy and lay leaders expressed a renewed awareness of the difficulties inherent in engaging children and young people in the life of the parish and the desire to draw them and their families into the gathered community. One other common theme were the challenges of building relationships and establishing collaborative habits between clergy and lay leaders when transitions had occurred during or just before the pandemic.

I had the pleasure of celebrating several installations that had been delayed. At Good Shepherd, Austin, I installed the Rev. Channing Smith; at Trinity Episcopal School, Austin, the Headmaster, Jennifer Morgan; for Christ Church, Cedar Park, the Rev. Richard Pelkey; for St. Thomas, Rockdale, the Vicar, the Rev. Michele Bonner; for St. Mary's, Bellville, the Rev. John Campbell; for St. John's, Austin, the Rev. Minerva Camarena Skeith.

My portfolio from Bishop Doyle for the Diocese includes serving as Executive for Ministry, with

oversight of the ordination process, post-ordination formation, and the Iona School for Ministry. The Commission on Ministry, led by Chair, the Rev. Francene Young, and supported by the Secretary for the COM, Ana Gonzales, is central to this work, and I am grateful for the faithful discernment of the members. The Committee for the Diaconate, led by the Rev. Jan Halstead following the Rev. Pat Richie, and the Examining Chaplains, led by the Rev. Patrick Hall, also handle essential aspects of diocese's work in shepherding aspirants, postulants, and candidates through the ordination process.

To deepen understanding of the ordination process among diocesan clergy and laity, we offered webinars in English and in Spanish, and held a lunch and learn at Clergy Conference. We also held two Discovery Retreats for those discerning lay or ordained ministry.

In January 2021, we held a Vocations Conference, bringing together the diocese's students in the ordination process from seminaries and the Iona School with the bishops, COM, CFD, Examining Chaplains, and Standing Committee for formation, relationship building, and interviews. Though our vision was for an in-person event at Camp Allen, we were very satisfied with the outcomes from the remote experience. This event took the place of multiple single and two-day meetings that had been spread out over the academic year. In all, 40 students, all preparing for ordination to the priesthood or the diaconate, participated in the remote gathering.

The complete report of the COM is included separately in this Journal.

Once ordained, both stipendiary and bivocational priests take part in formation designed to help build collegial relationships, provide continuing education and support development of priestly identity, and offer mentoring by senior clergy. The Curate Cohort and First Time in Charge for stipendiary clergy in curacies met in a combination of remote and Camp Allen gatherings, as did Beginning Well, two separate programs for bivocational priests and for priests new to the Diocese. Each cohort provided significant relationships and encouragement to the participating clergy. Mentor-facilitators this year were: the Revs. Marcea Paul, Daryl Hay, Les Carpenter, Katie Wright, Trawin Malone, Angela Cortiñas, Terry Pierce, and John Johnson. Post-seminary formation is coordinated by my talented Executive Assistant, Haley Townsend.

At Iona School for Ministry in June, the Rev. Mary Lenn Dixon and Mark Crawford, who had led Iona School ably as Deans, retired. We celebrated their ministry at Iona School graduation in June at Camp Allen, an event made even richer by the inclusion of much of the class of 2020, whose graduation had been remote. The Rev. Francene Young (Dean of Administration) and the Rev. Dr. Andrew Benko (Dean of Formation) were called and began their work over the summer. The School has been able to meet in person throughout the fall, continuing its excellent work of forming leaders for ministry as ordained and lay leaders. I have been grateful for the opportunity to work with these Deans and with the Iona School students. The Deans are assisted by Chaplain, the Rev. Carol Petty, and the faculty and instructors, as well as Iona Administrator, Laura McAlister. It was a special privilege this year to teach the senior class course on the theology of the Church and Sacraments in December.

I serve as Chair of the Boards of three diocesan institutions, managing that by relying extensively on three dedicated and skillful Executive Chairs. At Seminary of the Southwest, Clarke Heidrick serves as Executive Chair and the Rev. Dr. Cynthia Kittredge serves as Dean

and President. In 2021, the Seminary welcomed new members to the faculty, making this the most diverse faculty in the Seminary's history; the Board and Administration completed construction documents for the library renovation project and paid off the long-term debt; and the Seminary enrolled one of the largest and most diverse incoming classes ever.

For El Buen Samaritano, Vickie Blumhagen completed her term as Executive Chair. Vickie's service carried El Buen between Executive Directors and Bishops Suffragan. Gustavo Hernandez took on the role of Executive Chair and had helped the Board to articulate goals consistent with the Strategic Plan on which the Board and Administration have been working since the spring of 2020. Dr. Rosamaria Murillo, the Executive Director, continued to lead El Buen ably through the pandemic and to strengthen El Buen's standing as the leader in service to Austin's Latino community.

Chris Oddo continued his service as Executive Chair at St. Stephen's Episcopal School, Austin, where Chris Gunnin serves as Headmaster. The boarding and day school enrolled nearly 700 students this year, including about 170 boarders. The school's stability and excellence is a testimony to the strength of the Board and Administration.

In serving each of these diocesan institutions, I witness and contribute to the diocese's impact on the broader community and the world. Each inspires generosity from those beyond the membership of our congregations and members. Each nurtures persons to become leaders who impact the world for good. Each testifies to the diocese's commitment to a ministry of reconciliation through service. By the thoughtful stewardship of these institutions, the Diocese continues to make the love of Christ real in the lives of our neighbors.

For the broader church, I serve on the planning committee for the House of Bishops. All of our gatherings in 2021 became remote gatherings, but the committee was able to gather in Baltimore for our annual planning meeting with the Presiding Bishop. It was the first time in my 2 ½ years of service that I was able to meet with them. In addition to the large gatherings of the House, I was invited to present, along with Halley Ortiz, the Rev. Nandra Perry, and Bishop Monterroso, from the Diocese of Texas, as part of a College for Bishops workshop on Bivocational Ministry.

I was honored to present on the topic of formation as one of the keynote speakers for the Hispanic Lay Leadership Conference in June. I was moved by the opportunity to hear and learn from fellow Episcopalians and Anglicans in Nicaragua, Brazil, and Venezuela and the Diocese, and am grateful to Bishop Monterroso and the Commission on Hispanic Ministry for their invitation. I continue to work on my Spanish to better communicate with our Spanish speaking members and clergy and to empathize with those who must communicate day after day in a language they "no hablan muy bien".

In October, I was honored to preach at the Convention of the Diocese of Northwest Texas at the invitation of my Seminary of the Southwest classmate, Bishop Scott Mayer. And Tim and I enjoyed our first gathering with the bishops of Province VII and their spouses, held at Camp Capers in the hill country.

I finished my work chairing the Church and School Relations Committee of the Sewanee Board of Trustees with my election in October as a Regent for Sewanee. My first meeting in

December coincided with the resignation of the Vice Chancellor, Reuben Brigety, and initial conversations about the interim period and the search for a new Vice Chancellor. What a privilege it is to serve 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, and the people and clergy of the Diocese. Tim and I give thanks that God has called us to serve the Diocese of Texas!

Kathryn “Kai” McCrossen Ryan, Bishop Suffragan

REPORT OF BISHOP HECTOR F. MONTERROSO

As part of my ministry in the Diocese of Texas, serving as Bishop Assistant, I would like to share with this honorable Council the report of activities for the year 2021.

The year 2021 brought new challenges for our churches, and each found the appropriate way to take them on. From the beginning of the year, in-person visits to churches were restored. Flexibility and adaptability were fundamental skills throughout the year. For example, during the year, I visited churches in the South Region and other regions where I learned about the creativity and adaptability our churches had been using to stay active and continue worship and celebration in various forms and places like parking lots, community gardens, virtually, and in church buildings. These adaptations have been interesting practices that have given us the flexibility to know that we can worship in many places and adapt to our ministry according to circumstances. It has been a wonderful experience to see how all our churches and their leaders have reacted to the current conditions and adapted immediately to the changes that have been necessary to continue our work.

The ministry of the Diocese of Texas is fruitful work that manifests itself in many ways, planting new churches, new missionary communities, and the service of our clergy and lay leaders to meet the challenges that arise amid the troublesome situations we constantly face. During conversations with our church leaders, I sometimes hear concerns that their actions are too small to solve the critical issues that plague us. However, the truth is that some small leaps of faith turn into life-changing events when practiced at the community level. Its strength is such that seemingly unattainable events are possible. For instance, many members of our churches take to the streets to distribute food and water; others donate blood, some others visit the sick in person and virtually. All these actions show God's love through service. These acts of service are inspiring, and in some way, we cannot measure the impact they have on people. However, we know that it is in this way that God works, through small acts of mercy, that turn into incredible transformations. This is the responsibility that characterizes our Churches,

being part of the solution to the problems that afflict us. This is done by trusting the divine provision and God's transforming power.

I am grateful to all the members of our churches who join to contribute in some way by practicing these acts of faith that show the world the love of God.

Ordinations

The beginning of the year always brings the good news of the ordination of new priests for the church. This year during February, I had the privilege of ordaining to the priesthood Rev. Jacob Breeze (Holy Family, Houston), Rev. Marcia Sadberry (St. Luke the Evangelist, Houston), Rev. Luz Cabrera Montes (Trinity, Houston), Jeff Bohanski (St. Andrew's in Houston), and Rev. Joseph Yoo (St. Andrews, Pearland).

Celebration of a New Ministry

At the same time, I was able to preside at the celebration of the new ministry of The Rev. Jonathan Totty as Rector of Grace Episcopal, Galveston, and The Rev. Jimmy Abbott, Rector of Trinity, Galveston.

St. Vincent's House

Part of my responsibilities includes serving on the Board of Directors of St. Vincent's House, one of our Diocesan programs. This Galveston-based program continues its excellent work. In 2021 St. Vincent's House directly reached and served 36,000 people and distributed 400,000 pounds of food.

In addition to other health services, St. Vincent's contributed significantly to the vaccination process, one of the first places to offer Covid vaccines for many people in Galveston.

St. Vincent's is now working on the strategic planning of its facilities to envision the future infrastructure needed to support the demand for services and the growth of its ministry. This is a very understaffed diocese program that greatly multiplies what they receive to help transform many people's lives.

Task Force on Immigration

For the last several months, we have engaged in the process of listening and learning about our ministry to our immigrant brothers and sisters, with still more to be done. We are listening and learning about the extraordinary work already being done around the diocese, the heart and passion that our faithful members have for this work, and the needs of our community

partners. We aspire to build a substantial network that will help connect willing volunteers with opportunities already available in the diocese.

We have identified four potential access points for people to engage in this work:

1. Skill-based teams to bring together experts in their fields to see where their talents might intersect with the needs of immigrants.
2. Cross-parish partnerships to shine a light on our congregations already engaged in this work and build bridges to those congregations wanting to become involved in this work.
3. Rapid welcome teams to bring provisions to immigrant families temporarily in our cities on their way to other destinations and in need of help.
4. Long-term sponsorship for those parishes who wish to enter into a deeper relationship with one family over two years.

We are delighted to share that several of our Houston congregations have worked with an interfaith group to support rapid response for short-term stays as people transition to permanent homes with family or sponsors. The group is called Houston Interfaith Rapid Response, and it was convened through the Houston Immigration Legal Services Collaborative.

Austin rapid response teams are currently recruiting and hoping to begin serving with Casa Marianela in November.

The Immigration Task Force is led by Halley Ortiz, a St. David's Austin parishioner. Other task force members are Rosa Maria Murillo, The Rev. Simon Bautista, The Rev. Jim Harrington, and Paula Stevens.

Disaster Recovery Outreach Program

The Rev. Stacy Stringer continues to do an exceptional job, coordinating reconstruction efforts, disaster preparedness, and working in partnership with different organizations to multiply resources. Our program has reached many people who have been affected by the disasters that affected us in 2021.

During the power and water outages due to the winter storm that hit us in February, from which many of our churches suffered damage from broken pipes although, insurance covered part of the damages additional resources were needed to support them. Through the efforts of Stacy and diocesan staff, Episcopal Relief & Development provided us with a donation of

\$250,000! These resources were used to help affected churches. Some of the churches and programs that received support include St. James, Austin, SoCo in Austin, St. Vincent's House in Galveston, and St. Alban's in Houston.

Other areas in which this program has been working intensively include:

- Work in partnership with nonprofits and other faith-based organizations to repair homes and address the urgent needs of vulnerable families affected by the 2021 winter storm in different regions of our Diocese.
- Through The Abundant Harvest of St. Isidore's, we have been working with a community advocate in a rural immigrant community to repair houses and water wells and replace property damaged by the storms of 2017 and 2019 and the winter storm of 2021. Because this is lowland likely to flood again, we incorporated cost-effective, water-resistant designs for interior and exterior repairs.
- Although Hurricane Ida did not affect us directly, it did affect other neighboring places. We, therefore, decided to support our neighboring dioceses of Louisiana and Western Louisiana, for example:
 - We helped evacuees from their region who sought refuge in our Diocese and did not have enough resources for accommodation and food.
 - We did pastoral checks with clergy and other leaders who were significantly affected by the storm.

We live under a constant threat of natural disasters, so we must be prepared. Our preparedness resources for congregations and families are updated on the website. Our Disaster Recovery Team is available to assist communities with their emergency planning.

The Commission on Hispanic Ministries

Inspiring lay leaders to follow a path of formation has been the goal of the Hispanic Ministry Commission for the past few years. As the Diocese of Texas continues to grow, so does the need for more committed and well-trained lay leadership. Likewise, more Spanish-speaking, and bilingual clergy. The commission has focused on this effort with various initiatives and events.

1. The Hispanic Lay Leadership Conference

The 2021 Hispanic Lay Leadership Conference was held on June 18 and 19, 2021. This year, the conference was held virtually, allowing the participation of interested lay leaders in the

Diocese of Texas and opening the opportunity for participants from all over Latin America.

In addition to having participants from the Hispanic churches of the Diocese of Texas, participants from various Dioceses of the Episcopal Church in the United States, Central, and South America joined in this grand celebration of leadership. Another highlight of the conference was the variety of training workshops that allowed participants to share stories about their call to ministry.

This year the keynote speaker for the conference was Bishop Kai Ryan; she guided and encouraged the speakers to explore the various forms of ministry in which leaders can serve through their participation. Including Ordained Ministry and options for those considering this calling as an option for their lives.

Strengthening our lay leadership, planting new Hispanic churches, involving more Latinos in decision-making groups in the Diocese, and attracting new people to ordained ministry is part of the dream we share by hosting this conference.

2. Advocacy

Engaged in the immigration effort, the Commission on Hispanic Ministries has focused on different projects that support education and information in other geographic areas of the Diocese. Hispanic churches have come together to lead teaching and training programs for asylum seekers or those in the process of requesting their documents and regularizing their immigration status in the country. This promotion process is taking place in both Houston and Austin.

The Multiethnic Strategy

The Executive Team has focused on different goals to fulfill our immediate plan this year. One of the goals has been elaborating a Multi-ethnic Strategy for the Diocese. This strategy will allow us to take advantage of and incorporate cultural diversity, ethnic richness, diverse voices and languages, and the multinational representation of people who are part of the membership of the Diocese of Texas. This strategy can also be used as an evangelistic tool, offering people looking for an inclusive community that welcomes them and offers them the possibility of fully living their spirituality. This multinational, multilingual, and multiethnic participation is enriching for the life of the Church since the body of Christ is characterized by being made up of great diversity.

We are a Church that unites and represents diversity. This multiethnic and multicultural presence is a gift that God has given us and, at the same time, a pastoral and missionary responsibility.

We can summarize the actions that the strategy seeks to achieve in eight main points.

1. More balanced representation

- Currently, the representation of people of color in some decision-making groups, like commissions and board of directors, is very varied. In some groups, people of color are well represented (more than 40%), but in others, they are not represented (0%).

2. Emergence of leadership

- It will also help us promote and empower minority groups in the Diocese to have more active and involved participation in Diocesan life.

3. Amplification missionary strategy

- It opens a perspective for us to determine the places, populations, and the appropriate formation for missionaries to do their work better at the missionary level.

4. Creating discernment and training materials

- For those who aspire to Holy Orders in different languages.

5. Intentionally crafted bilingual and multilingual celebrations at diocesan events

- Bilingual or multilingual worship must be intentionally included in Eucharistic celebrations and diocesan events. This action will help recognize that the Diocese is home to different groups and cultures.

6. Encouraging learning relationships between churches

- We are promoting developing relationships between congregations of different ethnicities and cultures with an expectation of mutual learning.

7. Intentional pulpit swaps

- Intentionally pulpit swaps allow the Churches to meet, listen to, and interact with people of other cultures in the same Diocese.

8. Possibility to apply to grants for immersion language learning.

- Encouraging clergy and laity in the Diocese to learn another language while encouraging congregations to use sections of the liturgy in another language on special occasions.

National Church and Anglican Communion

- I participate in the College of Bishops as coach to Bishop Daniel Genovesi, Diocesan Bishop of the Diocese of Uruguay, The Anglican Church of South America.
- I recently served as one of the chaplains for the Clergy Conference of the Diocese of West Texas.
- I was elected to the Episcopal Relief & Development Board of Directors. My first meeting will be in February at Camp Allen.
- I have been named a member of the World Mission Committee of the General Convention held next year in Maryland.
- In addition, I function as director of the CREDO program for Latin America. This program created by the Church Pension Group is directed to revitalize the vocation, physical and spiritual health of the Clergy.

Héctor Monterroso, Bishop Assistant

REPORT OF BISHOP RAYFORD B. HIGH

As resigned Bishop Suffragan of Texas, I continue to serve our Lord. My ministry as Assistant Bishop in the Diocese of West Texas includes Sunday visitations; regular office hours in the Bishop Jones Center; oversight of diocesan committees; pastoral care; Celebrant, Preacher and Officiant at Confirmations, Ordinations, and Diocesan Chapel House services; and being a member of the General Convention Committee of the Church Pension Fund.

During 2021 in the Diocese of Texas, I participated in one funeral, represented the Diocese at the funeral of the Rt. Rev. Sam B. Hulse, resigned Bishop of Northwest Texas, and made numerous pastoral calls and visits.

Throughout the fifty-seven years of ordained ministry, I have been blessed to serve two different times in the Diocese of West Texas as Priest, Rector and Bishop; Provisional Bishop of the Diocese of Fort Worth; and Rector, Canon for Pastoral Ministry, and Bishop Suffragan in the Diocese of Texas. I am grateful for the faithful support of the Rt. Rev. C. Andrew Doyle and for the call by the Rt. Rev. David Reed to serve as Assistant Bishop.

Rayford B. High, Jr.
Retired Bishop Suffragan of Texas and Retired Provisional Bishop of Fort Worth

REPORTS OF OFFICERS OF THE DIOCESE

HISTORIAN

Working together with the Rev. Mark Crawford, we have submitted an updated version of the history of the Diocese of Texas for graduating seminarians. This survey concludes at the onset of the pandemic in 2020. A more detailed historical survey of how the Diocese of Texas responded to the pandemic will be submitted in subsequent years.

Jimmy Abbott, Diocesan Historian

REGISTRAR

As Acting Registrar of the Diocese of Texas, I certify that to date in 2021, all ordinations held within the Diocese and all transfers of clergy as well as clergy changes in each congregation have been duly recorded.

Millie I. M. Longoria, Acting Registrar of the Diocese

SECRETARY

As acting Secretary to Council, I am 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 173rd Council are to be filed online (do not send copies to the Diocesan Center). Forms materials for 2022 (such as the delegate certification, list of appointed/elected parochial officers) are already available on the diocesan website as a part of the Council registration forms. Please remember that Council registration and all of the other requested material are 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 councilregistration@epicenter.org. Beginning January 2nd, you will be able to file the parochial report by going to <https://reports.dfms.org> and entering your login and password. As before, you are required to file your report online. Online filing will not begin until January 2. Please do not send a hardcopy to the Diocese; we are able to access the reports once they have been filed online. We do recommend, however, that you keep a hardcopy of your Parochial Report for your own records. I 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 26, 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 R. Soard II, Acting Secretary to Council

ARCHIVIST

Our diocesan archive activity held steady in 2021 despite the pandemic and the closure of our offices. In general, we receive 3 or so inquiries a month and they can vary greatly from routine requests for membership transfer letters to the unexpected query about locating a time capsule in one of our institution's walls. No two inquiries are exactly alike and not everyone can be answered.

The most common request received are from parishioners needing letters of transfer or baptism/confirmation details from recently closed churches. As archivist, I keep about a dozen registers from our recently closed churches in our onsite filing room for this purpose. Sometimes these questions come from children or grandchildren hoping to learn more about their family's faith history. It gives me great satisfaction to be able to provide that information or to point the caller in the right direction. I also sometimes contact the volunteers and staff at the various parishes who maintain the written records. Their diligence is sincerely appreciated.

When working on closed church and diocesan files, we use the Episcopal Church's Manual of Business Methods in Church Affairs document, which satisfies Title I, Canon 7, "Of Business Methods in Church Affairs," and Resolution D-147 (1979 GC): "Accounting Principles and Practices for Diocese, Parishes, and Other Congregations." In 2019, St. Barnabas', Houston closed and a consultant was brought in to process the records for storage. In 2020, St. Timothy's, Houston also closed, and the records need to be processed.

In 2003 and 2004, the Bishop Quin Foundation provided funds to have trained consultants evaluate, clean, preserve, restore, and inventory our records before they were transferred to Iron Mountain, a secure climate-controlled offsite storage facility. There are still unfinished materials from that project that need attention, and a great deal of former bishop and property files waiting to be processed. There is also a need to create a more robust index of the offsite storage for easier file retrieval.

Kathryn L. Herman, Archivist

TREASURER
THE EPISCOPAL DIOCESE OF TEXAS

The information provided is for the period January 1 - November 30, 2021

	Year to Date Amounts	2021 Adopted Budget
REVENUES		
Assessments	7,256,599	7,916,289
Foundation Support and Overhead	2,685,320	2,915,389
Other Revenues	171,197	330,650
TOTAL REVENUES	<u>\$ 10,113,116</u>	<u>\$ 11,162,329</u>
EXPENDITURES		
OFFICE OF THE BISHOP		
Clergy Compensation	1,575,943	1,802,292
Lay Staff Compensation	603,183	700,190
Business and Travel Expense	277,999	408,848
Clergy Conference	135,656	120,000
TOTAL OFFICE OF THE BISHOP	<u>2,592,780</u>	<u>3,031,330</u>
COMMUNICATION DEPARTMENT		
Communication Staff Compensation	354,123	405,803
Other	118,802	176,000
TOTAL COMMUNICATIONS	<u>472,925</u>	<u>581,803</u>

CANONICAL EXPENSES

Diocesan Council	98,094	175,867
Other	64,072	142,300
TOTAL CANONICAL EXPENSES	162,166	318,167

MINISTRY EXPENSES

Ministry Staff Compensation	511,139	572,534
Transition Ministry	142,561	121,875
Wellness and Care Ministry	71,378	118,050
Other Ministry Expenses	456,869	525,000
TOTAL MINISTRY EXPENSES	1,181,946	1,337,459

MISSION AMPLIFICATION

Mission Amplification Compensation	992,315	1,024,148
Youth Ministry	14,806	100,350
Congregational Vitality	54,096	85,600
Other	39,977	55,500
TOTAL MISSION AMPLIFICATION EXPENSES	1,101,194	1,265,598

SERVICE AND OUTREACH

Support of the Episcopal Church	1,284,283	1,401,036
Support of the Anglican Communion	200,000	300,000
World Mission & Companion Dioceses	64,183	153,136
Other	77,096	133,750
TOTAL SERVICE AND OUTREACH	1,625,562	1,987,922

ADMINISTRATIVE EXPENSES

Staff Compensation	860,243	957,721
Insurance	674,068	754,750
Diocesan Center Operating Expense	620,798	687,565
General Office Expense	151,689	223,000
Other Admin	451,153	587,014
TOTAL ADMINISTRATIVE EXPENSES	2,757,951	3,210,050
TOTAL EXPENSES	9,894,526	11,732,329
REVENUES OVER (UNDER) EXPENSES	218,590	(570,000)
Special Accounts	(772,019)	-
NET CHANGE IN ASSETS	\$ (553,429)	\$ (570,000)

Linda Riley Mitchell, CFO/Treasurer

EXECUTIVE BOARD

The Rev. Canon John A. Logan, Jr. died on August 14, 2021. Canon Logan served as Secretary to Council since 1986 and to the Executive Board since 1994. He will be greatly missed. Diocesan staff will manage the work of the secretary of the Executive Board until Bishop Doyle is ready to submit a new secretary for election in 2022.

Saturday, February 27, 2021:

The Executive Board of the Episcopal Diocese of Texas met via Zoom immediately following the adjournment of the 172nd Annual Council, which was held virtually from Camp Allen. Bishop Doyle welcomed the newly elected members (Clementine Arana, Sara Cannon, Meredith Canada, the Rev. Marcea Paul, and the Rev. Korey Wright) and explained the meetings schedule (three annually at Camp Allen, the first of which will be in March). Bishop Fisher was re-affirmed as Vice-President. Elected as Secretary was John A. Logan, Jr, who was absent due to illness. Elected as Treasurer was Linda Mitchell. Elected as the Executive Board representative on the Nominations Committee was Mark Duncan.

Wednesday, March 17, 2021:

The Executive Board conducted a hybrid meeting, with some attending at Camp Allen and some via Zoom. The Governance Committee has agreed to table the issue of changing the name from "Council" to "Convention" as their research continues but has been hindered by COVID. They have undertaken a review of the Constitution and Canons to ensure that it is aligned with General Convention and current diocesan practices. The Mission Committee has discussed the 360 review results, but the planned Town Hall meetings have been postponed to 2022 due to COVID. The Finance Committee gave reports on current financial statements and assessments. A motion to give the Insurance Taskforce the authority to review the medical insurance was approved. The clergy housing allowances resolution was approved. David Fisher gave a report on the Diocesan Foundations. Canon Saylor reported on the Mission Amp Team's COVID learning project. Canon Chambers reported that the renovation to the Houston Diocesan Center is complete and the search for a new CRM (database) vendor has begun. Canon Faulstich is on parental leave and will return in April.

Wednesday, September 8, 2021:

The Executive Board conducted a hybrid meeting. Bishop Doyle was on sabbatical. As Vice-Chair, Bishop Fisher led the meeting in his absence. The Governance Committee continues their review of the Constitution and Canons. The Mission Committee are undertaking multicultural work with Bishop Monterroso. The Finance Committee gave reports on current financial statements and assessments. The clergy housing allowances resolution was approved. The 2022 assessments were accepted as presented. Canon Chambers reported that a Dare to Lead program will be offered to clergy via Zoom this fall. He also reported that he will be leaving the Diocese because his wife has taken a call in the Diocese of Lexington. Canon Faulstich reported on clergy transition work and on her work to manage other matters while Bishop Doyle is on sabbatical. She also reported that Council will be in person in February 2022, in the Woodlands. Council 2023 will be in Galveston. Institutional reports were given by St. Vincent's House and Camp Allen. Bishops Monterroso, Ryan, and Fisher reported on their work in the Diocese and the wider Church in various capacities.

Wednesday, December 8, 2021:

The Executive Board conducted a hybrid meeting. The Mission Committee reported that their multicultural work continues. They are also doing collaborative work to learn what works in ministry for other denominations and dioceses. The Governance Committee moved that the second reading of the proposed amendment for parishes and missions to pay the cost of delegations to attend Diocesan Council, which was postponed due to COVID in 2021, go

forward at Council 2022. The motion carried with no debate. The Finance Committee gave reports on current financial statements and assessments. **The Insurance Taskforce approved the recommendation to expand funding of family medical coverage for clergy and diocesan staff who are not currently grandfathered in (those who were hired after 2015). This does not apply to lay employees of churches, schools, and institutions. Those organizations may choose to pay for family coverage for lay employees.** Diocesan funds are more than sufficient to cover the cost (\$900K) without any impact on insurance assessments that were approved in September. The motion was made and carried with no objection. The Finance Committee recommended that the Special Insurance Reserve be clarified to also include Diocesan Staff. The committee also recommended that the Diocese contribute another \$300K to this fund. The motion was made and carried with no objection. The 2022 Budget was presented. A motion was made to refer the 2022 Budget to Diocesan Council in February of 2022. The motion carried with no objection. The Housing Allowances Resolutions were presented for 2021 and 2022 and were approved. The 2020 audit report was presented. A motion was made that the Board affirm the acceptance of the Audit report. The motion carried with no objection. The Finance Committee selected the Rev. Korey Wright to announce at Council 2022 the congregations with assessments in arrears. Institutional reports were given by Episcopal Health Foundation and Camp Allen. Canon Faulstich reported on clergy transitions and that we are close to signing a contract with a new CRM vendor. All four bishops reported on their work in the Diocese and the wider Church in various capacities.

Christine Faulstich, Acting Secretary to the Executive Board

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; Ms. Sue Green, Merrell Anne Shearer, and The Rev. Bill Fowler (terms expiring in 2022), The Rev. Jason Ingalls, Mr. Scott Madison, and Mr. Clark “Corky” Moore (terms expiring in 2023), and Mr. Bob Biehl, The Rev. Michael K. Paul, and Ms. Melinda Little (terms expiring in 2024). 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, 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. The Bishop Quin Foundation supports Sabbatical Grants for our clergy. The Bishop Quin Foundation has also funded initiatives from our congregations there were referred by the EDOT Collaboration Team and Mission Amplification teams over the past few years.

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 for processing grant applications from EDOT congregations 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 2021, the Bishop Quin Foundation pledged \$1.0 million to a second 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. The Bishop Quin Foundation contributed \$500,000 for the first COVID-19 Financial Relief package in the year 2020.

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, 2020 and 2019

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, 2020 and 2019 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, 2020 and 2019 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.



October 4, 2021

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

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 114,247	\$ 225,917
Due from other Diocesan operating entities	713,259	466,445
Notes receivable (<i>Note 3</i>):		
Church Corporation	479,883	468,947
Other related entities, net	471,541	482,303
Investments (<i>Notes 4 and 5</i>)	33,573,229	38,475,487
Land	<u>180,601</u>	<u>180,601</u>
TOTAL ASSETS	<u>\$ 35,532,760</u>	<u>\$ 40,299,700</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 11,321	\$ 15,029
Grants payable (<i>Note 6</i>):		
Other related entities, net	677,477	908,397
Diocesan operating entities	<u>2,042,040</u>	<u>450,000</u>
Total liabilities	<u>2,730,838</u>	<u>1,373,426</u>
Net assets without donor restrictions:		
Board-designated revolving fund	(743,800)	238,572
Board-designated permanent fund	<u>33,545,722</u>	<u>38,687,702</u>
Total net assets without donor restrictions	<u>32,801,922</u>	<u>38,926,274</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,532,760</u>	<u>\$ 40,299,700</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 Activities for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE:		
Net investment return (<i>Note 4</i>)	\$ 3,556,872	\$ 6,608,210
Support from Diocesan operating entities	1,080,418	863,327
Interest on notes receivable from other related entities	19,230	20,492
Interest on notes receivable from Diocesan operating entities	10,936	10,906
Other revenue	<u>50,038</u>	<u>12,300</u>
Total revenue	<u>4,717,494</u>	<u>7,515,235</u>
EXPENSES:		
Program services:		
Grants to other related entities	6,602,565	1,707,723
Grants to Diocesan operating entities	<u>3,748,138</u>	<u>346,986</u>
Total program services	10,350,703	2,054,709
Management and general:		
Diocesan operating entities – administrative services	425,507	394,209
Other management and general	<u>65,636</u>	<u>44,036</u>
Total expenses	<u>10,841,846</u>	<u>2,492,954</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(6,124,352)	5,022,281
Net assets without donor restrictions, beginning of year	<u>38,926,274</u>	<u>33,903,993</u>
Net assets without donor restrictions, end of year	<u>\$ 32,801,922</u>	<u>\$ 38,926,274</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets without donor restrictions	\$ (6,124,352)	\$ 5,022,281
Adjustments to reconcile changes in net assets without donor restrictions to net cash used by operating activities:		
Net realized and unrealized (gain) loss on investments	2,710,572	(4,359,218)
Partnership income	(5,793,988)	(183,930)
Changes in operating assets and liabilities: Due from Diocesan operating entities	(246,814)	(422,354)
Accounts payable and accrued expenses	(3,708)	(6,259)
Grants payable	<u>1,361,120</u>	<u>(393,871)</u>
Net cash used by operating activities	<u>(8,097,170)</u>	<u>(343,351)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	35,897,102	4,935,507
Purchases of investments	(27,121,855)	(4,589,131)
Change in money market mutual funds held as investments	(789,573)	58,564
Advances made on notes receivable	(12,053)	(12,693)
Payments received on notes receivable	<u>11,879</u>	<u>19,688</u>
Net cash provided by investing activities	<u>7,985,500</u>	<u>411,935</u>
NET CHANGE IN CASH	(111,670)	68,584
Cash, beginning of year	<u>225,917</u>	<u>157,333</u>
Cash, end of year	<u>\$ 114,247</u>	<u>\$ 225,917</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, 2020 and 2019

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 25th 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 Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

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 or other related 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, 2020, all known impaired loans have been reserved in the allowance for loan losses.

Investments are reported at fair value. Mineral interests are reported at cost less depletion 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. 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. Commitments made, but not yet funded are reported as grants payable and are discounted to estimate the present value of future cash flows, if material. Conditional grants are subject to one or more barriers that must be overcome before the recipient is entitled to receive or retain funding. Conditional grants are recognized in the same manner when the conditions are met by the recipient.

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.

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>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 114,247	\$ 225,917
Receivables from other Diocesan operating entities	713,259	466,445
Notes receivable from related entities, net	951,424	951,250
Investments	<u>33,573,229</u>	<u>38,475,487</u>
Total financial assets	35,352,159	40,119,099
Less board-designated net assets not available for general expenditure in the coming year	<u>(31,082,308)</u>	<u>(36,968,209)</u>
Total financial assets available for general expenditure	<u>\$ 4,269,851</u>	<u>\$ 3,150,890</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. The Foundation’s investments are invested for long-term appreciation, but remain available to be spent at the Board of Trustees’ discretion. By the Board of Trustees’ 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 of Trustees of the Foundation has deferred payment on the past due note annually beginning in 2017 through 2021. The balance includes principal plus accrued interest.

Other 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 6.0% 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>2020</u>	<u>2019</u>
Notes secured by real and other property	\$ 468,200	\$ 480,580
Unsecured notes receivable	<u>133,678</u>	<u>132,060</u>
Total notes receivable from related entities	601,878	612,640
Allowance for loan losses	<u>(130,337)</u>	<u>(130,337)</u>
Notes receivable from related entities, net	<u>\$ 471,541</u>	<u>\$ 482,303</u>

NOTE 4 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Investment in EH Investment Fund, L.P.	\$ 32,629,306	\$ 1,326,033
Money market mutual funds	943,923	154,350
Bond mutual funds		14,341,823
Domestic equity mutual funds		9,494,566
International equity mutual funds		8,949,235
Master limited partnership mutual fund		2,528,360
Real estate exchange-traded fund		1,096,484
Commodity mutual fund		<u>584,636</u>
Total investments	<u>\$ 33,573,229</u>	<u>\$ 38,475,487</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 five limited partners in the Fund all of which are Diocesan operating entities. As of December 31, 2020, the Foundation had a 1.93% interest in the Fund. 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). 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, at least 20% of the Fund's assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2020.

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

	<u>2020</u>	<u>2019</u>
Portfolio funds: (a)		
Equity strategies	24.3%	25.9%
Absolute return	17.3%	18.9%
Private equity	14.2%	12.8%
Equity hedge	5.2%	4.0%
Other	0.7%	0.9%
Global stock, fixed-income and hard asset mutual funds	21.3%	24.0%
Marketable securities:		
Common stock	12.6%	8.4%
Depository receipts	0.5%	0.7%
Cash and cash equivalents	<u>3.9%</u>	<u>4.4%</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 the Foundation'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 the Foundation. The Foundation believes that the effect of any future regulatory change in the Foundation's assets would not materially impact the value.

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

	<u>2020</u>	<u>2019</u>
Partnership income	\$ 5,793,988	\$ 183,930
Net realized and unrealized gain (loss)	(2,710,572)	4,359,218
Interest and dividends	98,813	1,458,582
Mineral royalty income	463,450	800,916
Foreign taxes and mineral interests' production expenses	(65,393)	(104,476)
Investment management fees	<u>(23,414)</u>	<u>(89,960)</u>
Net investment return	<u>\$ 3,556,872</u>	<u>\$ 6,608,210</u>

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

	<u>2020</u>	<u>2019</u>
Realized and unrealized gain	\$ 5,796,024	\$ 184,081
Interest and dividends	163,214	7,221
Investment management and incentive fees	<u>(165,250)</u>	<u>(7,372)</u>
Total partnership income	<u>\$ 5,793,988</u>	<u>\$ 183,930</u>

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. 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.

There are no investments that are categorized as Level 3 investments at December 31, 2020 and 2019. 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) (NAV-PE) using the practical expedient have not been categorized in the fair value hierarchy.

Assets measured at fair value at December 31, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>NAV- PE</u>	<u>TOTAL</u>
Investments:				
EH Investment Fund, L.P.			\$ 32,629,306	\$ 32,629,306
Money market mutual funds	\$ 943,923			943,923
Total investments measured at fair value	<u>\$ 943,923</u>	<u>\$ 0</u>	<u>\$ 32,629,306</u>	<u>\$ 33,573,229</u>

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

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>NAV - PE</u>	<u>TOTAL</u>
Investments:				
EH Investment Fund, L.P.			\$ 1,326,033	\$ 1,326,033
Money market mutual funds	\$ 154,350			154,350
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 funds	1,096,484			1,096,484
Commodity mutual fund	584,636			584,636
Total investments measured at fair value	<u>\$ 37,149,454</u>	<u>\$ 0</u>	<u>\$ 1,326,033</u>	<u>\$ 38,475,487</u>

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

- *EH Investment Fund, L.P.* is valued at 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 the Fund's investment managers and audited financial statements to determine the overall reasonableness of the recorded value.
- *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.

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.

NOTE 6 – GRANTS PAYABLE

At December 31, 2020, grants approved and committed for future payments are payable as follows:

2021	\$ 2,403,597
2022	216,060
2023	<u>99,860</u>
Total grants payable	<u>\$ 2,719,517</u>

The Foundation has made approximately \$369,000 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, 2020.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no 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; The Rev. Sharron Cox, Steve Fallon, and I were ably assisted in 2021 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, 2020 and 2019

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, 2020 and 2019 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.

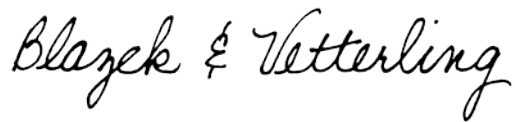
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020 and 2019 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 20 and 21 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 cursive script that reads "Blazeck & Vetterling".

October 4, 2021

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,778,064	\$ 154,770
Receivables:		
Support from Diocesan operating entities	10,000,000	2,000,000
Contributions receivable		1,000,000
Other	265,944	213,123
Notes receivable (<i>Note 3</i>):		
Clergy	172,918	201,694
Parishes and schools, net of allowance of \$17,000 in 2020 and 2019	2,050,735	2,058,735
Other, net of allowance of \$249,000 in 2020 and 2019	276,732	285,334
Land and buildings held for sale	585,549	665,349
Investments (<i>Notes 4 and 5</i>)	56,424,076	42,759,184
Property, net (<i>Note 6</i>)	<u>10,010,250</u>	<u>10,068,634</u>
TOTAL ASSETS	<u>\$ 81,564,268</u>	<u>\$ 59,406,823</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,960	\$ 2,540
Grants payable to other related entities (<i>Note 7</i>)	625,083	739,681
Due to Diocesan operating entities	1,701,962	138,548
Funds held for other related entities'	24,518,385	18,208,896
Notes payable (<i>Note 8</i>)	<u>6,729,237</u>	<u>6,729,237</u>
Total liabilities	<u>33,580,627</u>	<u>25,818,902</u>
Commitments and contingencies (<i>Note 9</i>)		
Net assets (<i>Note 12</i>):		
Without donor restrictions (<i>Note 10</i>)	23,238,720	11,531,953
With donor restrictions (<i>Note 11</i>)	<u>24,744,921</u>	<u>22,055,968</u>
Total net assets	<u>47,983,641</u>	<u>33,587,921</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 81,564,268</u>	<u>\$ 59,406,823</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, 2020

WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 199,911	\$ 159,291	\$ 359,202
Net investment return (<i>Note 4</i>)	1,058,154	3,319,937	4,378,091
Interest on notes receivable	78,635		78,635
Support from Diocesan operating entities	<u>11,290,309</u>	<u></u>	<u>11,290,309</u>
Total revenue	12,627,009	3,479,228	16,106,237
Net assets released from restrictions:			
Participating fund distributions	<u>790,275</u>	<u>(790,275)</u>	<u></u>
Total	<u>13,417,284</u>	<u>2,688,953</u>	<u>16,106,237</u>
EXPENSES:			
Program services:			
Grants made:			
Other related entities	421,512		421,512
Diocesan operating entities	314,219		314,219
Unrelated entities	100,328		100,328
Imputed interest on note payable to The Great Commission Foundation (<i>Note 8</i>)	175,682		175,682
Depreciation	98,023		98,023
Repairs and maintenance	22,273		22,273
Interest	<u>10,936</u>	<u></u>	<u>10,936</u>
Total program services Management and	1,142,973		1,142,973
general:			
Diocesan operating entities – administrative services	432,324		432,324
Other	<u>135,220</u>	<u></u>	<u>135,220</u>
Total expenses	<u>1,710,517</u>	<u></u>	<u>1,710,517</u>
CHANGES IN NET ASSETS	11,706,767	2,688,953	14,395,720
Net assets, beginning of year	<u>11,531,953</u>	<u>22,055,968</u>	<u>33,587,921</u>
Net assets, end of year	<u>\$ 23,238,720</u>	<u>\$ 24,744,921</u>	<u>\$ 47,983,641</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, 2019

WITHOUT DONOR <u>RESTRICTIONS</u>		WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions	\$ 918,328	\$ 1,305,898	\$ 2,224,226
Net investment return (<i>Note 4</i>)	600,447	2,912,073	3,512,520
Interest on notes receivable	82,312		82,312
Support from 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:			
Other related entities	863,046		863,046
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)

Statements of Cash Flows for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 14,395,720	\$ 5,826,715
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	98,023	98,023
Grants of land and buildings to a parish	79,800	
Gain on sale of property		(55,000)
Net realized and unrealized (gain) loss on investments	309,734	(5,235,589)
Partnership income	(8,311,661)	
Contributions restricted for endowment		(1,000,000)
Support from Diocesan operating entities designated for endowment	(8,000,000)	(2,000,000)
Changes in operating assets and liabilities:		
Other receivables	(52,821)	89,817
Accounts payable and accrued expenses	3,420	(9,353)
Grants payable to other related entities	(114,598)	417,681
Due to Diocesan operating entities	1,563,414	(32,196)
Funds held for other related entities	<u>6,309,489</u>	<u>2,372,439</u>
Net cash provided by operating activities	<u>6,280,520</u>	<u>472,537</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments received on notes receivable	45,378	105,835
Advances on notes receivable		(10,400)
Proceeds from sales of investments	42,104,971	10,198,094
Purchases of investments	(47,919,132)	(9,322,457)
Net change in money market mutual funds held as investments	151,196	(760,959)
Proceeds from sale of property		155,000
Purchases of property	<u>(39,639)</u>	<u>(326,518)</u>
Net cash provided (used) by investing activities	<u>(5,657,226)</u>	<u>38,595</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable		(436,905)
Proceeds from contributions restricted for endowment	<u>1,000,000</u>	
Net cash provided (used) by financing activities	<u>1,000,000</u>	<u>(436,905)</u>
NET CHANGE IN CASH	1,623,294	74,227
Cash, beginning of year	<u>154,770</u>	<u>80,543</u>
Cash, end of year	<u>\$ 1,778,064</u>	<u>\$ 154,770</u>

Supplemental disclosure of cash flow information:

Interest paid	\$19,102
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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, 2020 and 2019

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 of 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 residents 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 25th 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 Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

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 other Diocesan operating entities, or other related 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.

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

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 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.

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 other 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 Church Corporation approves an unconditional commitment to a grant recipient. Commitments made, but not yet funded are reported as grants payable and are discounted to estimate the present value of future cash flows using a risk-free rate-of-return, if material. Conditional grants are subject to one or more barriers that must be overcome before the recipient is entitled to receive or retain funding. Conditional grants are recognized in the same manner when the conditions are met by the recipient.

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 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,778,064	\$ 154,770
Notes receivable, net	2,500,385	2,545,763
Receivables	10,265,944	3,213,123
Investments	<u>56,424,076</u>	<u>42,759,184</u>
Total financial assets	70,968,469	48,672,840
Less financial assets not available for general expenditure:		
Donor-restricted and board-designated endowments, less appropriations	(40,561,127)	(26,061,735)
Funds held for related entities	(24,518,385)	(18,208,896)
Notes receivable due in more than one year	(2,455,108)	(2,397,063)
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>\$ 2,783,617</u>	<u>\$ 1,354,914</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.

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 3 – 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 15 to 30 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 5 to 20 years.

Notes receivable from others are from two external organizations for the purchase of property with interest rates ranging from 6.0% to 7.25%. Payment terms require periodic payments of principal and interest ranging from 10 to 12 years. The notes are secured by land and buildings.

NOTE 4 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Investment in EH Investment Fund, L.P.	\$ 54,433,928	
Money market mutual funds	1,947,715	\$ 2,098,911
Absolute return hedge fund	42,433	
International equity securities		13,115,193
Domestic equity securities		10,490,282
Hedge funds		9,166,695
Fixed-income mutual funds		3,914,235
Mortgage-backed securities		1,774,965
Corporate bonds and notes		1,176,183
Exchange-traded funds		576,200
U. S. Treasury securities		446,520
Total investments	<u>\$ 56,424,076</u>	<u>\$ 42,759,184</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 five limited partners in the Fund all of which are Diocesan operating entities. As of December 31, 2020, Church Corporation has a 3.26% interest in the Fund. 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). 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, 20% of the Fund's portfolio assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2020.

The invested assets of the Fund at December 31, 2020 are summarized by investment type as follows:

Portfolio funds: (a)	
Equity strategies	24.3%
Absolute return	17.3%
Private equity	14.2%
Equity hedge	5.2%
Other	0.7%
Global stock, fixed-income and hard asset mutual funds	21.3%
Marketable securities:	
Common stock	12.6%
Depository receipts	0.5%
Cash and cash equivalents	<u>3.9%</u>
Total	<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. 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.

Legal, tax, and regulatory changes could occur during the term of Church Corporation'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 Church Corporation. Church Corporation believes that the effect of any future regulatory change in its assets would not materially impact the value.

Investment return consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends and mineral royalties	\$ 181,177	\$ 1,054,987
Partnership income	8,311,661	
Net realized and unrealized gain (loss)	(309,734)	5,235,589
Foreign taxes	(8,089)	(59,974)
Investment management and custodial fees	<u>(60,440)</u>	<u>(136,809)</u>
Total investment return	8,114,575	6,093,793
Less: Investment return allocated to funds held for related entities	<u>3,736,484</u>	<u>2,581,273</u>
Net investment return	<u>\$ 4,378,091</u>	<u>\$ 3,512,520</u>

Partnership income from investment in the Fund consists of the following at December 31, 2020:

Realized and unrealized gain	\$ 8,326,241
Interest and dividends	237,677
Investment management and incentive fees	<u>(252,257)</u>
Total partnership income	<u>\$ 8,311,661</u>

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 Accounting Standards Update 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) (NAV-PE) 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, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>NAV- PE</u>	<u>TOTAL</u>
Investments:				
EH Investment Fund, L.P.			\$ 54,433,928	\$ 54,433,928
Money market mutual funds	\$ 1,947,715			1,947,715
Absolute return hedge fund (a)			42,433	42,433
Total investments measured at fair value	<u>\$ 1,947,715</u>	<u>\$ 0</u>	<u>\$ 54,476,361</u>	<u>\$ 56,424,076</u>

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

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>NAV- PE</u>	<u>TOTAL</u>
Investments:				
Money market mutual funds	\$ 2,098,911			\$ 2,098,911
Absolute return hedge fund (a)			\$ 3,279,712	3,279,712
International equity securities	13,115,193			13,115,193
Global long/short hedge fund (b)			5,886,983	5,886,983
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
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 investments measured at fair value	<u>\$ 30,194,821</u>	<u>\$ 3,397,668</u>	<u>\$ 9,166,695</u>	<u>\$ 42,759,184</u>

- (a) 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, 2020.

- (b) 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. As of December 31, 2020, Church Corporation has redeemed all of its investments in the fund.

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

- *EH Investment Fund, L.P.* is valued at 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 the Fund's investment managers and audited financial statements to determine the overall reasonableness of the recorded value.
- *Mutual funds* are valued at the reported net asset value.
- *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.
- *Equity securities* and *exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Mortgage-backed securities, corporate bonds and notes, and U. S. Treasury securities* 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.

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.

NOTE 6 – PROPERTY

Property consists of the following:

	<u>2020</u>	<u>2019</u>
Buildings used in ministry:		
Diocesan Center	\$ 3,436,640	\$ 3,436,640
Other ministries	<u>434,100</u>	<u>434,100</u>
Total depreciable assets	3,870,740	3,870,740
Less: Accumulated depreciation	<u>(1,634,918)</u>	<u>(1,536,895)</u>
Net depreciable assets	2,235,822	2,333,845
Land used for ministry:		
Diocesan Center	2,220,000	2,220,000
Other ministries	101,470	101,470
Land and buildings held for anticipated future parish or school use	1,531,105	1,531,105
Land and buildings – Diocesan clergy housing	<u>3,921,853</u>	<u>3,882,214</u>
Property, net	<u>\$ 10,010,250</u>	<u>\$ 10,068,634</u>

NOTE 7 – GRANTS PAYABLE

At December 31, 2020, grants approved and committed for future payments are payable as follows:

2021	\$ 325,083
2022	100,000
2023	100,000
2024	<u>100,000</u>
Total grants payable	<u>\$ 625,083</u>

NOTE 8 – NOTES PAYABLE

Notes payable consist of the following:

	<u>2020</u>	<u>2019</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%.	<u>436,230</u>	<u>436,230</u>
Total notes payable	<u>\$ 6,729,237</u>	<u>\$ 6,729,237</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, 2020, land and buildings reported at approximately \$586,000 are being marketed for sale. The note payable to Bishop Quin of \$436,230 is interest-only until the remaining principal is due in June 2022.

Interest expense for the years ended December 31, 2020 and 2019 was approximately \$217,000 and \$317,000, respectively. The 2020 and 2019 amounts include imputed interest at a rate of approximately 2.75% and 4.50%, respectively, totaling \$176,000 and \$287,000 related to the non-interest bearing note payable to GCF, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Church Corporation, and its related Diocesan operating entities, 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, 2020, 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 \$2,693,000 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>2020</u>	<u>2019</u>
Diocesan Properties Fund	\$ 4,997,013	\$ 5,168,829
Participating Funds – board-designated endowment:		
Disaster relief	10,000,000	
Ethel J. Ogden Unrestricted	3,735,896	3,168,299
The Joseph and John Talbot Fund for Racial Reconciliation	2,221,380	2,000,000
The Henrietta Wells Fund for Racial Reconciliation	1,169,486	
Other	236,523	210,541
Clergy Housing Trust	458,210	533,656
Episcopal Housing Trust	<u>420,212</u>	<u>450,628</u>
Total net assets without donor restrictions	<u>\$ 23,238,720</u>	<u>\$ 11,531,953</u>

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Church growth and expansion (We Are One Campaign)	<u>\$ 650,232</u>	<u>\$ 650,232</u>
Endowments subject to spending policy and appropriation:		
Joan Golden Estate for support of abused children	6,596,084	5,844,253
Elise Casey Episcopal Trust for senior adult support	4,896,663	4,312,598
Robert Maxey Episcopal Bequest benefits All Saints Chapel, Austin and St. David's Church, Austin	3,505,628	3,032,126
Ethel J. Ogden Restricted Episcopal Trust for youth education	2,211,899	1,826,811
Bishop's Leadership Council Endowment benefits – EHF	1,269,081	1,097,664
Lily Endowment for congregational leaders	800,000	1,000,000
Episcopal Endowment Fund for bishop support	654,325	589,879
Valda McWhirter Estate – Scholarship for St. Alban's, Waco	521,416	469,390
Wallace O. Breedlove Family Fund for missions	472,374	426,613
Elma Robertson Estate for family support	397,192	341,231
Bishop Kinsolving Memorial Scholarship Fund	392,151	389,635
Ralph Spence Clergy Spouses Fund	375,997	337,440
The Reverend William David Roberts Memorial Fund for Iona School	246,429	211,708
Wimberly Legacy Fund	236,174	202,896
Kathy Wheless Memorial Scholarship Fund	219,562	188,627
SLEHC 15th Anniversary Endowment benefits – EHF	215,794	186,650
Valda McWhirter Estate – Scholarship for St. Alban's, Waco	209,789	180,228
Cynthia M. Hess Fund benefits – St. Cyprian's Church	163,547	142,619
Francis Emmett Stevens Fund for needs of the impoverished	145,846	125,293
St. Luke's Chaplaincy Fund	136,583	117,340
Diocesan Scholarship Fund for nursing	106,454	91,456
Other	<u>321,701</u>	<u>291,279</u>
Total endowments	<u>24,094,689</u>	<u>21,405,736</u>
Total net assets with donor restrictions	<u>\$ 24,744,921</u>	<u>\$ 22,055,968</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, 2020:

ORIGINAL GIFTS	WITH DONOR RESTRICTIONS			
	BOARD- DESIGNATED ENDOWMENT	AND ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Donor-restricted endowment funds		\$19,353,917	\$ 4,740,772	\$24,094,689
Board-designated endowment funds	<u>\$17,363,285</u>			<u>17,363,285</u>
Endowment net assets	<u>\$17,363,285</u>	<u>\$19,353,917</u>	<u>\$ 4,740,772</u>	<u>\$41,457,974</u>

Endowment net asset composition as of December 31, 2019:

ORIGINAL GIFTS	WITH DONOR RESTRICTIONS			
	BOARD- DESIGNATED ENDOWMENT	AND ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
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>

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, 2018	<u>\$ 3,405,323</u>	<u>\$14,211,404</u>	<u>\$ 3,825,580</u>	<u>\$21,442,307</u>
Contributions and related support	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>
Contributions and related support	11,022,200	159,291		11,181,491
Net investment return	1,058,114	2,794,806	525,131	4,378,051
Other administrative costs	(18,645)	(109,211)		(127,856)
Distributions	<u>(77,224)</u>	<u>(680,858)</u>		<u>(758,082)</u>
Endowment net assets, December 31, 2020	<u>\$17,363,285</u>	<u>\$19,353,917</u>	<u>\$ 4,740,772</u>	<u>\$41,457,974</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 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, 2020 or 2019.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no 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, 2020

	EPISCOPAL HOUSING TRUST	CLERGY HOUSING TRUST	DIOCESAN PROPERTIES FUND	PARTICIPATING FUNDS	TOTAL
REVENUE:					
Contributions			\$ 177,711	\$ 181,491	\$ 359,202
Net investment return			40	4,378,051	4,378,091
Interest on notes receivable		\$ 10,619	68,016		78,635
Support from other Diocesan operating entities	\$ 16,627		273,682	11,000,000	11,290,309
Total revenue	<u>16,627</u>	<u>10,619</u>	<u>519,449</u>	<u>15,559,542</u>	<u>16,106,237</u>
EXPENSES:					
Program services:					
Grants made:					
Related entities			79,800	341,712	421,512
Other Diocesan operating entities				314,219	314,219
Unrelated entities				100,328	100,328
Imputed interest on note payable to The Great Commission Foundation			175,682		175,682
Depreciation			98,023		98,023
Repairs and maintenance	205		22,068		22,273
Interest			10,936		10,936
Total program services	<u>205</u>		<u>386,509</u>	<u>756,259</u>	<u>1,142,973</u>
Management and general:					
Diocesan operating entities – administrative services	26,688	80,065	213,508	112,063	432,324
Other	<u>20,150</u>	<u>6,000</u>	<u>91,248</u>	<u>17,822</u>	<u>135,220</u>
Total expenses	<u>47,043</u>	<u>86,065</u>	<u>691,265</u>	<u>886,144</u>	<u>1,710,517</u>
CHANGES IN NET ASSETS	(30,416)	(75,446)	(171,816)	14,673,398	14,395,720
Net assets, beginning 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>
Net assets, end of year	<u>\$ 420,212</u>	<u>\$ 458,210</u>	<u>\$ 5,647,245</u>	<u>\$ 41,457,974</u>	<u>\$ 47,983,641</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, 2019

	EPISCOPAL HOUSING TRUST	CLERGY HOUSING TRUST	DIOCESAN PROPERTIES FUND	PARTICIPATING FUNDS	TOTAL
REVENUE:					
Contributions			\$ 696,128	\$ 1,528,098	\$ 2,224,226
Net investment return		\$ 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
Repairs and maintenance	47,073		38,650		85,723
Interest	<u>19,102</u>		<u>10,906</u>		<u>30,008</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>

EPISCOPAL FOUNDATION OF TEXAS

The Episcopal Foundation of Texas was valued at \$94.1 as of December 31, 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 2021.

St. Vincent's House	\$ 340,000
El Buen Samaritano	500,000
Seminary of the Southwest	603,303
Camp Allen	773,000
Bishop Quin Foundation	1,184,720
Bishop Quin Foundation COVID II Relief Package	1,500,000
Bishop Quin Foundation Strategic Mission Grants	203,303
Tithe Grants	<u>349,813</u>
Total	\$5,454,139

In 2021 the Episcopal Foundation of Texas pledged \$1.5 million to a second COVID-19 Financial Relief Grant package that provided relief to congregations for assessment payments, support to the Episcopal Institutions of the Diocese of Texas, 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. The Episcopal Foundation of Texas provided \$1.0 million for the first COVID-19 Financial Relief program in the year 2020.

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 provided a grant in the amount of \$10 million to the Church Corporation for the purpose of establishing the Pete Coffield Memorial Fund for EDOT Disaster Relief. The Church Corporation board will use these funds to address disasters facing churches, schools, and institutions that are affiliated with the Episcopal Diocese of Texas such as financial crises, pandemics, and natural disasters.

The accounting firm of Blazek & Vetterling LLP has completed auditing the Episcopal Foundation of Texas for the year 2020. There were no significant changes recommended in our accounting procedures. The 2020 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, 2020 and 2019

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, 2020 and 2019 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.

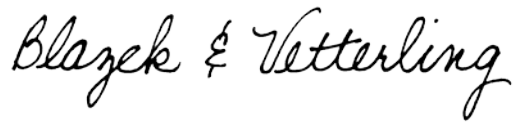
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020 and 2019 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 14 through 17 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 "Blazek & Vetterling". The script is cursive and fluid, with the ampersand connecting the two names.

October 4, 2021

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

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents (<i>Note 3</i>)	\$ 842,485	\$ 2,505,408
Investment distribution receivable		4,374,218
Investment income receivable	346,168	476,334
Due from other Diocesan operating entities	4,419,942	
Investments (<i>Notes 4 and 5</i>)	88,031,367	78,766,935
Property, net (<i>Note 6</i>)	<u>511,640</u>	<u>588,000</u>
TOTAL ASSETS	<u>\$ 94,151,602</u>	<u>\$ 86,710,895</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,281	\$ 23,215
Grants payable (<i>Note 7</i>):		
Unrelated entities	53,000	70,000
Other related entities, net	2,042,697	3,688,518
Diocesan operating entities	<u>12,308,486</u>	<u>1,380,104</u>
Total liabilities	<u>14,405,464</u>	<u>5,161,837</u>
Net assets without donor restrictions:		
Coffield income fund	(2,098,407)	264,546
Coffield principal fund	81,453,087	80,954,527
Memorial fund	<u>391,458</u>	<u>329,985</u>
Total net assets without donor restrictions	<u>79,746,138</u>	<u>81,549,058</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 94,151,602</u>	<u>\$ 86,710,895</u>

See accompanying notes to financial statements.

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE:		
Net investment return (<i>Note 4</i>)	\$ 14,412,163	\$ 19,952,072
Rent income from Diocesan operating entities (<i>Note 6</i>)	59,616	59,616
Other income	<u>16,701</u>	<u>4,817</u>
Total revenue	<u>14,488,480</u>	<u>20,016,505</u>
EXPENSES:		
Grants to other related entities	2,021,057	2,891,753
Grants to Diocesan operating entities	13,362,525	1,635,160
Grants to unrelated entities	<u>340,000</u>	<u>285,000</u>
Total program grants	<u>15,723,582</u>	<u>4,811,913</u>
Management and general:		
Diocesan operating entities – administrative services	453,761	429,376
Depreciation	76,360	76,360
Other administrative	<u>37,697</u>	<u>59,607</u>
Total supporting services	<u>567,818</u>	<u>565,343</u>
Total expenses	<u>16,291,400</u>	<u>5,377,256</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(1,802,920)	14,639,249
Net assets without donor restrictions, beginning of year	<u>81,549,058</u>	<u>66,909,809</u>
Net assets without donor restrictions, end of year	<u>\$ 79,746,138</u>	<u>\$ 81,549,058</u>

See accompanying notes to financial statements.

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets without donor restrictions	\$ (1,802,920)	\$ 14,639,249
Adjustments to reconcile changes in net assets without donor restrictions to net cash provided (used) by operating activities:		
Net realized and unrealized gain on investments	2,297,909	(12,181,976)
Partnership income	(14,075,157)	
Depreciation	76,360	76,360
Changes in operating assets and liabilities:		
Investment income receivable	130,166	178,600
Due from other Diocesan operating entities	(4,419,942)	(44,552)
Accounts payable and accrued expenses	(21,934)	23,215
Grants payable	<u>9,265,561</u>	<u>1,472,411</u>
Net cash provided (used) by operating activities	<u>(8,549,957)</u>	<u>4,163,307</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	71,325,930	8,953,539
Purchases of investments	(67,742,835)	(11,746,445)
Change in money market mutual funds held as investments	<u>3,303,939</u>	<u>(1,902,755)</u>
Net cash provided (used) by investing activities	<u>6,887,034</u>	<u>(4,695,661)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,662,923)	(532,354)
Cash and cash equivalents, beginning of year	<u>2,505,408</u>	<u>3,037,762</u>
Cash and cash equivalents, end of year	<u>\$ 842,485</u>	<u>\$ 2,505,408</u>

See accompanying notes to financial statements.

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, 2020 and 2019

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 25th 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 Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

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 and other related 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, 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 both 2020 and 2019. 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 2020 and 2019, the Board approved special grants of \$10.0 million and \$2.7 million, respectively.
- *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. Commitments made, but not yet funded are reported as grants payable and are discounted to estimate the present value of future cash flows, if material. Conditional grants are

subject to one or more barriers that must be overcome before the recipient is entitled to receive or retain funding. Conditional grants are recognized in the same manner when the conditions are met by the recipient.

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.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 842,485	\$ 2,505,408
Investment distribution receivable		4,374,218
Investment income receivable	346,168	476,334
Due from other Diocesan operating entities	4,419,942	
Investments	<u>88,031,367</u>	<u>78,766,935</u>
Total financial assets	93,639,962	86,122,895
Less financial assets not available for general expenditure in the coming year (based upon 4% approval for expenditures in 2020)	<u>(78,385,900)</u>	<u>(77,767,903)</u>
Total financial assets available for general expenditure	<u>\$ 15,254,062</u>	<u>\$ 8,354,992</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 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2020</u>	<u>2019</u>
Bank deposits	\$ 592,753	\$ 2,256,564
Money market mutual funds	<u>249,732</u>	<u>248,844</u>
Total cash and cash equivalents	<u>\$ 842,485</u>	<u>\$ 2,505,408</u>

Bank deposits exceed the federally insured limit per depositor per institution.

NOTE 4 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
EH Investment Fund, L.P.	\$ 79,765,301	
Private equity partnerships	7,949,572	\$ 4,836,319
Money market mutual funds	315,449	3,619,388
Real estate investment trust funds	1,045	543,743
Bond mutual funds		13,124,572
Equity mutual funds		10,402,504
Domestic large-cap exchange-traded funds		25,903,430
Domestic equity securities		3,383,411
International equity exchange-traded funds		8,278,081
International equity securities		<u>8,675,487</u>
Total investments	<u>\$ 88,031,367</u>	<u>\$ 78,766,935</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 five limited partners in the Fund all of which are Diocesan operating entities. As of December 31, 2020, the Foundation had a 4.71% interest in the Fund. 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). 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, at least 20% of the Fund's assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2020.

The invested assets of the Fund at December 31, 2020 are summarized by investment type as follows:

Portfolio funds: (a)	
Equity strategies	24.3%
Absolute return	17.3%
Private equity	14.2%
Equity hedge	5.2%
Other	0.7%
Global stock, fixed-income and hard asset mutual funds	21.3%
Marketable securities:	
Common stock	12.6%
Depository receipts	0.5%
Cash and cash equivalents	<u>3.9%</u>
Total	<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 the Foundation'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 the Foundation. The Foundation believes that the effect of any future regulatory change in the Foundation's assets would not materially impact the value.

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

	<u>2020</u>	<u>2019</u>
Partnership income	\$ 14,075,157	
Net realized and unrealized gain (loss)	(2,297,909)	\$ 12,181,976
Interest and dividends	185,886	2,023,499
Mineral income	2,994,576	6,699,303
Foreign taxes and mineral interests' production expenses	(305,715)	(449,678)
Investment management fees	<u>(239,832)</u>	<u>(503,028)</u>
Net investment return	<u>\$ 14,412,163</u>	<u>\$ 19,952,072</u>

Partnership income from investment in the Fund at December 31, 2020 consists of the following:

Realized and unrealized gain	\$ 14,103,870
Interest and dividends	380,522
Investment management and incentive fees	<u>(409,235)</u>
Total partnership income	<u>\$ 14,075,157</u>

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. 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.

There are no investments that are categorized as Level 3 investments at December 31, 2020 and 2019. 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.

Assets measured at fair value at December 31, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>NAV-PE</u>	<u>TOTAL</u>
Investments:				
EH Investment Fund, L.P.			\$ 79,765,301	\$ 79,765,301
Private equity partnerships (a)			7,949,572	7,949,572
Money market mutual funds	\$ 315,449			315,449
Real estate investment trust funds	1,045			1,045
Money market mutual funds held as cash equivalents	<u>249,732</u>	<u> </u>	<u> </u>	<u>249,732</u>
Total assets measured at fair value	<u>\$ 566,226</u>	<u>\$ 0</u>	<u>\$ 87,714,873</u>	<u>\$ 88,281,099</u>

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

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>NAV-PE</u>	<u>TOTAL</u>
Investments:				
Private equity partnerships (a)		\$	4,836,319	\$ 4,836,319
Real estate investment trust funds	\$ 543,743			543,743
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
Money market mutual funds held as cash equivalents	<u>248,844</u>			<u>248,844</u>
Total assets measured at fair value	<u>\$ 74,179,460</u>	<u>\$ 0</u>	<u>\$ 4,836,319</u>	<u>\$ 79,015,779</u>

(a) Private equity partnerships include seven 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, 2020, the Foundation has unfunded commitments for these partnerships totaling approximately \$3,387,000.

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

- *EH Investment Fund, L.P.* is valued at the net asset value utilized 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 the Fund's investment managers and audited financial statements to determine the overall reasonableness of the recorded value.
- *Private equity partnerships* are valued at net asset value as a practical expedient provided by fund management and supported by the audited financial statements.
- *Mutual funds* are valued at the net asset value of shares held at year end.
- *Real estate investment trust funds, exchange-traded funds and 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 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.

NOTE 6 – PROPERTY

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

	<u>2020</u>	<u>2019</u>
Episcopal Diocesan Center in Austin	\$ 1,323,050	\$ 1,323,050
Accumulated depreciation	<u>(875,916)</u>	<u>(799,556)</u>
Leasehold improvements, net	447,134	523,494
Land held for future missions	<u>64,506</u>	<u>64,506</u>
Property, net	<u>\$ 511,640</u>	<u>\$ 588,000</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 2020 and 2019 from the Diocese was approximately \$60,000.

Rental income from the Diocese at December 31, 2020 is expected to be collected as follows:

2021	\$ 59,616
2022	59,616
2023	59,616
2024	59,616
2025	59,616
Thereafter	<u>208,656</u>
Total	<u>\$ 506,736</u>

NOTE 7 – GRANTS PAYABLE

Grants payable at December 31, 2020 are expected to be paid as follows:

2021	\$ 13,493,496
2022	583,333
2023	<u>333,333</u>
Total grants payable	14,410,162
Discount to net present value at approximately 2%	<u>(5,979)</u>
Grants payable, net	<u>\$ 14,404,183</u>

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no 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, 2020

	COFFIELD INCOME FUND	COFFIELD PRINCIPAL FUND	MEMORIAL FUND	TOTAL
ASSETS				
Cash and equivalents	\$ 842,485			\$ 842,485
Investment income receivable		\$ 346,168		346,168
Other receivable		4,419,942		4,419,942
Investments		87,639,909	\$ 391,458	88,031,367
Property, net		511,640		511,640
Interfund receivable (payable)	<u>1,464,572</u>	<u>(1,464,572)</u>		
TOTAL ASSETS	<u>\$ 2,307,057</u>	<u>\$ 91,453,087</u>	<u>\$ 391,458</u>	<u>\$ 94,151,602</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,281			\$ 1,281
Grants payable:				
Unrelated entities	53,000			53,000
Other related entities, net	2,042,697			2,042,697
Diocesan operating entities	<u>2,308,486</u>	<u>\$ 10,000,000</u>		<u>12,308,486</u>
Total liabilities	<u>4,405,464</u>	<u>10,000,000</u>		<u>14,405,464</u>
Net assets without donor restrictions	<u>(2,098,407)</u>	<u>81,453,087</u>	<u>\$ 391,458</u>	<u>79,746,138</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,307,057</u>	<u>\$ 91,453,087</u>	<u>\$ 391,458</u>	<u>\$ 94,151,602</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, 2019

	<u>COFFIELD INCOME FUND</u>	<u>COFFIELD PRINCIPAL FUND</u>	<u>MEMORIAL FUND</u>	<u>TOTAL</u>
ASSETS				
Cash and 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>		
TOTAL ASSETS	<u>\$ 2,726,383</u>	<u>\$ 83,654,527</u>	<u>\$ 329,985</u>	<u>\$ 86,710,895</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 23,215			\$ 23,215
Grants payable:				
Unrelated entities	70,000			70,000
Other related entities, net	988,518	\$ 2,700,000		3,688,518
Diocesan operating entities	<u>1,380,104</u>			<u>1,380,104</u>
Total liabilities	<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>
TOTAL LIABILITIES AND NET ASSETS	<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 Activities by Fund for the year ended December 31, 2020

	COFFIELD INCOME FUND	COFFIELD PRINCIPAL FUND	MEMORIAL FUND	TOTAL
REVENUE:				
Net realized and unrealized loss		\$ (2,284,121)	\$ (13,788)	\$ (2,297,909)
Partnership income		13,990,706	84,451	14,075,157
Interest and dividends	\$ 6,565	179,321		185,886
Royalty income	1,409,475	1,585,101		2,994,576
Foreign taxes, mineral interests, and production expenses	(305,715)			(305,715)
Investment management fees	(239,832)			(239,832)
Rent income	59,616			59,616
Other income	16,701			16,701
Total revenue	946,810	13,471,007	70,663	14,488,480
EXPENSES:				
Grants to other related entities	2,021,057			2,021,057
Grants to Diocesan operating entities	3,353,335	10,000,000	9,190	13,362,525
Grants to unrelated entities	340,000			340,000
Total program grants	5,714,392	10,000,000	9,190	15,723,582
Supporting services:				
Diocesan operating entities – administrative services	453,761			453,761
Depreciation		76,360		76,360
Other administrative	37,697			37,697
Total supporting services	491,458	76,360		567,818
Total expenses	6,205,850	10,076,360	9,190	16,291,400
Interfund transfers	2,896,087	(2,896,087)		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(2,362,953)	498,560	61,473	(1,802,920)
Net assets without donor restrictions, beginning of year	264,546	80,954,527	329,985	81,549,058
Net assets without donor restrictions, end of year	\$ (2,098,407)	\$ 81,453,087	\$ 391,458	\$ 79,746,138

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	2,513,005	17,430,409	73,091	20,016,505
EXPENSES:				
Grants to other related entities	191,753	2,700,000		2,891,753
Grants to Diocesan operating entities	1,621,114		14,046	1,635,160
Grants to unrelated entities	285,000			285,000
Total program grants	2,097,867	2,700,000	14,046	4,811,913
Supporting services:				
Diocesan operating entities – administrative services	429,376			429,376
Depreciation		76,360		76,360
Other administrative	59,607			59,607
Total supporting services	488,983	76,360		565,343
Total expenses	2,586,850	2,776,360	14,046	5,377,256
Interfund transfers	79,534	(79,534)		
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	258,857	66,380,012	270,940	66,909,809
Net assets without donor restrictions, end of year	\$ 264,546	\$ 80,954,527	\$ 329,985	\$ 81,549,058

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 appointed 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 Teddy Adams, Jim Kracht, Jane Smith, L.E. “Chap” Chapman, Debra Watson, and John Owen. Bishop Doyle is the Chair of the GCF; Teddy Adams 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. Teddy Adams 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 2021, 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 and the purchase of property for future church sites. The GCF also provided support to campus missions.

Also in 2021, the GCF pledged \$1.5 million to a second COVID-19 Financial Relief Grant package that provided relief to congregations for assessment payments, support to the Episcopal Institutions in the diocese, and bridge loans to congregations. Additionally, GCF was proud to continue to provide funding for 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 2021, the GCF worked in conjunction with the Bishop Quin Foundation and the Episcopal Foundation of Texas to jointly fund the Strategic Mission Grants program. The Strategic Mission Grants Committee (SMG) has a dedicated website www.smgedot.org for processing grant applications from EDOT congregations. The grant focus areas include encouraging congregations to engage with their surrounding communities, emphasis 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 2022.

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 2022.

Respectfully submitted, Teddy Adams, 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, 2020 and 2019

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, 2020 and 2019 and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

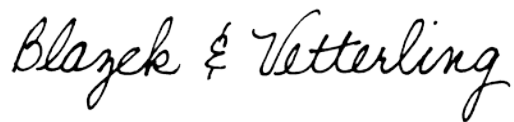
Management's Responsibility for the Financial Statements – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance 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, 2020 and 2019 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.



October 4, 2021

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

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 57,619	\$ 138,240
Other assets	361,525	262,838
Investments (<i>Notes 3 and 4</i>)	113,029,615	115,911,099
Notes receivable (<i>Note 5</i>):		
Church Corporation	6,293,007	6,293,007
Other related entity	3,342,609	
Land and improvements	<u>929,085</u>	<u> </u>
TOTAL ASSETS	<u>\$ 124,013,460</u>	<u>\$ 122,605,184</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 181,024	\$ 170,017
Due to Diocesan operating entities	968,486	188,660
Grants payable to other related entities	<u>4,795,463</u>	<u>4,805,361</u>
Total liabilities	5,944,973	5,164,038
Net assets without donor restrictions	<u>118,068,487</u>	<u>117,441,146</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 124,013,460</u>	<u>\$ 122,605,184</u>

See accompanying notes to financial statements.

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE:		
Net investment return (<i>Note 3</i>)	\$ 8,771,160	\$ 18,179,703
Support from Diocesan operating entities:		
Imputed interest on note receivable from Church Corporation (<i>Note 5</i>)	175,682	287,118
Contributions	245,987	220,639
Interest on notes receivable from other related entities	47,804	
Other income	<u>16,675</u>	
Total revenue	<u>9,257,308</u>	<u>18,687,460</u>
EXPENSES:		
Program services:		
Missional grants	5,374,475	2,402,607
Salaries and benefits	2,471,857	1,977,253
Grants to other related entities		650,000
Other program expenditures	<u>141,246</u>	<u>114,617</u>
Total program services	7,987,578	5,144,477
Management and general:		
Diocesan operating entities – administrative services	518,504	484,473
Other management and general	<u>123,885</u>	<u>170,953</u>
Total expenses	<u>8,629,967</u>	<u>5,799,903</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	627,341	12,887,557
Net assets without donor restrictions, beginning of year	<u>117,441,146</u>	<u>104,553,589</u>
Net assets without donor restrictions, end of year	<u>\$ 118,068,487</u>	<u>\$ 117,441,146</u>

See accompanying notes to financial statements.

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets without donor restrictions	\$ 627,341	\$ 12,887,557
Adjustments to reconcile changes in net assets without donor restrictions to net cash provided (used) by operating activities:		
Amortization of discount on receivable from The Episcopal Health Foundation		102,620
Net realized and unrealized (gain) loss on investments	9,233,983	(15,707,861)
Partnership income	(17,902,850)	
Changes in operating assets and liabilities:		
Other assets	(98,687)	(21,321)
Receivable from Episcopal Health Foundation		8,717,842
Accounts payable and accrued expenses	11,007	115,144
Due to Diocesan operating entities	779,826	2,981
Grants payable to other related entities	<u>(9,898)</u>	<u>(2,067,195)</u>
Net cash provided (used) by operating activities	<u>(7,359,278)</u>	<u>4,029,767</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(91,351,588)	(25,549,851)
Proceeds from sales of investments	101,158,433	24,221,799
Net change in money market mutual funds held as investments	1,743,506	(2,643,519)
Advances made on note receivable from related entity	(3,342,609)	
Purchase of land and improvements	<u>(929,085)</u>	<u></u>
Net cash provided (used) by investing activities	<u>7,278,657</u>	<u>(3,971,571)</u>
NET CHANGE IN CASH	(80,621)	58,196
Cash, beginning of year	<u>138,240</u>	<u>80,044</u>
Cash, end of year	<u><u>\$ 57,619</u></u>	<u><u>\$ 138,240</u></u>

See accompanying notes to financial statements.

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, 2020 and 2019

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 25th 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 Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

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 or other related 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. 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. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

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.

Note receivable from other related entity is reported at estimated realizable value. An allowance for the note receivable is provided when it is believed the note may not be collected in full and is adjusted annually to reflect changes in the expected future cash flows. 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 the 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. It is possible that management's estimate regarding the collectability of this balance will change in near term resulting in a change in the carrying value of the receivable. At December 31, 2020, no amounts have been reserved.

Land and improvements are reported at cost if purchased and at fair value at the date of gift if donated. The title of all real property acquired or contributed to the Diocese is held by Church Corporation, except for real property whose title is held by the Foundation, EFT and Bishop Quin. These financial statements include only property held for future parishes.

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. Commitments made, but not yet funded are reported as grants payable and are discounted to estimate the present value of future cash flows, if material. Conditional grants are subject to one or more barriers that must be overcome before the recipient is entitled to receive or retain funding. Conditional grants are recognized in the same manner when the conditions are met by the recipient. All grants are payable within one 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.

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>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 57,619	\$ 138,240
Other assets	93,273	
Investments	113,029,615	115,911,099
Note receivable from Church Corporation	6,293,007	6,293,007
Note receivable from other related entities	<u>3,342,609</u>	
Total financial assets	122,816,123	122,342,346
Less financial assets not available for general expenditure:		
Notes receivable due in more than one year	(9,635,616)	(6,293,007)
Investments, less amount available to be spent under spending policy	<u>(107,169,455)</u>	<u>(110,068,178)</u>
Total financial assets available for general expenditure	<u>\$ 6,011,052</u>	<u>\$ 5,981,161</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. 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, with approval of the Board of Trustees, to fund non-recurring gifts or capital investments in accordance with the Foundation's long-term plan for new church starts.

NOTE 3 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
EH Investment Fund, L.P.	\$ 102,708,324	
Land	7,331,760	\$ 7,331,760
Money market mutual funds	2,728,256	4,471,762
Interest in Church Corporation participating funds	261,275	
Domestic multi-cap core index mutual funds		35,826,225
International equity mutual funds		35,304,677
Domestic bond mutual funds		17,123,965
Domestic equity securities		7,787,259
Global real estate index mutual funds		5,805,720
International bond mutual funds		1,975,561
International equity securities		<u>284,170</u>
Total investments	<u>\$ 113,029,615</u>	<u>\$ 115,911,099</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 five limited partners in the Fund all of which are Diocesan operating entities. As of December 31, 2020, the Foundation had a 6.06% interest in the Fund. 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). 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, at least 20% of the Fund's assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2020.

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

	<u>2020</u>
Portfolio funds: (a)	
Equity strategies	24.3%
Absolute return	17.3%
Private equity	14.2%
Equity hedge	5.2%
Other	0.7%
Global stock, fixed-income and hard asset mutual funds	21.3%
Marketable securities:	
Common stock	12.6%
Depository receipts	0.5%
Cash and cash equivalents	<u>3.9%</u>
Total	<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 the Foundation'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 the Foundation. The Foundation believes that the effect of any future regulatory change in the Foundation's assets would not materially impact the value.

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

	<u>2020</u>	<u>2019</u>
Partnership income	\$ 17,902,850	
Interest and dividends	154,148	\$ 2,708,155
Net realized and unrealized gain (loss) on investments	(9,233,983)	15,707,861
Investment management fees	<u>(51,855)</u>	<u>(236,313)</u>
Net investment return	<u>\$ 8,771,160</u>	<u>\$ 18,179,703</u>

Partnership income from investment in the Fund at December 31, 2020 consists of the following:

Realized and unrealized gain	\$ 17,937,018
Interest and dividends	482,413
Investment management and incentive fees	<u>(516,581)</u>
Total partnership income	<u>\$ 17,902,850</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. 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.

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, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Land		\$ 7,331,760		\$ 7,331,760
Money market mutual fund	\$ 2,728,256			2,728,256
Interest in Church Corporation participating funds		\$ 261,275		261,275
Total	<u>\$ 2,728,256</u>	<u>\$ 7,331,760</u>	<u>\$ 261,275</u>	10,321,291
Other investments measured at net asset value using the practical expedient:				
Investment in EH Investment Fund, L.P.				<u>102,708,324</u>
Total investments measured at fair value				<u>\$ 113,029,615</u>

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:				
Land		\$ 7,331,760		7,331,760
Money market mutual fund	\$ 4,471,762			4,471,762
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	996,849			996,849
Domestic equity securities:				
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
Global real estate index mutual funds	5,805,720			5,805,720
International bond mutual funds	1,975,561			1,975,561
International equity securities	284,170			284,170
Total assets measured at fair value	<u>\$ 108,579,339</u>	<u>\$ 7,331,760</u>	<u>\$ 0</u>	<u>\$ 115,911,099</u>

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

- *Land* is valued based on appraised fair value.
- *Mutual funds* are valued at the reported net asset value of shares held at year end.
- *Interest in Church Corporation participating funds* is valued at the Foundation's pro-rata share of the fair value of the underlying investments and its pro-rata share of the interest and dividends and net realized and unrealized gains and losses of the participating funds as investment return.
- *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.
- *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.

NOTE 5 – NOTES RECEIVABLE

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. Imputed interest income and program expense of approximately \$176,000 in 2020 and \$287,000 in 2019 has been recognized based on an implied interest rate of 2.75% in 2020 and 4.3% in 2019.

During 2020, the Foundation entered into a \$3,342,609 note agreement with another related entity for the acquisition of real property for a new church location. The note bears interest at 2.0% and is to be repaid with the proceeds from the sale of the existing church location of the related party. Upon sale of the property, the other related entity is obligated to pay all outstanding principal and interest.

NOTE 6 – RETIREMENT PLANS

The Foundation is a participating employer in pension plans sponsored and administered by The Church Pension Fund (the Pension Fund). The Pension 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 Pension 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 Pension Fund solely for investment purposes for the benefit of all participants. The Pension 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 Pension 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 2020 and 2019, the Foundation recognized assessments to the Plan totaling approximately \$299,000 and \$260,000, respectively.

The funding positions of the Plan as of March 31, 2020 and 2019 as reported in the Pension Fund's latest audited financial statements are summarized below:

	<u>2020</u>	<u>2019</u>
Net assets available for pension benefits – after amount designated for assessment deficiencies	\$ 8,823,484,000	\$ 10,207,974,000
Less: Actuarial present value of accumulated plan benefit obligations	<u>(7,345,848,000)</u>	<u>(6,555,295,000)</u>
Surplus	<u>\$ 1,477,636,000</u>	<u>\$ 3,652,679,000</u>
Funding percentage	120%	156%

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no 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

2021 has been an exciting and unusual year for EHF. We began the year expecting to do the pre-work for strategic planning in 2022, and by the end of the first quarter, recognizing the continuing impact of the pandemic, EHF made the decision to extend the current plan for an additional year, through 2023. Instead, we conducted a strategic refresh which allowed us to look for opportunities to deepen our work in the remaining years of the plan and research opportunities to inform a new plan. We also continued our equity journey including an equity audit that identified internal and external practices we can improve to ensure that our actions truly reflect our commitment to equity.

COVID-19: EHF partnered with more than 20 funders across the state to create the Your Shot Texas fund, a \$3 million fund dedicated to ensuring equitable uptake of COVID-19 vaccines. The fund awards grants to community-based organizations across the state with strong, trusting relationships in marginalized communities, particularly communities of color, that were not likely to be persuaded by government or healthcare messengers to get vaccinated. As of November, the fund made 37 grants in amounts ranging from \$10,000 to \$150,000, including a grant of \$150,000 to El Buen Samaritano.

Grant-making: Between January and November of 2021, EHF awarded grants to 88 organizations for a total of \$28.8 million, including \$500,000 to the Great Commission Foundation to support an impact investment in a fund promoting founders of color. We expect to award another \$14.8 million in additional grants during the remainder of 2021. By the end of 2021, 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; \$350,000 to support diocesan operating expenses; and \$730,188 to support the continuity of health benefits enrollment services to special populations at organizations sponsored by EDOT congregations. We continue to provide payments to the Seminary of the Southwest (\$471,707 in 2021) 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 2021, we continued our Community Health Collaboratives initiative to support community coalitions, working with three collaborative partnerships and preparing for a 2022 cohort of six additional collaboratives.

Congregational engagement: The Congregational Engagement team focuses on supporting congregations in their community facing work with a focus on racial justice, mental health, poverty alleviation and civic engagement. Adapting to web-based offerings and a few face-to-face gatherings, 2021 has been an effective year. The Congregational Engagement team conducted 83 in-depth "check-in" calls reaching out to every congregation in the diocese. A few consistent themes from the

calls include interest in racial justice work, impressive congregational responsiveness to the increased food insecurity from the pandemic, and a hope-filled readiness to re-engage in person to grow their community serving ministries. Two new cohorts launched focused on building a foundation for deeper congregational development in 2022. The Holy Currencies Idea Incubator cohort, a partnership with Kaleidoscope Institute challenged congregational teams to imagine a faith-based approach to planning meaningful, sustainable outreach ministries. The Poverty Transformation cohort, designed by EHF staff, challenged teams to deepen an existing charity-based ministry to a partnered, relationship driven model. Together, these two cohorts have engaged 11 new congregations in developing their community focused ministries as well as a 9-church ecumenical team from Bastrop County as part of an interdivisional effort with grantmaking and congregational engagement. The racial justice work has focused on location specific coaching for two congregations and Traces of the Trade documentary screening and dialogue with three congregations. Earlier in the year, EHF hosted a moderated panel on race and culture which included conversations with clergy of color discussing ways to make church ministries more inclusive. In the fall, EHF offered a workshop at the EDOT clergy conference focused on congregations and community partnerships. EHF supported the ongoing advocacy work of congregations by growing the Health and Justice Advocacy Network (HJAN) who made significant impact on the legislative session with a focus on building support for expanding health insurance to more than 1 million Texans by expanding Medicaid. HJAN made 600 contacts with legislators in English and Spanish with two members testifying in person. In addition to HJAN, five EDOT clergy also testified in person with The Metropolitan Organization (TMO). Our ongoing work to deepen relationships and connections to our Hispanic congregation continued with three leader focused listening sessions on mental health and approaches to poverty alleviation. And finally, members from 36 congregations participated in EHF's three night, on-line gathering called In Common: Addressing Poverty. Congregations learned how to work within their communities and alongside ministry partners to address the impacts of poverty, strengthen social networks, better understand food insecurity, and support mental health and wellbeing efforts.

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 2021 have covered a spectrum of issues focused on addressing health, such as the economic impact of health disparities in Texas during the COVID-19 pandemic, building a Medicaid strategy to address health related social needs, case studies in innovative rural healthcare, and Texan's views on state health policy priorities. 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 public and to 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 led a successful planning phase of 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.

Overall, 2021 was a year of forward movement, notwithstanding the pandemic and the strident rhetoric that is permeating our country. Our strong relationships with congregational and community partners are key to forward momentum. 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, 2020 and 2019

The Episcopal Health 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 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, 2020 and 2019 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.

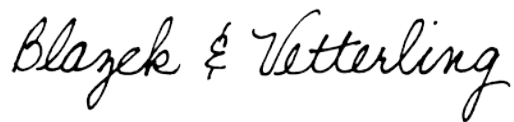
Management's Responsibility for the Financial Statements – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance 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, 2020 and 2019 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.



September 1, 2021

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

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents (<i>Note 3</i>)	\$ 22,378,601	\$ 34,417,204
Other assets	956,394	128,176
Program note receivable, net (<i>Note 4</i>)	4,565,000	
Investments (<i>Notes 5 and 6</i>)	1,423,890,055	1,293,636,744
Property, net (<i>Note 7</i>)	<u>8,191,962</u>	<u>8,807,856</u>
TOTAL ASSETS	<u>\$ 1,459,982,012</u>	<u>\$ 1,336,989,980</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 971,285	\$ 557,674
Grants payable, net (<i>Note 8</i>)	14,747,889	24,515,493
Reserve for losses under Definitive Agreement (<i>Note 10</i>)	<u>5,148,350</u>	<u>16,000,000</u>
Total liabilities	<u>20,867,524</u>	<u>41,073,167</u>
Net assets without donor restrictions:		
Undesignated	669,745,101	488,979,638
Contractually-restricted (<i>Note 9</i>)	<u>769,369,387</u>	<u>806,937,175</u>
Total net assets without donor restrictions	<u>1,439,114,488</u>	<u>1,295,916,813</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,459,982,012</u>	<u>\$ 1,336,989,980</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 Activities for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE:		
Partnership income (<i>Note 5</i>)	\$ 182,253,311	\$ 188,087,201
Interest on note receivable		2,135,813
Interest income	92,449	680,862
Other revenue	<u>66,405</u>	<u>242,554</u>
Total revenue	<u>182,412,165</u>	<u>191,146,430</u>
EXPENSES:		
Program services:		
Grants made	28,518,966	38,755,027
Research	3,730,524	2,932,137
Program management	2,654,509	2,458,629
Community engagement	<u>1,695,060</u>	<u>1,704,713</u>
Total program services	<u>36,599,059</u>	<u>45,850,506</u>
Management and general:		
Diocesan operating entities – administrative services	716,112	695,247
Other management and general	<u>1,899,319</u>	<u>1,938,706</u>
Total management and general	<u>2,615,431</u>	<u>2,633,953</u>
Total expenses	<u>39,214,490</u>	<u>48,484,459</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	143,197,675	142,661,971
Net assets without donor restrictions, beginning of year	<u>1,295,916,813</u>	<u>1,153,254,842</u>
Net assets without donor restrictions, end of year	<u>\$ 1,439,114,488</u>	<u>\$ 1,295,916,813</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, 2020 and 2019

	GRANTS MADE	RESEARCH	PROGRAM MANAGEMENT	COMMUNITY ENGAGEMENT	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	2020 TOTAL
Grants	\$ 20,622,829				\$ 20,622,829		\$ 20,622,829
Grants to related entities	7,896,137				7,896,137		7,896,137
Payroll and related benefits		\$ 1,007,751	\$ 1,617,593	\$ 1,121,861	3,747,205	\$853,948	4,601,153
Professional fees		2,519,222	582,834	272,546	3,374,602	274,900	3,649,502
Diocesan operating entities – administrative services						716,112	716,112
Depreciation		133,121	226,971	164,487	524,579	176,227	700,806
Allowance for program note receivable						235,000	235,000
Occupancy		31,606	56,301	41,010	128,917	63,197	192,114
Other		38,824	170,810	95,156	304,790	296,047	600,837
Total expenses	<u>\$ 28,518,966</u>	<u>\$ 3,730,524</u>	<u>\$ 2,654,509</u>	<u>\$ 1,695,060</u>	<u>\$ 36,599,059</u>	<u>\$ 2,615,431</u>	<u>\$ 39,214,490</u>
	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
Diocesan operating entities – administrative services						695,247	695,247
Depreciation		156,709	182,546	115,215	454,470	244,027	698,497
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>

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets without donor restrictions	\$ 143,197,675	\$ 142,661,971
Adjustments to reconcile changes in net assets without donor restrictions to net cash used by operating activities:		
Depreciation	700,806	698,497
Partnership income	(182,253,311)	(188,087,201)
Reserve for losses	(10,851,650)	
Changes in operating assets and liabilities:		
Other assets	(828,218)	2,418,254
Accounts payable and accrued expenses	413,611	149,680
Grants payable	<u>(9,767,604)</u>	<u>(7,781,006)</u>
Net cash used by operating activities	<u>(59,388,691)</u>	<u>(49,939,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments received on note receivable		98,726,418
Program note receivable	(4,565,000)	
Purchase of investments		(56,756,248)
Proceeds from sale of investments	52,000,000	11,000,000
Purchases of property	<u>(84,912)</u>	<u>(83,217)</u>
Net cash provided by investing activities	<u>47,350,088</u>	<u>52,886,953</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,038,603)	2,947,148
Cash and cash equivalents, beginning of year	<u>34,417,204</u>	<u>31,470,056</u>
Cash and cash equivalents, end of year	<u>\$ 22,378,601</u>	<u>\$ 34,417,204</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, 2020 and 2019

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 25th 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 Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools and missions.

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 or other related 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.

Program note receivable is carried at the unpaid principal balances, less an allowance for uncollectible note receivable balances.

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 the 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. Commitments made, but not yet funded are reported as grants payable and are discounted to estimate the present value of future cash flows using a risk-free rate-of-return, if material. Conditional grants are subject to one or more barriers that must be overcome before the recipient is entitled to receive or retain funding. Conditional grants are recognized in the same manner when the conditions are met by the recipient.

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.

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>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 22,378,601	\$ 34,417,204
Program note receivable, net	4,565,000	
Investments	<u>1,423,890,055</u>	<u>1,293,636,744</u>
Total financial assets	1,450,833,656	1,328,053,948
Less financial assets not available for general expenditure:		
Program note receivable due in more than one year	(4,628,571)	
Investments	<u>(1,375,890,055)</u>	<u>(1,264,039,562)</u>
Total financial assets available for general expenditure	<u>\$ 70,315,030</u>	<u>\$ 64,014,386</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>2020</u>	<u>2019</u>
Money market mutual funds	\$ 11,369,672	\$ 1,770,592
U. S. Treasury		21,638,321
Demand deposits	<u>11,008,929</u>	<u>11,008,291</u>
Total cash and cash equivalents	<u>\$ 22,378,601</u>	<u>\$ 34,417,204</u>

NOTE 4 – PROGRAM NOTE RECEIVABLE

During 2020, EHF entered into a \$4.8 million note agreement with the Texas Clinic Emergency Loan Fund, LLC (the Loan Fund). The funds were used by the Loan Fund to make secured loans to clinics to meet emergency community and working capital needs arising from the COVID-19 pandemic and to fund strategic revenue producing opportunities. The note is noninterest bearing through September 30, 2021, bears interest at 1% through September 30, 2022, and then at 2% through the maturity date of September 30, 2023. Quarterly payments of principal and interest are due beginning December 31, 2021.

At December 31, 2020 payments are due as follows:

2021	\$ 171,429
2022	685,714
2023	<u>3,942,857</u>
Total program note receivable	4,800,000
Allowance for uncollectible note receivable	<u>(235,000)</u>
Program note receivable, net	<u>\$ 4,565,000</u>

NOTE 5 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Investment in EH Investment Fund, L.P.	<u>\$ 1,423,890,055</u>	<u>\$ 1,293,636,744</u>
Total investments	<u>\$ 1,423,890,055</u>	<u>\$ 1,293,636,744</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 five limited partners in the fund, all of which are Diocesan operating entities. As of December 31, 2020, EHF had a 84.04% interest in the Fund. 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, 20% of the Fund's portfolio assets can be liquidated within a 30- day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2020.

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

	<u>2020</u>	<u>2019</u>
Portfolio funds:		
Equity strategies	24.3%	25.9%
Absolute return	17.3%	18.9%
Private equity	14.2%	12.8%
Equity hedge	5.2%	4.0%
Other	0.7%	0.9%
Global stock, fixed-income and hard asset mutual funds	21.3%	24.0%
Marketable securities:		
Common stock	12.6%	8.4%
Depository receipts	0.5%	0.7%
Cash and cash equivalents	<u>3.9%</u>	<u>4.4%</u>
Total	<u>100%</u>	<u>100%</u>

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 are 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>2020</u>	<u>2019</u>
Realized and unrealized gain	\$ 182,191,035	\$ 185,290,701
Interest and dividends	7,471,610	9,662,639
Investment management fees	(2,716,589)	(2,725,342)
Sub-advisory fees and other expenses	<u>(4,692,745)</u>	<u>(4,140,797)</u>
Total partnership income	<u>\$ 182,253,311</u>	<u>\$ 188,087,201</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.

There are no investments that are categorized as Level 3 investments at December 31, 2020 and 2019. In accordance with Accounting Standards Update 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) (NAV-PE) using the practical expedient have not been categorized in the fair value hierarchy.

Assets measured at fair value at December 31, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>NAV-PE</u>	<u>TOTAL</u>
Investments:				
EH Investment Fund, L.P.			\$ 1,423,890,055	\$ 1,423,890,055
Cash equivalents:				
Money market mutual funds	\$ 11,369,672			11,369,672
Total assets measured at fair value	<u>\$ 11,369,672</u>	<u>\$ 0</u>	<u>\$ 1,423,890,055</u>	<u>\$ 1,435,259,727</u>

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

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>NAV-PE</u>	<u>TOTAL</u>
Investments:				
EH Investment Fund, L.P.			\$ 1,293,636,744	\$ 1,293,636,744
Cash equivalents:				
Money market mutual funds	\$ 1,770,592			1,770,592
U. S. Treasury securities	<u>21,638,321</u>			<u>21,638,321</u>
Total assets measured at fair value	<u>\$ 23,408,913</u>	<u>\$ 0</u>	<u>\$ 1,293,636,744</u>	<u>\$ 1,317,045,657</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.
- *Mutual funds* are valued at the published net asset value of shares held at yearend.
- *U. S. Treasury securities* are valued using prices obtained from active market makers and inter-dealer brokers on a daily basis.

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>2020</u>	<u>2019</u>
Land	\$ 750,000	\$ 750,000
Buildings and improvements	<u>11,353,232</u>	<u>11,268,322</u>
Total property, at cost	12,103,232	12,018,322
Accumulated depreciation	<u>(3,911,270)</u>	<u>(3,210,466)</u>
Property, net	<u>\$ 8,191,962</u>	<u>\$ 8,807,856</u>

NOTE 8 – GRANTS PAYABLE

At December 31, 2020, grants approved and committed for future payments are payable as follows:

	<u>DIOCESAN OPERATING ENTITIES</u>	<u>OTHER</u>	<u>TOTAL</u>
2021	\$ 5,089,494	\$ 9,555,878	\$ 14,645,372
2022	<u> </u>	<u>117,476</u>	<u>117,476</u>
Total grants payable	5,089,494	9,673,354	14,762,848
Discount to net present value at 1.98% to 2.46%	<u> </u>	<u>(14,959)</u>	<u>(14,959)</u>
Grants payable, net	<u>\$ 5,089,494</u>	<u>\$ 9,658,395</u>	<u>\$ 14,747,889</u>

EHF provided a \$5 million grant in 2020 and 2019 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 \$2,896,000 in 2020 and \$1,491,000 in 2019.

NOTE 9 – CONTRACTUALLY-RESTRICTED NET ASSETS

Under the Definitive Agreement (the Agreement), EHF received approximately \$1.26 billion in consideration for the transfer of a membership in St. Luke's Episcopal Health System (SLEH) from the Diocese to a national nonprofit hospital system. 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. Transactions and balances related to such restrictions are as follows:

Contractually-restricted net assets, January 1, 2019	\$ 854,225,340
Expenditure of funds for specified purposes	<u>(47,288,165)</u>
Contractually-restricted net assets, December 31, 2019	806,937,175
Expenditure of funds for specified purposes	<u>(37,567,788)</u>
Contractually-restricted net assets, December 31, 2020	<u>\$ 769,369,387</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Under the Agreement, EHF is liable for losses and expenses in connection with certain significant potential liabilities and has recorded an estimated reserve for potential loss of approximately \$5,148,000 at December 31, 2020 and \$16,000,000 at December 31, 2019.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 1, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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.

Leadership

The Right Reverend Kathryn (Kai) Ryan is the Executive for Ministry overseeing the work of the Commission on Ministry, the Committee for the Diaconate and the Iona School for Ministry.

The Rev. John Newton, Rector at St. Michael's, Austin will become the Chair of the Commission on Ministry effective February 26, 2022 replacing the Rev. Francene Young who has accepted the role of Dean of Administration at the Iona School for Ministry.

The Reverend Jan Halstead, Deacon, is the Chair for the Committee for the Diaconate, working with the Executive for Ministry and the Chair for the Commission on Ministry providing focused attention to those discerning a call to the diaconate.

Current Active Students

The Diocese of Texas currently has **45 students at various stages preparing for ordination**. Here is a breakdown:

- Preparing for the diaconate at Iona School: **10**
- Preparing for the bi-vocational priesthood at Iona School: **15**
- Preparing for the priesthood at seminaries: **20**

These students are studying at the following seminaries: Seminary of the Southwest, Virginia Theological Seminary, Sewanee, Duke University, and Yale.

The numbers above do not include the 11 aspirants interviewed in November 2021 by the Commission on Ministry and the Committee for the Diaconate.

The Discernment Process/Discovery Retreats

In 2021, two Discovery Retreats were held. The February retreat was cancelled due to the freeze. **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 285 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. Dates for 2022 retreats are February 4-6, June 3-5 and September 16-18.

Discernment committees are a required part of the ordination process. 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. To date 232 people across the Diocese have been trained to participate in discernment committees and 81 discernment committees have been conducted. We are grateful for all those who have volunteered to serve on discernment committees.

September 1st is the deadline to submit all portions of the applications for Holy Orders. This deadline 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 1st application deadline.

Changes in Ordination Process

In January 2021, the Commission on Ministry implemented an annual **Vocation Conference** where Postulants and Candidates meet with the Commission on Ministry, the Committee for the Diaconate, the Standing Committee and/or the Examining Chaplains over a three-day period to progress to the next step toward ordination. This conference combines and replaces meetings previously held between students and the above entities in August and May. The conference is also to 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.

As we head into another year, your continued prayers are appreciated for the Commission, its members and all those answering God’s call to serve. It has been an honor to serve as the chair of this important Commission.

Francene Young, Chair

EXAMINING CHAPLAINS

The Examining Chaplains had a strange year. Our usual exam procedures for canonical exams in January were upended by the winter wave of the COVID pandemic. We were not able to meet in person to administer our written exams, and conduct our oral examinations of the seven postulants for Holy Orders who applied for candidacy in 2021. In order to adapt to these circumstances, the Examining Chaplains administered the written portion of canonical exams over email on the 4th thru the 7th of January, 2021, and we conducted the oral portion of those exams over zoom on the 26th and 27th of January, 2021. Those exams were a success, even with the last-minute transition into virtual space, and we approved

those same seven postulants: Lynn Osgood, Beth-Anne Nelson, Joel McAlister, Ryan Hawthorne, Jason Myers, Christine Brunson and Larry Adams-Thompson for ordination to the priesthood, after conducting our final round of deacon's exams with them on October 25, 2021 prior to clergy conference.

The constitution of the Examining Chaplains has also changed. We suffered the retirements of longtime members, the Rev'd Dean Calcote, who chaired our group for several decades, the Rev'd Ed Stein, and the Rev'd Nancy DeForest. Messrs. Calcote and Stein have been replaced via Episcopal appointment by the Rev'd Travis Helms, and the Rev'd Samantha Smith. They are preparing to help administer their first canonical exams in January, 2022. The Rev'd Patrick Hall follows Mr. Calcote as chair.

Patrick Hall, Chair

DEACON'S REPORT

There are 43 deacons in the diocese who are serving in various capacities.

Parish Ministry: Deacons led bible studies and book studies One served as Safeguarding God's Children and People trainer. They serve as chaplain/spiritual advisors for Daughters of the King, Congregational Care, Outreach committees. They have led and supported parishioners in various outreach activities in the community. Other groups facilitated by deacons include Walking the Mourners Path, a support group for families affected by Alzheimer's Disease and Dementia, and weekly addiction meetings. They have been active in participating or leading online services of the daily offices, meditations, and group discussions.

Community Ministry: Serving in the community, six deacons sat on various boards of nonprofits who serve people who are experiencing food scarcity, and homelessness. Two have served in missional communities. Two have worked with Health Justice Advocacy Network. Several deacons either lead or participate in Racial Justice Ministry and Sacred Ground Dialogue Circles. One deacon partnered with the Diocesan Disaster Relief and ERD to administer a grant to assist residents of a Mobile Home Community whose houses were damaged during the winter storm. Many deacons worked to provide assistance during and after the winter storm to those impacted more severely. Laundry Love was restarted by one Deacon. Partnerships were formed schools and social service agencies to provide needed funds and work completed for those partners. Funds were raised so that medical debt could be purchased by RIP Medical Debt to alleviate the burden on families. Families were provided with food during the holidays. One deacon is the regional facilitator of Community of Hope International. One deacon works with Jerusalem Peacebuilders, both internationally and in Houston, leads Interfaith Youth Houston with local Jewish, Christian, and Muslim faith communities, and speaks as Guest Lecturer in University of Houston Christian-Muslim Relations class. Two are active and leaders in Refugee Resettlement Ministry. Several deacons provided pastoral care of residents of care facilities and led pastoral care teams in their church. One serve as a poll chaplain. One participated in EHF Transformation out of Poverty Cohort. A community garden was planted and maintained. One is very active working with juvenile offenders and another in prison ministry. Other deacons are active in

the area of mental health, addiction recovery, and veteran's advocacy.

Iona School for Ministry: Mary Lenn Dixon served as the Dean of the Diaconal and Lay Formation. Tamara Clothier served as the Deacon Fieldwork Supervisor for the Iona School of Ministry. Three deacons have been a deacon mentor for Thriving in Bi-Vocational Ministry program through the Iona Collaborative, Seminary of the Southwest. Three deacons taught classes at Iona. Several deacons mentored students attending Iona.

Diocesan Ministry: Wanda Cuniff and Mary Lenn Dixon served on the EHF Kitchen Cabinet. Jan Halstead was the chair of the Committee for the Diaconate. Victoria Mason is the Recording Secretary for the Commission on Hispanic Ministry.

Deacons who are retired from active ministry continue to provide pastoral care, leads an international meditation group, and serve liturgically at special services.

Jan Halstead, Dean of the Deacons Clericus

BI-VOCATIONAL PRIESTS REPORT

Our 34 Bi-Vocational Priests, many of whom hold "regular" jobs, are involved in a great diversity of work throughout the Diocese. Several have stopped doing active ministry due to health or other issues.

They serve 31 small churches all over the Diocese, with one or two serving as associate staff in larger churches. This enables the Episcopal Church to enable God's presence in small towns and communities as far west as Copperas Cove, throughout Central Texas, as far east as Beaumont, as far north as Tyler and as far south as Bay City. Were it not for the commitment of the Diocese to offer this non-stipendiary ministry of presence, liturgical and pastoral care, these small churches would find themselves in a difficult position. There are still several small churches who have no clergy, but who are admirably served by very committed laity, with liturgical services offered now and then by available clergy.

Three more Bi-Vocational Priests were ordained to the Transitional Diaconate in June 2021, and ordained to the Priesthood in January year. They are already hard at work and serving God's people

The Iona Priest's Clericus met at the Clergy Conference in October to share ideas and best practice for becoming a healthy small church.

Beth Woodson, Dean

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 2022:

The Rev. Jason Ingalls (President)
Gwendolyn Chance (Secretary)

To 2023:

The Rev. Jimmy Abbott
KT Zacharia

To 2024:

The Rev. Hannah E. Atkins Romero
Rebecca Brindley

During the year the standing committee:

- Met with Bishop Doyle to learn of matters pertaining to the Diocese of Texas.
- Gave consent to 22 candidates for Holy Orders.
 - Gave consent to 15 candidates for Ordination to the Diaconate.
 - Gave consent to 7 candidates for Ordination to the Priesthood.
- Gave consent in the election of:
 - The Rev. Elizabeth Bonforte Gardner as the Diocesan Bishop of the Episcopal Diocese of Nevada
 - The Rev. Matthew D. Cowden as Bishop Coadjutor of the Episcopal Diocese of West Virginia
 - The Very Rev. Daniel P. Richards as Bishop Diocesan of the Episcopal Diocese of Upper South Carolina
 - The Rev. Betsey Monnot as Bishop Diocesan of the Episcopal Diocese of Iowa

Jason Ingalls, President

DISCIPLINARY BOARD

This Disciplinary Board members serving from Council 2021-Council 2022 were the Rev. Keith Giblin, retired clergy, Orange; Steven Greenlee, St. James, Houston; the Rev. Lisa Hunt, St. Stephen's, Houston; Ann O'Connell, St. Matthew's, Austin; the Rev. Janice Krause, Christ Church, Temple; the Rev. Hoss Gwin, Christ Church, Matagorda; and Sylvia Matthews, St. John the Divine, Houston. The Board convened March 5, 2021 to elect a President, electing Ann O'Connell.

During the course of the reporting year, the Board received three complaints. Two of these were resolved at the Reference Panel level, and one remains pending at the Reference Panel level. This is the only complaint pending before the Board at the end of the reporting year.

One complaint which was pending at the beginning of the reporting year was resolved at the Reference Panel level.

The Rev. Lisa Hunt and Ann O'Connell complete their terms at Diocesan Council 2022. Ms. O'Connell thanks all members for their service. She and the Board thank the Rev. Canon Lisa Burns and the Rev. Canon Christine Faulstich for their assistance to the Board during this reporting period.

Ann O'Connell, President

EDOT FINANCE

2022 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

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

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):

2022 Base Percentage Total Operating Revenue PF

UP TO	\$228,00	6%
\$228,00 to	\$346,00	7%
\$346,00 to	\$576,00	8%
\$576,00 to	\$920,00	9%
OVER \$920,001		10%

The four break points have been adjusted annually by an amount equal to the change in Consumer Price Index (CPI), which was 1.3% for the 2022 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 2022 any increase to Diocesan Assessment based on operating revenue increase was reduced by 25%.

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 2022, the Operating Revenue used was that of 2020.)

Linda Riley Mitchell, CFO

2022 DIOCESAN BUDGET

The Episcopal Diocese *of Texas*

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2022 Budget



As Approved by the Executive Board in December 2021 and
Recommended to the 173rd Diocesan Council.

Confidential

THE EPISCOPAL DIOCESE OF TEXAS

2022 Budget

	2020 Budget	2021 Budget	2022 Budget	Notes
REVENUES				
Assessments				
Diocesan	7,764,634	7,586,373	7,846,464	AT
Insurance	574,750	574,750	517,277	HE
Less: Allowance for Uncollectible Accounts	(83,394)	(244,834)	(167,275)	PR
Net Assessment Revenue	8,255,990	7,916,289	8,196,466	
Foundation Support and Overhead Allocation				
Church Corporation	697,528	697,528	725,052	
Bishop Quin Foundation	413,225	413,225	432,099	
The Episcopal Foundation of TX	445,903	445,903	466,704	
Episcopal Health Foundation	860,559	860,559	905,827	
Great Commission Fund	388,174	388,174	418,171	
Episcopal Seniors Foundation	35,000	35,000	35,000	
Total Foundation Overhead Payments	2,840,389	2,840,389	2,982,853	
Program Revenues				
IONA Program Revenue	75,000	85,000	85,000	
Commission on Ministry Revenue	10,000	10,000	10,000	

Congregational Vitality	7,000	7,000	7,000
Formation/Youth Event Revenue	110,000	88,650	68,650
Unified Commission Revenues	10,000	10,000	7,000
Other Program Revenue	27,000	27,000	27,000
Total Program Revenues	239,000	227,650	204,650

Other Revenues

Dialog Contributions	1,000	1,000	1,000	
Bequests and Donations	2,000	1,000	1,000	
Diocesan Council	180,000	85,000	182,000	DC
Compass Rose Society Reimbursement	75,000	75,000	75,000	
Miscellaneous Income	15,000	15,000	15,000	
Brochures Sales	4,000	1,000	1,000	
Total Other Revenues	277,000	178,000	275,000	
TOTAL REVENUES	11,612,379	11,162,329	11,658,969	

EXPENDITURES

OFFICE OF THE BISHOP

Clergy Compensation

Clergy Salaries

Bishop of Texas	359,382	359,382	374,957
Bishop Suffragan - Tyler	116,309	116,309	122,881
Bishop Suffragan - Austin	104,309	104,309	110,881
Assisting Bishop	114,309	114,309	120,881
Visiting Bishops	12,000	12,000	12,000

Canon to the Ordinary	126,371	112,371	118,866
Chief of Staff	99,050	92,050	84,000
Secretary of the Diocese	7,615	7,615	7,615
Total Clergy Salaries	939,345	918,345	952,082

Housing Allowance and Maintenance

Bishop of Texas	30,000	30,000	30,000
Bishop Suffragan - Tyler	48,000	48,000	48,000
Bishop Suffragan - Austin	60,000	60,000	60,000
Assisting Bishop	50,000	50,000	50,000
Canon to the Ordinary	36,000	50,000	50,000
Chief of Staff	40,000	47,000	47,000
Secretary of the Diocese	8,000	8,000	8,000
Rectory maintenance	86,643	86,643	86,643
Total Housing Allowance and Maintenance	358,643	379,643	379,643

Pension and Social Security Reimbursement

Bishop of Texas	133,360	134,847	136,506
Bishop Suffragan - Tyler	67,567	68,877	69,024
Bishop Suffragan - Austin	67,567	68,877	69,024
Assisting Bishop	67,567	68,877	69,024
Canon to the Ordinary	55,202	55,969	57,349
Chief of Staff	50,697	51,014	49,015

Secretary of the Diocese	5,843	5,843	5,843
Life Insurance	20,000	20,000	20,000
Other Defined Contributions	10,000	30,000	30,000
Total Pension and SS Reimbursement	477,803	504,304	505,784
Total Clergy Compensation	1,775,791	1,802,292	1,837,510

Lay Staff Compensation

Salaries	600,249	600,249	565,342
Pension	54,022	54,022	50,881
Employer FICA	45,919	45,919	43,249
Total Lay Staff Compensation	700,190	700,190	659,471

Business and Travel Expense

Bishop of Texas	130,000	130,000	130,000
Bishop Suffragan - Tyler	50,000	50,000	50,000
Bishop Suffragan - Austin	50,000	50,000	50,000
Assisting Bishop	50,000	50,000	50,000
Visiting Bishops	10,000	7,500	7,500
Canon to the Ordinary	35,000	20,000	20,000
Chief of Staff	23,500	17,625	17,625
Secretary of the Diocese	1,500	1,125	1,125
Retired Diocesan Bishops	5,000	3,750	3,750
Archdeacon and Deacons	8,000	6,000	6,000
Lambeth conference travel expenses			150,000
Business and Travel - Staff	24,000	18,000	18,000

LA

Vehicle Depreciation	54,848	54,848	58,462
Total Business and Travel Expense	441,848	408,848	562,462
Clergy Conference	120,000	120,000	120,000
TOTAL OFFICE OF THE BISHOP	3,037,829	3,031,330	3,179,443

Communication Department

Communication Staff Compensation	375,803	405,803	417,175
Dialog	40,500	40,000	40,000
Communications Department	25,000	25,000	25,000
New Initiatives	35,000	65,000	65,000
Marketing and communications	13,500	10,000	10,000
Communication Other	10,000	15,000	15,000
Website Redesign	28,000	21,000	21,000
Business and Travel	527,803	581,803	593,175

CANONICAL EXPENSES

Diocesan Council	250,000	175,867	272,002	DC
Historian and Archives	10,000	8,000	8,000	
Commission on Ministry	73,300	73,300	73,300	
General Convention		50,000	50,000	
Executive Board	10,000	10,000	10,000	
Standing Committee	1,000	1,000	1,000	
TOTAL CANONICAL EXPENSES	344,300	318,167	414,302	

MINISTRY EXPENSES

**Ministry Staff
Compensation**

Salaries, Stipends and Housing	449,897	449,897	431,432
Pensions	57,263	57,263	63,503
Social Security	65,374	65,374	51,166

Total Ministry Staff Compensation	572,534	572,534	546,100
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Transition Ministry

Travel & Business - Transition Minister	22,500	16,875	17,000
Bishop's Fellows	75,000	105,000	130,000

Total Transition Ministry	97,500	121,875	147,000
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**Wellness and Care
Ministry**

Business and Travel	15,000	11,250	11,250
Safe Church (Congregational Wellness /Care)	57,750	59,800	64,050
Clergy & Family Wellness/Care	42,500	41,000	41,000
Recovery Ministry	6,000	6,000	6,000

Total Wellness and Care Ministry	121,250	118,050	122,300
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**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	110,000	110,000	110,000

Iona School and Center	170,000	170,000	230,000	IO
Clergy Training (Clericus, Curates, Cont. Educ. & FTIC)	64,000	64,000	64,000	
Conferences & Clergy Gatherings	90,000	90,000	90,000	
Total Other Ministry Expenses	525,000	525,000	585,000	
TOTAL MINISTRY EXPENSES	1,316,284	1,337,459	1,400,400	

MISSION AMPLIFICATION

Mission Amplification Compensation	1,024,148	1,024,148	955,187	
Business/Travel - Mission Amp Team	78,500	55,500	65,000	
Congregational Vitality	98,000	85,600	85,600	
Youth Ministry	111,500	100,350	100,350	
Young Adults	18,500		18,500	
TOTAL MISSION AMPLIFICATION EXPENSES	1,330,648	1,265,598	1,224,637	

SERVICE AND OUTREACH

Support of the Episcopal Church	1,381,504	1,401,036	1,436,311	DA
Support of the Anglican Communion	300,000	300,000	300,000	
Support for the University of the South Provincial Synod	5,000	5,000	5,000	
Assessment	7,500	13,750	13,750	
Sustainable Development Goals	80,703	78,136	82,004	
World Mission	25,000	25,000	25,000	
Companion Dioceses	50,000	50,000	50,000	

Unified Commissions Expense	75,000	75,000	96,500
Prison & Restorative Justice Missions	40,000	40,000	40,000
TOTAL SERVICE AND OUTREACH	1,964,707	1,987,922	2,048,565

ADMINISTRATIVE EXPENSES

Lay Staff Compensation

Salaries	772,650	787,734	843,200
Reserve for Salary Increases	50,000	50,000	50,000
Pensions	69,820	70,896	75,888
Employer FICA	47,396	49,091	51,583
Total Staff Compensation	939,866	957,721	1,020,672

Diocesan Center Operating Expense

Information Technology	251,080	286,349	280,000	OH
Utilities	80,000	80,000	80,000	OH
Janitorial, Maint. & Building	105,000	105,000	191,000	OH
Houston office support to PECC	98,000	98,000	98,000	OH
Rent - Austin & Tyler Offices	96,216	96,216	96,216	
Storage	22,000	22,000	22,000	
Total Diocesan Center Operating Expense	652,296	687,565	767,216	

General Office Expense

Office Equip Lease/Maint	50,000	45,000	45,000
Office Supplies/Printing	45,000	40,000	40,000
Communications-Telephone	34,006	35,000	35,000

Postage/Delivery Expense	19,000	20,000	20,000	
Miscellaneous Office Expense	11,167	10,000	10,000	
Payroll Processing Expense	14,302	13,000	13,000	
Depreciation - Furniture & Equipment	42,000	60,000	90,500	
Total General Office Expense	215,475	223,000	253,500	OH
Insurance				
Diocesan Property & Casualty Insurance	90,156	94,664	95,847	OH
Diocesan Workers' Compensation Insurance	30,000	59,336	50,000	OH
Automobile Insurance for Diocesan Vehicles	24,000	26,000	35,000	
Group Health Insurance	499,750	499,750	869,750	FC, HE
Other Health Insurance Costs (insurance reserve)	75,000	75,000	75,000	
Total Insurance	718,906	754,750	1,125,597	
Other Administrative Expenses				
Overhead reimbursement to the EDOT FSC	290,264	290,264	321,787	
Legal Expense	60,000	75,000	75,000	
Diocesan Audit	25,000	25,000	25,000	
Interest and Bank Fees	10,000	10,000	10,000	
Business/Travel-Finance Staff	89,000	66,750	66,750	OH
Subsidy Pension - Retired Clergy	6,000	6,000	4,000	
Diocesan Staff meetings	24,000	24,000	24,000	
HR Consulting & other transition costs	10,000	10,000	20,000	

Employee training and development	25,000	25,000	25,000
Consulting	20,000	50,000	50,000
Miscellaneous			
Operating Expense	5,000	5,000	5,000
Total Other Admin	564,264	587,014	626,537
TOTAL ADMINISTRATIVE EXPENSES	3,090,808	3,210,050	3,793,522
TOTAL EXPENSES	11,612,379	11,732,329	12,654,044
Special Accounts - Net			
Revenues over (under) Expenses	-	(570,000)	(995,075)
NET CHANGE IN ASSETS	\$	\$(570,000)	\$(995,075)

NOTES

- AT Assessment** - The Diocesan Assessment 3.4% due to revenue growth over prior two years.
- 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.
- FC Health Insurance Costs** - Increase due to providing family coverage for Diocesan Clergy and staff.
- PR Provision for Uncollectible** - This amount is 2% 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 expansion of the program.
- LA Lambeth** - Expenses related to fifteenth Lambeth conference a once a decade gathering of Bishops of the Anglican Communion.
- DC Diocesan Council** - Expense increase due to planned in-person Council, offset by the increase in revenue.
- DA Diocesan Asking** - The Diocese has reached its goal to meet the TEC asking (15% of revenues).

Linda Riley Mitchell, CFO

SUMMARY OF 2022 BUDGET CHANGES



The Episcopal Diocese of Texas

SUMMARY OF 2022 BUDGET CHANGES

Increase/Decrease from 2021 Budget to 2022 Budget

Changes in Revenues

Favorable (unfavorable)*

Increase in Assessment Revenue	\$203
Increase in Foundations support	142
Increase in Council revenue	97
Decrease in allowance for doubtful accounts	78
Changes in Youth Ministry	(23)

Total Increase in Revenues

\$497

Changes in Expense

Medical Insurance expense	(370)
Compensation -- cost of living adjustment--4%	(187)
Lambeth Conference	(150)
Diocesan Council costs	(96)
Iona School and Center	(60)
Transition Ministry	(25)
Mission Amp Young Adult ministry	(19)
Support of the Episcopal Church	(35)
Unified Commission	(22)
Other--Administration and staff transitions	170
Increase Janitorial, Maintenance & Building	(86)
Financial Services	(32)
Consulting and employee development	(10)

Increase in total expenditures

(\$922)

Net Increase in expenditures

(\$425)

* Favorable = Increases in revenues or decreases in expenses

(Unfavorable) = Decrease in revenues or increases in expenses

Linda Riley Mitchell, CFO

2022 DIOCESAN ASSESSMENTS

Church	City	2021 Assessments Actual	2022 Proposed Assessment
Grace	Alvin	11,741	12,817
Trinity	Anahuac	1,844	1,650
Holy Comforter	Angleton	19,363	19,367
All Saints'	Austin	94,790	101,560
Good Shepherd	Austin	328,881	350,482
Resurrection	Austin	15,939	17,030
San Francisco de Asis	Austin	4,395	3,545
SoCo Episc Community	Austin	784	862
St. Alban's (Manchaca)	Austin	26,702	23,707
St. Christopher's	Austin	14,064	15,119
St. David's	Austin	306,151	329,112
St. George's	Austin	16,858	17,826
St. James'	Austin	58,493	62,880
St. John's	Austin	12,014	12,790
St. Luke's on the Lake	Austin	79,453	81,958
St. Mark's	Austin	53,902	57,387
St. Matthew's	Austin	129,478	135,299
St. Michael's	Austin	67,184	72,223
Calvary	Bastrop	27,631	29,703
St. Mark's	Bay City	16,933	18,203

Trinity	Baytown	35,028	37,183
St. Mark's	Beaumont	75,034	80,661
St. Stephen's	Beaumont	40,940	36,176
San Mateo	Bellaire	18,651	20,050
St. Mary's	Bellville	10,538	10,918
St. Peter's	Brenham	28,248	30,367
St. Andrew's	Bryan	50,169	53,932
Epiphany	Burnet	7,013	7,539
Epiphany	Calvert	902	902
All Saints'	Cameron	5,415	4,332
St. John's	Carthage	2,699	2,902
Christ Church	Cedar Park	17,342	13,874
St. John's	Center	2,026	2,178
St. Francis'	College Station	8,097	8,704
St. Thomas'	College Station	41,764	44,896
St. John's	Columbus	2,332	2,476
St. James the Apostle	Conroe	62,184	49,747
St. Martin's	Copperas Cove	3,046	3,241
All Saints'	Crockett	1,262	1,010
St. Aidan's	Cypress	31,706	34,084
St. Mary's	Cypress	45,131	42,310
Holy Trinity	Dickinson	15,260	12,208
Christ Church	Eagle Lake	6,960	7,482

St. Paul's	Freeport	1,594	1,713
Good Shepherd	Friendswood	28,616	22,893
Grace	Galveston	17,361	13,889
St. Augustine of Hippo	Galveston	1,306	1,437
Trinity	Galveston	68,735	69,418
Grace	Georgetown	63,886	68,678
St. Philip's	Hearne	527	579
St. Bartholomew's	Hempstead	2,173	2,390
St. Matthew's	Henderson	6,241	6,709
All Saints'	Hitchcock	1,632	1,724
Ascension	Houston	31,310	33,658
Christ Church Cathedral	Houston	388,346	407,093
Christ the King (Alief)	Houston	7,615	8,377
Emmanuel	Houston	42,686	41,295
Epiphany	Houston	41,134	39,288
Grace	Houston	16,390	16,875
Holy Spirit	Houston	77,221	80,911
Hope	Houston	6,077	5,830
Lord of the Streets	Houston	8,621	9,483
Palmer Memorial	Houston	185,673	191,716
Redeemer	Houston	4,183	4,497
San Pablo/St. Paul's	Houston	7,198	7,918
Santa Maria Virgen	Houston	10,200	10,829

St. Alban's	Houston	4,610	4,782
St. Andrew's	Houston	39,631	42,603
St. Christopher's	Houston	20,098	20,830
St. Cuthbert	Houston	63,267	60,738
St. Dunstan's	Houston	107,590	97,645
St. Francis'	Houston	201,868	217,008
St. James'	Houston	42,830	46,042
St. John the Divine	Houston	700,478	716,179
St. Luke the Evangelist	Houston	4,094	4,402
St. Mark's	Houston	104,163	111,975
St. Martin's	Houston	1,453,982	1,563,031
St. Stephen's	Houston	106,431	112,277
St. Thomas'	Houston	44,057	35,758
St. Thomas the Apostle (Nassau Bay)	Houston	43,569	46,837
Trinity	Houston	93,511	74,809
Christ the King (Atascocita)	Humble	19,534	19,169
St. Stephen's	Huntsville	16,402	17,632
Trinity	Jacksonville	2,365	2,073
Trinity	Jasper	3,833	4,120
Christ Church	Jefferson	2,925	3,218
Holy Apostles	Katy	94,941	102,062
St. Paul's	Katy	27,203	29,243
St. Paul's	Kilgore	3,962	4,259

St. Christopher's	Killeen	17,423	13,938
Good Shepherd	Kingwood	94,893	75,914
St. James'	La Grange	29,522	31,534
St. Peter's	Lago Vista	2,282	1,825
St. Timothy's	Lake Jackson	28,116	29,535
Church of the Cross	Lake Travis	11,226	12,349
St. Michael's	LaMarque	9,936	8,238
St. Mary's	Lampasas	8,050	8,654
St. John's	LaPorte	19,543	19,821
St. Christopher	League City	41,593	44,712
St. Paul's	Leigh	818	500
St. Stephen's	Liberty	13,240	11,892
St. Luke's	Lindale	3,427	3,427
St. Luke's	Livingston	5,252	5,505
St. Michael & All Angels	Longview	8,118	8,726
Trinity	Longview	57,671	61,996
St. Cyprian's	Lufkin	54,484	53,650
Holy Innocents	Madisonville	882	970
St. Mary Magdalene	Manor	9,671	10,396
Trinity	Marble Falls	32,408	32,670
St. John's	Marlin	2,650	2,650
Trinity	Marshall	34,081	34,747
Christ Church	Matagorda	3,059	2,993

Christ Church	Mexia	2,616	2,813
St. Catherine of Sienna	Missouri City	27,428	22,951
Christ Church	Nacogdoches	40,841	43,904
St. Paul's	Navasota	4,339	3,471
St. Paul's	Orange	8,467	9,314
St. John's	Palacios	1,052	958
St. Philip's	Palestine	16,371	16,517
San Pedro/St. Peter's	Pasadena	17,059	18,339
St. Andrew's	Pearland	45,264	48,659
St. Paul's	Pflugerville	2,915	3,133
Holy Trinity	Port Neches	13,258	10,606
St. Francis of Assisi	Prairie View	3,944	3,395
Calvary	Richmond	57,296	57,562
St. Mark's	Richmond	21,094	22,676
St. Thomas'	Rockdale	1,405	1,224
St. Julian of Norwich	Round Rock	16,160	17,776
St. Richard's	Round Rock	44,994	38,320
St. Joseph's	Salado	4,493	4,830
Christ Church	San Augustine	3,911	3,949
St. John's	Sealy	3,848	3,377
St. John's	Silsbee	4,971	5,211
Holy Comforter	Spring	31,144	33,480
All Saints'	Stafford	17,634	18,956

Holy Cross	Sugar Land	46,763	42,450
St. James'	Taylor	3,558	3,581
Christ Church	Temple	42,790	43,590
St. Francis'	Temple	17,037	18,315
St. George's	Texas City	8,664	9,314
Trinity	The Woodlands	130,628	140,425
Good Shepherd	Tomball	31,983	33,013
Christ Church	Tyler	160,418	172,449
St. Francis'	Tyler	17,911	16,456
St. John's	Tyler	1,384	1,256
Holy Spirit	Waco	20,595	22,140
St. Alban's	Waco	57,119	61,403
St. Paul's	Waco	122,496	131,684
St. Mary's	West Columbia	11,906	10,835
St. Thomas'	Wharton	12,702	13,655
St. Paul's	Woodville	3,158	3,260
TOTAL		7,586,373	7,846,464

Linda Riley Mitchell, CFO

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS REPORT FOR THE
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019

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, 2020 and 2019 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, 2020 and 2019 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

October 4, 2021

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 927,560	\$ 461,699
Accounts receivable, net:		
Assessments receivable from parishes and missions	231,241	335,586
Diocesan operating entities	1,956,724	229,263
Other accounts receivable	113,572	64,261
Grants receivable from Diocesan operating entities	5,158,180	450,000
Prepaid expenses	302,798	176,958
Property, net (<i>Note 3</i>)	<u>606,661</u>	<u>623,849</u>
TOTAL ASSETS	<u>\$ 9,296,736</u>	<u>\$ 2,341,616</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 524,343	\$ 361,353
Refundable advance (<i>Note 2</i>)	823,400	
Deferred program fees	22,446	90,698
Funds held for other related Diocesan entities	<u>58,116</u>	<u>81,470</u>
Total liabilities	<u>1,428,305</u>	<u>533,521</u>
Commitments (<i>Note 7</i>)		
Net assets:		
Without donor restrictions	7,248,444	904,413
With donor restrictions (<i>Note 4</i>)	<u>619,987</u>	<u>903,682</u>
Total net assets	<u>7,868,431</u>	<u>1,808,095</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,296,736</u>	<u>\$ 2,341,616</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 Activities for the year ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Diocesan assessments of parishes and missions	\$ 8,336,550		\$ 8,336,550
Support from Diocesan operating entities:			
Protestant Episcopal Church Council of the Dioceses of Texas	697,528		697,528
The Episcopal Health Foundation	2,823,562	\$ 583,138	3,406,700
The Bishop Quin Foundation	2,413,225	283,138	2,696,363
Episcopal Foundation of Texas	2,945,903	300,000	3,245,903
The Great Commission Foundation	3,388,174	437,354	3,825,528
Contributions	6,413	1,092,106	1,098,519
Program fees	375,164		375,164
Total revenue	20,986,519	2,695,736	23,682,255
Net assets released from restrictions:			
Hurricane response and recovery	2,945,936	(2,945,936)	
Diocesan services	33,495	(33,495)	
Total	23,965,950	(283,695)	23,682,255
EXPENSES:			
Program services:			
Diocesan services	7,046,270		7,046,270
Grants to other related entities:			
COVID-19 relief	3,759,970		3,759,970
Hurricane response and recovery	2,779,114		2,779,114
Total program services	13,585,354		13,585,354
Management and general	2,355,063		2,355,063
Unallocated payments for support of the National Episcopal Church and the Anglican Communion	1,681,502		1,681,502
Total expenses (Note 6)	17,621,919		17,621,919
CHANGES IN NET ASSETS	6,344,031	(283,695)	6,060,336
Net assets, beginning of year	904,413	903,682	1,808,095
Net assets, end of year	\$ 7,248,444	\$ 619,987	\$ 7,868,431

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	<u>534,964</u>		<u>534,964</u>
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	<u>25,495</u>	<u>(25,495)</u>	
Total	<u>13,517,645</u>	<u>30,774</u>	<u>13,548,419</u>
EXPENSES:			
Program services:			
Diocesan services	7,312,796		7,312,796
Grants to related entities – hurricane response and recovery	<u>2,074,991</u>		<u>2,074,991</u>
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	<u>1,652,704</u>		<u>1,652,704</u>
Total expenses (Note 6)	<u>13,496,315</u>		<u>13,496,315</u>
CHANGES IN NET ASSETS	21,330	30,774	52,104
Net assets, beginning of year	<u>883,083</u>	<u>872,908</u>	<u>1,755,991</u>
Net assets, end of year	<u>\$ 904,413</u>	<u>\$ 903,682</u>	<u>\$ 1,808,095</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, 2020

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Payroll and related benefits	\$ 4,353,003	\$ 1,514,799	\$ 5,867,802
Grants to other related entities	6,539,084		6,539,084
Business travel and meals	429,197	71,222	500,419
Venue and equipment rental	473,708		473,708
Occupancy	299,387	159,922	459,309
Grants to Diocesan operating entities	390,078		390,078
Professional fees	201,109	152,721	353,830
Financial services support provided by FSC		290,264	290,264
Technology	186,965	57,910	244,875
Depreciation	157,736	22,754	180,490
Grants to others	171,203		171,203
Insurance	94,571	25,449	120,020
Office supplies and expenses	65,562	41,972	107,534
Clergy and staff relocation	75,893		75,893
Other	<u>147,858</u>	<u>18,050</u>	<u>165,908</u>
Total	<u>\$13,585,354</u>	<u>\$ 2,355,063</u>	15,940,417
Unallocated payments for support of the National Episcopal Church and the Anglican Communion			<u>1,681,502</u>
Total expenses			<u>\$17,621,919</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, 2019

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Payroll and related benefits	\$ 4,117,300	\$ 1,541,909	\$ 5,659,209
Grants to other related entities	1,867,443		1,867,443
Business travel and meals	570,762	67,761	638,523
Venue and equipment rental	696,469		696,469
Occupancy	371,570	170,673	542,243
Grants to Diocesan operating entities	290,012		290,012
Professional fees	165,196	202,357	367,553
Financial services support provided by FSC		280,030	280,030
Technology	195,796	62,810	258,606
Depreciation	147,787	25,467	173,254
Grants to others	147,581		147,581
Insurance	86,161	24,760	110,921
Office supplies and expenses	103,246	64,447	167,693
Clergy and staff relocation	140,487		140,487
Conference food and beverage	253,776		253,776
Other	234,201	15,610	249,811
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)

Statements of Cash Flows for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 6,060,336	\$ 52,104
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	180,490	173,254
Provision for uncollectible accounts	1,879	53,599
Changes in operating assets and liabilities:		
Accounts receivable	(1,674,306)	497,290
Grants receivable from Diocesan operating entities	(4,708,180)	100,000
Prepaid expenses	(125,840)	(56,927)
Accounts payable and accrued expenses	162,990	(220,392)
Grants payable to related entities		(109,808)
Refundable advance	823,400	
Deferred program fees	(68,252)	(2,958)
Funds held for parishes and missions	(23,354)	15,204
Net cash provided by operating activities	<u>629,163</u>	<u>501,366</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	<u>(163,302)</u>	<u>(372,658)</u>
NET CHANGE IN CASH	465,861	128,708
Cash, beginning of year	<u>461,699</u>	<u>332,991</u>
Cash, end of year	<u>\$ 927,560</u>	<u>\$ 461,699</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, 2020 and 2019

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 Diocese, 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 Diocese. 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 25th 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 Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

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, and other related 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 \$74,000 and \$92,000 at December 31, 2020 and 2019, 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, 2020 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. Conditional contributions are recognized in the same manner when the conditions have been met.

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 are deferred and recognized in the following year when the event occurs. Deferred program fees were \$22,446 in 2020, \$90,698 in 2019 and \$93,656 in 2018.

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.

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>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 927,560	\$ 461,699
Accounts receivable, net	2,301,537	685,390
Grants receivable from Diocesan operating entities	<u>5,158,180</u>	<u>450,000</u>
Total financial assets	8,387,277	1,597,089
Less financial assets not available for general expenditure:		
Donor-restricted net assets subject to satisfaction of restrictions	(39,096)	(36,160)
Funds held for parishes and missions	<u>(58,116)</u>	<u>(81,470)</u>
Total financial assets available for general expenditure	<u>\$ 8,290,065</u>	<u>\$ 1,479,459</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 has a \$1 million line of credit with a bank with an interest rate of prime less 0.75% (4.75% at December 31, 2020) 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, 2020 or 2019. 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.

In April 2020, EDOT received a Paycheck Protection Program (PPP) loan of \$823,400 through the Small Business Administration (SBA). PPP loan principal and interest may be forgiven, in whole or in part, if funds are used for their intended purposes. The unsecured loan is considered to be a conditional contribution and will be recognized as contribution revenue upon forgiveness by the SBA. This loan is reported as a refundable advance at December 31, 2020. EDOT received notice of forgiveness in April 2021 and will recognize these proceeds as a contribution in fiscal year 2021.

NOTE 3 – PROPERTY

Property consists of the following:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures and equipment	\$ 1,359,562	\$ 1,196,258
Vehicles	<u>288,965</u>	<u>288,965</u>
Total property, at cost	1,648,527	1,485,223
Accumulated depreciation	<u>(1,041,866)</u>	<u>(861,374)</u>
Property, net	<u>\$ 606,661</u>	<u>\$ 623,849</u>

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Disaster relief program	\$ 580,891	\$ 867,522
Scholarships and missions	<u>39,096</u>	<u>36,160</u>
Total net assets with donor restrictions	<u>\$ 619,987</u>	<u>\$ 903,682</u>

NOTE 5 – 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 2020 and 2019, EDOT recognized assessments to the Plan totaling approximately \$447,000 and \$399,000, respectively.

The funding positions of the Plan as of March 31, 2020 and 2019 as reported in the Fund's latest audited financial statements are summarized below.

	<u>2020</u>	<u>2019</u>
Net assets available for pension benefits – after amount designated for assessment deficiencies	\$ 8,823,484,000	\$10,207,974,000
Less: Actuarial present value of accumulated plan benefit obligations	<u>(7,345,848,000)</u>	<u>(6,555,295,000)</u>
Surplus	<u>\$ 1,477,636,000</u>	<u>\$ 3,652,679,000</u>
Funding percentage	120%	156%

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 \$226,000 and \$220,000 to this plan in 2020 and 2019, respectively.

NOTE 6 – RELATED ENTITY TRANSACTIONS

EDOT provides support to parishes, schools, missions, and other Diocesan entities. During 2020 and 2019, EDOT expended approximately \$4,518,000 and \$1,673,000, 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 \$1,069,000 and \$422,000 during 2020 and 2019, respectively. EDOT recognized expenses provided by FSC for administrative support totaling approximately \$290,000 in 2020 and \$280,000 in 2019, and for clergy health costs totaling approximately \$390,000 in 2020 and \$290,000 in 2019. EDOT paid EFT \$60,000 for rent expense in both 2020 and 2019. These amounts are included in expenses in these financial statements.

NOTE 7 – COMMITMENTS

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, 2020 are as follows:

2021	\$ 112,000
2022	111,000
2023	111,000
2024	102,000
2025	96,000
Thereafter	<u>216,000</u>
Total minimum lease payments	<u>\$ 748,000</u>

Rental expense was approximately \$123,000 and \$169,000 during 2020 and 2019.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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, 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 -20 HSA
2. Anthem Blue Cross Blue Shield Consumer Directed Health Plan -20 HSA
3. Cigna Consumer Directed Health Plan -40 HSA
4. Anthem Blue Cross Blue Shield Consumer Directed Health Plan -40 HSA
5. Cigna Open Access Plus PPO 90
6. Cigna Open Access Plus PPO 80
7. Cigna Open Access Plus PPO 70
8. Anthem Blue Cross Blue Shield PPO 90
9. Anthem Blue Cross Blue Shield PPO 80
10. Anthem Blue Cross Blue Shield PPO 70

The Medical Trust has chosen UnitedHealthcare Group Medicare Advantage (PPO) plan to provide eligible retired clergy and their dependents with health and prescription drug coverage, effective January 1, 2022. In addition, the Employee Assistance Program (EAP) is available to all diocesan Clergy, Lay employees, and dependents enrolled in medical coverage. For those employees who do not have active medical coverage, the EAP is also available as a stand-alone plan. All medical plans include integrated Behavioral Health benefits. In addition, the Medical Trust will provide Hearing Aid benefits to employees and dependents enrolled in any of the active or retiree medical plans. Hearing Aid benefits cover \$1,500 per ear every three years. Employees are encouraged to contact their health plan carrier for information about Hearing Aid benefits.

Overall, the cost of health insurance for active diocesan clergy increased by less than 3.00% in 2022. Parishes' and institutions' health insurance cost rose by 4.50% for 2022. This increase is less than the average for premium increases across the United States. Our Insurance Task Force has recommended to the Executive Board, and the Board has passed, the following: Effective January 1, 2022, all eligible clergy and lay diocesan staff will have medical coverage for family paid by the Diocese. Clergy and diocesan lay staff can elect single, family, spouse, and child(ren) coverage depending upon their personal circumstances at no cost to them. This does not apply to lay employees of churches, schools, and institutions. Those organizations may choose to pay for family coverage for lay employees. Diocesan clergy and lay staff hired before December 31, 2014, will continue to retain their benefits up to the family tier at no cost.

As in past years, the Diocese will be provided with \$5 million in 2022 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, Director of Human Resources, at 713-353-2120, 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 clergyperson 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, Director of Human Resources at the Diocesan Center at 713-353-2120, 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 fiscal year ending March 31, 2021 were \$17.7 billion, representing an increase from \$13.3 billion as compared to March 31, 2020. The portfolio continues to grow and is sufficient to cover promised future obligations. The Pension Fund paid out a total of \$420 million in pensions and other benefits during the fiscal year 2021.

The following fact delineates the benefits summary for period ending March 31, 2021:

Fast Facts:

\$7.6b benefits paid to clergy and dependents since inception

\$99.3m annual assessments received from clergy, lay employees, and CPG staff

\$420m 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 allowance 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.

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.

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 their 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 or Jonathan Blaker, Director of Treasury at the Diocesan office at 713-353-2134 or jblaker@epicenter.org.

Linda Riley Mitchell, CFO

COMMITTEES AND BOARDS CREATED BY CANON

AUSTIN CONVOCATION

While we were forced to hold our deanery meetings electronically in 2021, we took advantage of Zoom to invite speakers who would have otherwise been unable to join us. Our convocation gathered with the Very Rev. Dr. Kelly Brown Douglas (EDS), the Rev. Dr. Andrew Teal (Oxford University), Rev. Dr. Paul Wheatley (Nashotah House), the Rev. Dr. Ben King (Sewanee), the Rev. Dr. Michael Lloyd (Oxford University) and our deanery's own theological luminary, The Very Rev. Dr. Cynthia Briggs Kittredge (SSW). While we all felt the loss of in person gatherings, it was a great blessing to spend time with so many inspiring colleagues from around the Church.

Bertie Pearson, Dean

CENTRAL CONVOCATION

In the Central Convocation of the Episcopal Diocese of Texas the year 2021 has been a year of creativity, collaboration, and new initiatives.

With the assistance of our Area Missioner, the Rev. Andrew Terry, and supported by Episcopal Health Foundation consultants several new projects have been initiated in the convocation. Saint Paul's Navasota is establishing a Rainbow Room, where Child Protective Services workers can access items for children when removed from their homes in partnership with Grimes County and the Texas Rural Leadership Program. The Texas Rural Leadership Program is also beginning work in Sealy around convening leaders of various ministries and initiatives in Austin County. In Bryan College Station, the Baylor Collaborative on Hunger and Poverty is beginning to work with Canterbury and St Andrew's, St Thomas, and St Francis members around supporting A&M essential workers and immigrant populations in Bryan College Station and the surrounding area.

Saint Andrew's Episcopal Church, Bryan in cooperation with members of other churches, launched the Middleway Urban Monastery. Middleway provides a space for people, online and in downtown Bryan, to explore Christian spirituality with guidance from spiritual directors from all walks of life. It also provides prayer times, retreats, and workshops to assist people in their spiritual life. It was established with the support of a Strategic Ministry Grant.

The Rev. Bill Miller returned to Diocese of Texas and planted a church in Round Top, Saint Cecilia's, which incorporates art, music, and nature in its life and ministry.

There have been several clergy transitions this year in the convocation. The Rev. Lorinda Driskill concluded her work at Saint John's, Columbus. The Rev. John Campbell was installed as the rector of Saint Mary's, Bellville. The rector of Saint Thomas, College Station, the Rev. Angela Cortinas, accepted a call to serve as the assistant rector of Saint David's in Austin. Saint Thomas has called the Rev. Korey Wright as their next rector.

Daryl T. Hay, Dean

EAST HARRIS CONVOCATION

The East Harris Convocation met on the fourth Thursday of each month via Zoom for most of the year, except the summer months of June, July, and August. In November of 2021, we had our first in-person meeting in Saint James', Houston. Facilitated by Stephanie Jordan of Fuller Life Family Therapy, our meeting structure consisted of a check-in that included how things were going professionally and personally. Stephanie's experience and skillset proved to be a vast resource for us as we processed the challenges and opportunities, setbacks and accomplishments of 2021.

We have a remarkable diversity of clergy in East Harris, which adds a lot of richness to our conversations about our lives and ministries. The level of sharing and support has been a sustaining force for group members. Our need to support one another became more apparent during this time of COVID-19 as we compare notes on worship adjustments, challenges, and surprising instances of witnessing the power of God within our parishes and neighborhoods. Bishop Hector Monterroso visited with us during the year and offered his support and encouragement.

Victor J. Thomas, Dean

GALVESTON CONVOCATION

This past year saw several clergy changes in the convocation

- The Rev. Jimmy Abbott became rector of Trinity in Galveston
- The Rev. Robin Reeves-Kautz left St. George's in Texas City to become Rector of St. Timothy's in Lake Jackson
- The Rev. Jonathan Totty became rector of Grace in Galveston
- The Rev. Viktoria Gotting left St. John's in LaPorte to become rector of St. Stephen's in Huntsville.

Other Reports

St. Thomas, Nassau Bay

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.

Grace, Alvin

Formation of Disciples, or followers of Jesus through...

Worship...

- We continue to broadcast live via Facebook each Sunday....sermons are on Grace's YouTube channel
- We have adjusted through a pandemic and have even been delighted to know that even during a pandemic a church can be grown...
- Continue to provide opportunities for worship and learning throughout the week through Bible study, world-wide noon day prayer...and worship every Sunday...
- Our Youth are also benefitting from having their own leader who has been meeting with our youth every Wednesday to work in the blessing box as well as time to be together. In the new year, we are hopeful to have more in-person events to strengthen bonds of support.
- And our children are greatly benefitting from Aubrey's work as children's minister...with 4 new babies in the fold as of Sunday, having a children's minister on staff and dedicated will be important as we continue to think about growing the church.
- In the new year, we hope to return to 2 services: 8 and 10:30.
- And Paul and his gift of music continues to bless and encourage each of us on Sunday's...

Our Mobile Food Pantry and Church on the Street...

- This ministry continues to meet the need of feeding our neighbors...delivering food to nearly 80 home-bound folks a week, as well as around 150 cars who continue to come and receive food on a drive-by basis.
- The Blessing Fridge and Box ministry has expanded and now they are being filled twice a day most days....by an army of volunteers who give of their time week after week.
- In addition, our ties with the Alvin Food Pantry have strengthened because of the tireless work of Ed Carrette and we are receiving their over-flow which amounts to 2-3 deliveries a week which goes directly into the community by way of the blessing box and fridge.
- The Hunger Project: Between the mobile food pantry, Blessing Box and Refrigerator over 2000 people a week are being fed in Alvin.
- The Hunger Project: We have a new mural on our campus that was finished in January which is emblematic of this work. When people step onto our campus, they are reminded of the miracle of the loaves and fishes...with little, the masses are fed...

Our Campus...In short, it feels as though it has taken a beating this year...

• Our Challenges

- Between the winter freeze in February...
- Rats eating the bellows of the pipe organ
- Lightning strike which took out the lights in the nave, motherboard of the pipe organ and the sound system....
- Numerous trees that have fallen including one on the Morgan building..

• Our Celebrations

- New gutter leaf guards have just been installed and gutters have been cleaned
- Most of these events have been covered by insurance...once everything is repaired it will be tremendous...including our parish hall which we hope will be a venue for others to be able to use and enjoy and add revenue to our church
- Grayson Singer's Eagle Scout project refurbished the picnic tables and building of benches

Other Good things...

- The house across the street which was gifted to Grace...literally on the day I found out Bill Wicker's house wasn't going to be, I got a phone call from the family who wanted to give us the house.
- We've entered into the Diocesan Holy Currency program to discern how God might use this house for future ministry...
- Pumpkin Patch...our gift to the community...which the community comes and enjoys
- Don's Fish Fry
- Back To School Event in August gave away 460 backpacks, 14k of food, 167 sno-cones and a boatload of child-hood vaccines to needy children.
- Reinstatement of the DOK chapter-Dame Julian of Norwich

Grace, Alvin

In the past year, Grace Episcopal Church, Galveston, restarted some ministries and began others. The Rev. Jonathan Totty was called as the 28th rector and began serving March 1. March 1, also, marked Grace's return to in person worship on Sunday mornings. After returning to in person, the folks at Grace recommitted to the Church's life of prayer, study, and service. We added a weekday Morning and Evening Prayer services, restarted Adult and Children's Christian formation programs, and created a service calendar in which we take up a service project each month. As 2021 draws to a close, we at Grace look forward to the work God has for us in years to come.

St. Michael's, La Marque

The past two years have been a time of activating new tools, such as live streaming, to help St. Michael's stay connected with folks who are no longer able or willing to congregate in person. It has also been a time of trimming and streamlining our services to accommodate the new normal. Gradually people are coming back to worship, after our 2019 ASA of 49 was cut in half in 2020. The people of St. Michael's continue to be faithful givers in spite of our separation.

Setting up a welcome and check-in table on our breezeway where people sign-in on a seating chart, get their temperature taken and get their bulletin before they walk into church has been a success. Now newcomers are greeted, and others congregate on the breezeway with masks on before the service to talk with their friends. When the bell for worship rings people come in and take their seat.

Our Sunday school for children and adults took a hiatus in 2021, but our kids did get some attention. Our high school graduates were honored, and each received a St. Michael's medal on the Feast of Pentecost. St. Michael's also had a wonderful Vacation Bible School during July with great help from both adults and teens.

In past years our outreach projects were a sit-down freedom celebration meal (around the 4th of July) for the clients of ADA House (a halfway house for women suffering from alcohol and drug addiction) and a sit-down Thanksgiving meal for NAMI clients (National Alliance on Mental Illness), plus Christmas boxes for Seafarers. This year we collected food for St. Vincent's House as an ongoing project and we collected money and homemade cookies to provide Thanksgiving chicken dinners to the clients of NAMI in Brazoria and Galveston County that were delivered to their homes. We also collected socks, toothbrushes and toiletry items for the clients of NAMI. St. Michael's also participated in the change for change campaign sponsored by the Pregnancy and Parenting Support Center out of Texas City.

St. Andrew's, Pearland

St. Andrew's had a good year in the ongoing recovery from the COVID19 pandemic. 2021 also marked the last full year of the ministry of the Rev. Jim Liberatore as Rector. Jim will retire at 72 (and 27 years as rector) in early 2022.

By the end of 2021, St. Andrew's was worshiping in-person, with masks and by intinction. Both Sunday services are streamed on Facebook and YouTube. The Rev. Mike Gemignani and the Rev. Godwin Otubanjo, both retired, serve sacramentally. Deacon Mary Reddick finished out her time with us and was reassigned by the Bishop. The Rev. Marcia Sadberry finished her field training with us

2021 marked our second decade of entertaining over 20,000 visitors on campus with our Pumpkin Patch. This year also marked the same amount of time partnering with local Title 1 elementary, Lawhon. Lawhon was provided with a teacher thank you luncheon, school supplies and weekend food for children who are under resourced for food. We will resume our Community (Brookside Village) Egg Hunt in 2022. The Episcopal High School did a rebuild week with us in January 2021.

We fed hundreds of families with several drive through food distribution days and provide volunteers to other distribution centers. St. Andrew's teams with Sewa International, Houston Responds, the Houston Food Bank, and Manvel Community Outreach to address food insecurity.

Mosaic in Action, a disaster recovery and resiliency, ministry the operates as a separate 501c3 out of St. Andrew's finished its 7th year in operation. Originally set up to repair home devastated by storms, Mosaic in Action now helps those affected by ice, wind, and flood. Mosaic in Action and St. Andrew's have been recognized by local, state, and federal agencies and office holders for their work with the local community. We housed our 7th AmeriCorps NCCC team this year. The team worked on rebuild. In addition, we supported an AmeriCorps VISTA to help with Communications. Currently, a Senior Corps volunteer is helping us with Human Resources.

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 Fisher met periodically with the clericus for which we are grateful. Between the Novembers, 2020 and 2021, 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.
- The Rev. Sean Duncan was named the new Rector at Trinity in Marshall.
- Mr. Rober Jerger became Part-Time Lay missionary for St. Clare's in Tyler.
- Mr. Uriah Johnson was named Campus Missioner for the Northeast Canterbury.

- The Rev. Jim Cook was named Priest-in-Charge of St. Luke's in Lindale.
- The Rev. Dr. Andrew Armond was named Curate for Trinity in Longview.
- The Rev. Joel McAlister was named Curate for St. Francis in Tyler.
- The Rev. Steve McClaskey from St Paul's Episcopal Mission Church in Leigh passed last year.

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. This year I have included lay led congregations in this report.

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 sixth 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 as a parish. We give thanks for that community and pray for it's continued growth and impact in the local community.

We are in the beginning stages of emerging and planning to emerge from under the grip of COVID-19. It is a task we are taking seriously and intentionally. Things have changed but our desire for liturgical worship and practices is what we do as Episcopalians and we continue to be faithful in that regard.

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.

Trinity, Longview

Trinity, Longview is now, more or less, fully regathered for mission. Our Covid-19 protocols have mostly been relaxed and we anticipate the restoration of the Common Cup when parish children have had the opportunity to be fully vaccinated. We continue to monitor the situation with new variants, and are committed to making adjustments as necessary. The arrival of our curate, the Rev. Dr. Andrew Armond, in July 2021 has begun to produce fruit. Among many other gifts for ministry, Fr. Andrew is an experienced teacher and school chaplain, and we are experiencing a new season of engagement with our parish school, the Trinity School of Texas, as well as youth group and children's church. Attendance numbers have begun to recover, pledge income has increased each year of the pandemic. The Vestry has adopted a balanced budget. We anticipate being able to hire a full-time youth and children's minister no later than July 2022. We have hired new nursery workers and are renovating space closer to the nave for our parish nursery. The fellowship committee has hosted several parish-wide events. Our small group ministry is functioning again. Our midweek formation and fellowship ministries are reestablished and beginning to grow. Choir and music ministries are back in full swing, and we just hosted annual Christmas concerts for Pine Tree High School and the Trinity School of Texas. We are adopting a new database to track membership and connect new members with the people and ministries of Trinity. Bishop Fisher was able to make our first in-person Episcopal Visitation since 2019 on December 5, when he celebrated an adult baptism and several adult confirmations and receptions. In the Vestry's conversation with Bishop Fisher, we noted the need both to grieve the many losses of this season and to celebrate the faithfulness of our Lord and his People at Trinity. We

have an evolving, Christ-centered vision, as well as concrete plans to grow (spiritually and numerically), and we are prayerfully taking next steps forward in mission.
respectfully submitted, the Rev. Dr. Bill Carroll, Rector

St. Paul's, Kilgore

The parishioners of St. Paul's are continuing to move forward after the "slow-down" of 2020! Our quarterly outreach, Saturday Bread, reaches over 120 shut ins. The Parish provides drivers for Meals-on-Wheels twice each year and that also remains a vital ministry. A regular clergy presence has not been what we would like but we do have clergy at least once each month and usually twice. That too, appears to be improving! St. Paul's is looking forward to a glorious 2022!

St. Luke's, Lindale

The highlight of our year was the addition of Father Jim Cook and his lovely wife, Peggy. While Father Cook is not involved in church administration, he could be called our "permanent" supply priest. Our church is pretty well back to normal with attendance averaging somewhat less but several families we had not seen in awhile returning. Unfortunately, we did lose some members with people moving to be closer to their families. We continue to "livestream" our service each Sunday and believe that it has been advantageous in reaching some that are not able to attend in person as well as some that are potentially interested in the Episcopal Church.

We have polled our membership that usually attends; finding that all considered themselves fully vaccinated, we have been able to observe the Eucharist each week, with the exception of "drinking from the cup". Ladies' bible study has been well received in the Community with attendance involving people from churches other than our own.

St. Luke's School has continued to do well thanks to the strong management team in place; operating at near capacity with plenty of demand, but with the current economic situation, the challenge is staff retention.

All in all, St. Luke's has not yet returned to pre-Covid but steadily increasing. There are many things in our church for which to be thankful. The zoom meetings from the Diocese and the Northeast Convocation have been both educational and encouraging.

St Paul's Episcopal Mission Church, Leigh.

We are still open every Sunday morning despite the fact our Priest passed away in 2020 and then our Sunday Morning Prayer Rite 11 Reader passed away a few weeks ago

We are a very small group but we carry on

With the Grace and guidance of our Heavenly Father God

We do not intend for our Church to close We carry on

In His Name

St Paul's

Church Family

Mitch Tollett, Dean

NORTHWEST CONVOCATION

Belton Missioner

From the Rev. Rachel Harber: I began working as the Associate Missioner to the University of Mary Hardin-Baylor (UMHB) and Belton, TX, on November 1, 2021. The campus broke for finals and Christmas Break only two weeks after my arrival, so much of my initial work has been question-asking with staff and faculty, listening to the local community, and laying foundational relationships. In the short time I've been at work, I have heard a need and desire for authentic connection and deepened spiritual lives. As I look to the start of 2022, I am prayerful over our Coffee & Donuts Meet and Greet at UMHB and a Eucharist service on January 20 where the community at St. Joseph's Episcopal Church in Salado, TX, will present the cross, paten, and chalice from Old St. Luke's (the last Episcopal parish that existed in Belton) to our new community. This will be a place to bring together students and the community as we pray into the future of the work we believe the Holy Spirit is doing, and will do, here in Belton.

Christ Church Temple

This past year has been extremely busy for Christ Church, Temple. We have upgraded our technology throughout the campus, allowing us to better connect via Facebook, Zoom, and YouTube. While we are maintaining a monthly outdoor service, welcoming folks from the community, we have transitioned back into two indoor services. A Children's Minister was hired as we have greatly increased the number of children and youth. We continue to raise up new leaders and folks who are discerning a call to ordination. Outreach has become a focal point, with new opportunities added on to our traditional events, including donating a wall of mac and cheese, having 40 folks attend the 12 week course, Sacred Ground, and starting the Main Street Community Garden. The property, inside and out has been refreshed and our Pastoral Care ministry has expanded to allow more contact points. Meanwhile, we continue to pray for our Search Committee.

Episcopal Student Center-Waco

The Episcopal Student Center in Waco this past year raised over \$150,000 towards a capital improvement of the Canterbury House at 1712 S. 10th Street, adjacent to the Baylor campus. We welcomed our most significant class of freshmen, and partnered with St. Alban's Waco in hosting a panel for students and faculty concerning the relationship between Christian Spirituality and surging interest in astrology.

The Episcopal Student Center is also helping to mentor and bless our sister site in Belton with the addition of the Rev. Rachel Harber, and we continue to encourage our brother Uriah Johnson in his work re-launching the college ministry at UT-Tyler.

Holy Spirit Waco

Holy Spirit, Waco, began 2021 with no in person services, wondering when we would see light at the end of the tunnel. We glimpsed it at Lent when we began worshipping outside. Our Easter celebration was joyful, and Eastertide was punctuated with goodbyes as Associate Rector the Rev. Preston Yancey and Spiritual Formation Director Dr. Rachel Toombs left our staff. In September, we celebrated our sixtieth anniversary and announced a new five-year vision that grew out of Holy Cow's Congregational

Assessment Tool and feedback from parish discernment groups. Since the end of June, our number of active attenders has grown almost 29%. In spite of our COVID-shrunk numbers, Holy Spirit is stable, healthy, and growing.

St. Alban's Waco

Our 75th year of mission and ministry was full of highlights of the grace of God. We began the year having a combination of outdoor and online services, but by April 11 the state of the pandemic allowed the congregation to return to indoor worship. The church was under renovation, so we met in our new Parish Hall. We also added an additional Sunday service with a 5:30 PM service of Choral Evensong. In February 2021, the Parish Hall also served as a warming center during Winter Storm Uri. During that frigid week, we partnered with the City of Waco and fifty parish volunteers to feed and house some of Waco's most vulnerable citizens round the clock for five days.

Construction has been a big part of this year. As we close 2021, we look forward to the church's re-opening and re-dedication in spring of 2022. The highlight of the renovation is a new rose window over the altar and a new pipe organ by Schoenstein & Co.

Thanks to the generosity of the Bishop Quin Foundation, the people of St. Alban's Waco, and the Lilly Endowment, Inc.'s, Clergy Renewal Grant, our rector, the Rev. Aaron Zimmerman, took a four-month sabbatical in summer 2021. As part of the sabbatical, Aaron and his family took a nine-week tour of Europe during the summer. The Rev. Neal McGowan, Associate Rector, managed the parish admirably during the rector's leave.

Despite the challenges of the pandemic, the parish stayed strong and continued to grow. In the summer, the church welcomed Rachel Toombs, PhD, on staff as Director of Formation and Connection. Under her leadership, our small group ministry now has 100 participants who meet regularly to deepen their faith. Our St. Alban's 101 class in fall 2021 welcomed 30 participants. To welcome the new members who joined the church over the 20 months of the pandemic, the rector's family hosted not one but two newcomers parties in fall of 2021. We end 2021 grateful for his faithfulness to this congregation.

St. Christopher's Killeen

Ours has been an extraordinary busy and very challenging year. Besides the well documented COVID challenges presented to most if not all churches, we've endured, and survived massive site wide flooding, caused by the Texas freeze. We have used the opportunity to improve the site. We are, just this week completing upgrades and repairs, to the both the Church side and the Ed Wing, totaling roughly \$200,000 (most of which was insured.)

The preschool is prospering and plans for improved collaboration between the school and church are well under development. The Church is seeing improved live ASA and wider general engagement. Our annual Outreach Auction was a big success.

We lost our beloved long time bookkeeper and treasurer within the past year or so. That sad loss was used to split-up those roles and to recruit two new persons, to improve financial accountability. We also lost our organist for health reasons, but as of today have finally been able to recruit a person we think will be a wonderful addition to our team.

St. Francis, Temple

Beginning the year with COVID in full flower presented challenges to our congregation, much along the lines of many congregations of our Diocese. Learning technology, making arrangements for mission and ministry, as well as financial support, that utilized new patterns and took advantage of new arrangements, was the theme of the year. We are happy to add that our outdoor Garden Chapel made more in person worship possible than otherwise might have been the case. However, most of our community ministries, most of our pastoral care, and most of our Christian formation efforts, took a substantial “hit” for the year. As the calendar year progressed, and the course of the pandemic waxed and waned, we learned, adapted, and took advantage of help that was offered from our Diocese, as well as our community partners. By the close of the year, our pre-school has “recovered” to nearly pre-COVID levels, our in person and online attendance has stabilized at nearly the same level as our pre-COVID level, and our outreach and service to the wider community is slowly coming back in some new and exciting ways. COVID has affected us greatly, but resurrection is not only a distant event, but a constant and recurring way of life.

St. John’s Marlin

St. John’s spent the first half of 2021 without a priest. They continued to worship together in Morning Prayer led by a layperson. COVID prevented them from gathering formally and they were unable to invite clergy to celebrate the Holy Eucharist. Beginning July 1 the Rev. Larry Adams-Thompson was assigned as Deacon-in-Charge. The congregation began meeting again in the church building on a weekly basis and monthly communion started in October. Bishop Doyle visited the congregation in December and celebrated the Eucharist. St. John’s was able to bring up to date its property insurance and fulfill its responsibility to pay the annual assessments for the year. This was a huge accomplishment and reason to celebrate. Since July the congregation’s attendance has remained fairly level with an average attendance of 15. Although the congregation is small they remain resilient and hard working.

St. Joseph’s Salado

For this past year, St. Joseph’s has been a hub of activity. Before we reopened the church, we were using Facebook and YouTube to broadcast services. In addition to videos about our church and our grounds, we sent out a monthly newsletter to keep everyone feeling a sense of connection. There were outdoor services when we felt ready to meet within social distancing parameters. All of this was done without a Head of Congregation. Our IT capabilities have increased exponentially due to the new equipment we purchased from COVID grant funds, so we can now broadcast anywhere on our church grounds.

Many ministries continued their work. Heart and Hands Ministry is a local group that we supported through food, clothing, and shoe drives; Feed My Sheep in Temple was also supported with hygiene packets. In addition, the congregation created many boxes for Samaritan’s Purse which went to Peru. On St. Francis’ Feast Day we held a blessing of the pets which brought many dogs, cats and birds to our church—as well as a lamb, and a coatimundi. Our youth group continues to thrive and led the Posada on December 11th in a march through town recreating Mary and Joseph’s search for an inn. Other ministries we supported included Project Backpack with the Salado Family Relief, and our Little Free Library was expanded to five locations, and each center continues to be a blessing to readers.

On August 1, the Rev. Dr. Lynn Osgood joined us as our deacon-in-charge. With projected growth in mind, we increased positions on the Bishop's Committee from four to six, remodeled our Blue House meeting center, and thanked our many supply priests for providing the Eucharist. Our pumpkin patch fundraiser was a huge success, an advent wreath making clinic was a big hit, and our coffee hour was reinstituted in November. Most recently a meals for shut-ins committee has been established, and altars were created to remember loved ones during Dia de los Muertos.

Our church family has remained strong and has maintained fellowship and communication and we're looking forward to the new year.

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. The church continued to reach out to the community by allowing our facilities to be used for NA/AA and MS support groups both virtually and of late, back in person. St. Martin's continues its outreach to local schools by providing a turkey and groceries at Thanksgiving for families of 25 students from our elementary and high school nearby. We also provided a backpack filled with breakfast and lunch snacks to tide these students through over the holiday/winter break.

Towards the end of 2021, the average Sunday attendance at St. Martin's was 26. With a technology grant from the Diocese, we were able to upgrade our Live streaming of services. As many parishes have found, we find friends who join us from distances far beyond our town. We have been able to maintain fellowship and communication through newsletters, virtual services, book Studies as well as pastoral visits held outdoors. Our children's ministry continues to grow and currently averages 14 children, ages 1yr to 14yrs.

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 to share 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. November of 2021 was the first month they met in person since COVID limited gatherings. They maintained monthly Zoom meetings over the past year and a half.

At these meetings, the focus is on prayer, encouragement, and support for one another. There is a time for "checking in". Each person offering a professional and personal experience from the past month. This time is valued and continues to be a significant time of mutual support. Topics of common concern and/or interest are also explored.

Meetings are held in several parishes during the year. Every other month the meeting is held at Trinity, The Woodlands due to it being the most central location within the convocation. On alternating months, the clergy travel to host parishes to enjoy their hospitality and have the opportunity to see the facilities of others in the Convocation.

There have been several changes within the Parishes of the San Jacinto Convocation in the past year, they include:

- The Rev. Geoff Gwynne became the Associate Missioner, St. Isidore, Spring
- The Rev. Kyle Carswell became the Assistant Rector, St. James, Conroe
- The Rev. Viktoria Gotting, is the new Rector at St. Stephen's, Huntsville
- The Rev. Luis Mañeru is now Assisting Priest at St. Mary's, Cypress
- The Rev. Beth Anne Nelson, Curate, St. Dunstan, Houston
- The Rev. Christine Brunson, Curate, St. Aidan's, Cypress
- The Rev. Darrel Proffitt is the Interim Rector, Holy Comforter, Spring after
The Rev. Jimmy Abbott moved to another parish/convocation
- We are sad to report that the Rev. Deacon Bob Horner died this past year after 35 years of diaconal service at Trinity.

Gerald Sevick, Dean

SOUTHEAST CONVOCATION

Holy Trinity - Port Neches, Texas

Holy Trinity congregation along with The Rev. Mark Chambers has been trucking along as usual this past year.

We did a virtual Christmas pageant by video recording individual kids in front of a green screen and compiling a Video Pageant that was shown to the congregation on Christmas Eve. A staff member came down with COVID so the entire office was isolated for two weeks after the Christmas eve service.

In February we had the Big Freeze and had to cancel services for a Sunday, many of our parishioners suffered broken water pipes and damages from loss of power. We were able to help many that had needs to replace food and even repair broken water pipes.

In March we collected cereal for local school children and donated it to the Port Arthur Police Department. We celebrated Holy week and Easter with an Easter Egg hunt after the Easter service. We participated in an Ecumenical Prayer service in front of Port Neches City Hall. We collected donations on Mother's Day to support the women's shelter in Beaumont and on Father's Day to support Lighthouse Men's shelter in Port Arthur.

In June we started a \$40,000 project to repair and renovate the exterior of our building repairing rotten wood and painting the entire exterior. We celebrated the beginning of summer with a summer picnic celebration. We supported six children with scholarships to go to Camp Allen for summer camp. We hosted our back-to-school bash in August.

In October we held our Drive Thru Trunk or Treat and had a great community turn out. Our community gathered food to support Thanksgiving meals for the Community Care and Prayer outreach Center.

In November we enjoyed a visit from The Rt. Rev Andy Doyle and he confirmed six new members into the Episcopal Church. We completed a \$20,000 Audio Visual upgrade to the sanctuary for better visual

and online services.

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 that have affected the Central Gulf Coast this year.

The Holy Trinity community continues to learn and grow into these new expressions of ministry.

St. John's - Silsbee

Many of our annual activities are still on pause, including our Jazz at St. John's and other events intended to draw the wider community into our space. We did, however, have a full schedule of in-person worship, with virtual options for those who are not able attend in person.

St. John's has continued to actively support the Hardin County Christian Care Center with a monthly donation that helps feed, clothe and otherwise provide services to our neighbors in need. We participate each Christmas in the CCC's Angel Tree ministry providing gifts for children in need. Parishioners volunteer at CCC, our ECW sends a yearly donation and 2 months each year we collect food and cleaning products for CCC clients.

We continue to seek out new ways to be active in the life of the community and find ways beyond Sunday morning worship to connect with our neighbors.

We provide office space for the Samaritan Counseling Center of Southeast Texas to provide counseling services to low- and moderate-income clients. We also provide meeting space for 12-step groups and make our space available to a variety of community groups and service organizations, including a girl scout troop, the garden club and a retired teacher organization, as well as a polling station for elections.

St. Mark's - Beaumont, Texas

Creativity and faithfulness have been at the core of life for St. Mark's in 2021. The wardens and vestry led faithfully during a time of clergy transition. We gave many thanks for the leadership and ministries of the Rev's Mark Crawford and Clint Brown. Even during transition, the work of the parish continued. Outreach grants were given to several entities in Beaumont and Jefferson County. Though COVID-19 continued to be challenging, worship, serving, and fellowship continued. In August 2021, St. Mark's welcomed the Rev. James Pevehouse and his family as the new priest in charge. This has been an exciting time as all are learning from each other and leaning into our shared mission. In November, St. Mark's had their 80th chili supper. This much beloved event was once again able to be held in-person. It was a wonderful time of reunion. Many parishioners put in hours upon hours of hard work as this cherished ministry at St. Mark's once again shared the love of God with our neighbors in Beaumont, Jefferson County, and Southeast Texas. We look forward to 2022 and continuing to be part of the hands and feet of Jesus in our part of Texas.

St Paul's - Orange, Texas

It has been a challenging year as I am sure it has for many churches. We have not yet recovered from the Covid shut down with many members continuing to worship from home. This coupled with the fact we are without a permanent priest has put a strain on our budget. We are currently paying Supply

Priests 3 Sundays a month and filling in with Morning Prayer on the others. We pray for God to send us another Bi-vocational priest that will motivate our parishioners to return to our pews.

Despite all of this, the congregation has a giving spirit and has designated the first Sunday of every month as "Outreach Sunday". All loose plate offerings are donated and split between the Salvation Army and Orange Christian Services. To date we have donated about \$500 to each. In addition, we collected and donated \$269 to the Rainbow Room to help sponsor a CPS worker's needs for children removed from their homes due to abuse or neglect.

This past Sunday we hosted a luncheon for the City of Refuge. We donated \$500 for building supplies needed to repair damages from a recent hurricane and tornado. We also were able to give each resident a gift of chocolate and \$25 gift card. Everyone was most appreciative.

Our blessings are many and we are so very grateful for God's Grace.

St. Stephen's - Beaumont, Texas

St. Stephen's Episcopal Church in Beaumont is a parish that has experienced dramatic changes over the past four years. Hurricane Harvey in 2017, a bombing at the church in 2018, Tropical Storm Imelda in 2019, and the onset of a global pandemic in 2020 left the church seeking a sense of purpose and new identity as the whole community of Beaumont changed around it. The parish has half the invested and able members it had only five years ago, therefore St. Stephen's is currently undergoing a new strategic planning process, recognizing the need to discern its call to mission in 2022 and beyond. The members of the parish are working on embracing their identity as a pastoral-size church, focusing on high-quality worship, hospitality for visitors, and pastoral care for its members. As St. Stephen's hopes to be soon emerging from the worst effects of the pandemic, it remains committed to love of God, love of neighbor, and being a living sign of the Gospel for the whole community around it.

Trinity - Anahuac, Texas

We have enjoyed returning to a more "normal" form of worship in the last year. Once everyone was comfortable coming in person, we began receiving Eucharist again at the altar, with intinction only and continue to do this. For Lent, we held a scripture study via Zoom. We had a first communion class in the late spring with six participants. This group received instruction about all the parts of our liturgy with the history of the Eucharist and wrote the prayers of the people for worship. We celebrated the final "graduation" Sunday with all participants joining Vicar Elizabeth at the altar for the Eucharistic prayer, being joined by their parents to receive communion together. At the beginning of the school year in August, we blessed backpacks from kindergarten to 12th grade and celebrated a return to school for all students and teachers. In October, Jonathan Blaker visited us to discuss financial opportunities through the diocesan participating fund. He was very helpful, answered many questions and we anticipate voting on taking part in this offering before the end of the year. Throughout the last year we have continued to stream our service to Facebook each Sunday. We look forward to beginning an Advent scripture study this week and holding our Christmas fellowship celebration on Christmas Eve. The people of Trinity Anahuac have continued to be committed in their mission to serve Jesus Christ and spread the Gospel.

Keith F. Giblin, Dean

SOUTHWEST CONVOCATION

The past year was spent learning new ways of doing familiar things, seemingly for all of the parishes in the deanery. So many of us seemed to take the year, as it unfolded, as permission to try new things as we each discerned how the mission of Jesus Christ would best be experienced for those around us.

St. Paul's in Freeport focused on a year-long stewardship overview. The idea was to bring about an illumination and attention to the fact that we are stewards of more than just finances of the church called St. Paul's. The Call to be illumined teaches that "stewardship" is about all we do with the gifts that God has given us - our own humble gifts and talents, and even our finances, for the glory and welfare of this faithful community and our neighbors.

As the Vicar, the Reverend Chris Weis explains:

In January we talked about stewardship of our physical selves, and that our health is important to be the good servants God desires us to be. In February we talked about being good stewards of our neighbors, and that loving our neighbors means being able to know our neighbors and know their needs. We partnered with the local food pantry and asked what items are in the most demand and we collected three of those items all month and made a mass donation at the end of February. In March we talked about being good stewards of our own repentance, and that we must know we are sinners but can "repent" and "turn" away from sin and back to God's love.

In April we talked about being good stewards of God's creation. We held a Sunday service outside to honor Earth Day, and we purchased recycling containers to collect plastics and weekly service bulletins. In May we talked about being good stewards of God's creatures. We collected dog and cat food, and kitty litter and other items and made a mass donation to the SPCA at the end of the month. In July we talked about being good stewards of sabbath. We talked about the need to take sabbath, "rest", in order to properly rest in Christ. And in September we talked about putting these things, and other efforts in the last 10 months together. We talked about being stewards of our community. I have asked them to pray these last 5 weeks about how they can be a living sacrifice.

Under Reverend Weis' leadership many memories were made, including a drive-thru BBQ in July where the church handed out 125 boxed BBQ lunches.

In August, they partnered with the local food pantry again to help fill their Power Packs (packs of snacks for school kids) and made a mass donation of over 200lbs at the end of that month.

And finally, in September, the good people of St. Paul's had an Adult Formation series entitled "For All the Saints" where each Sunday they focused on the life and impact of an individual from the Episcopal saints. This study ushered in their All Saints service on Nov 1st, and our Saints of St. Paul's service on November 7th where they celebrated the 102 years of past, present, and future saints of St. Paul's Episcopal in Freeport.

The Reverend Travis Smith, Rector of Holy Comforter, reports how Holy Comforter, in Angleton, experienced the year 2021 as a call to reinvigorate by taking stock of what She most valued (and by extension, being willing to let go of what felt no longer necessary). With a handful of members leaving and money being tighter, the leadership of this lovely parish took the opportunity to make peace with the newer and truer way of being God's People in Angleton.

We put a great amount of energy and resources into missional hospitality. Late last year it was deemed to be most important to care for Her friends and family in meaningful ways which ministered to both them (the parishioners) and to those they knew were struggling, which meant haircuts, and help with bills, cards, prayer shawls and so much more. But mostly, it meant (and still means) cooking for those who needed to feel loved with the best food they could provide.

There was a sense within the parish that God was leading them to focus their energies in the face of so much need. Having already begun cooking the ministry at the end of last year, in January Travis received a call from a local food pantry which wanted to join their efforts.

This looked like a weekly group of Holy Comforter cooks (parishioners) making meals for 10 (homebound members and teachers and whomever else was hungry) which quickly grew to 30, then 40 and now roughly 80 to 100, and more, depending on the week. They cook full meals portioned out in single servings so they could tailor each person's to-go bag to his or her tastes and preferences as best they can. It is not charity, it is hospitality. Meaning that while they are certainly being charitable the real aim is to offer a little bit of love when friends and family need to feel loved, including the veterans who meet in Her parish hall each Tuesday and nurses at the local hospital each weekend. They feel quite gratified with what God has added to the parish personality.

While traditional means of success having been tempered, the real measure of success this year has been the grace they collectively seem to be more intentionally giving each other. This is what Reverend Smith believes will be remembered from this year.

The Reverend Ralph Morgan, Rector of Calvary Episcopal Church, Richmond came to life in many ways this past year. When we added a third service November 2020 to make room for Covid precautions, it was just the beginning of our re-awakening.

The people of Calvary have come to life this year with most of Her ministries starting to bloom and flourish. New member classes, confirmations and outreach ministries are tops in Her focus for the future. The staff has played musical offices, keeping fresh, growing stronger together to meet growing needs in Fort Bend County. The Vestry has been leading with encouragement and caution as they head into 2022, not knowing what lies ahead with new strands of viruses. But, also knowing that they cannot sit still with work still be done. And Calvary Episcopal Preparatory School is right with them – leading the way with caution but with in-person education and wonderful learning opportunities.

This past Thanksgiving, Calvary fed over 650 hungry children of God (all ages) with a “hot” turkey meal with all the trimmings. They have offered three vaccine clinics to the community. They fed over 200 people for *America Night Out* along with the Richmond Fire Department on Calvary's front lawn. These are just a few of the blessings Calvary enjoyed lately, but as they count their blessings, they aren't necessarily in numbers, but in faces! Smiles! Hugs! This is how Calvary counts Her blessings and as they see more ways to find them, they are ready to share their blessings with others.

“We are Calvary Richmond – Blessings to all of you!”

At St. Mark's in Richmond, The Reverend Susie Hebert reports how this past year was one of ongoing creative effort to be the church together, despite the ongoing challenges of the pandemic.

Online and outdoor options for worship and study have persisted all year; having continued an outdoor 8 a.m. service, and an indoor 10 a.m. service all year, and having streamed the 10 a.m. service on Facebook via our Mevo camera.

Meetings for bible study and adult formation and vestry meetings continued by ZOOM throughout the year. The community has, indeed, risked and persisted this year, through the grace of God.

St Mark's attempted to reinvigorate Her youth program by hiring a wonderful part-time youth minister, who worked with Her youth for a one year contract, and with occasional successes, particularly the Youth Sunday, and movie nights outside in the Summer.

They reached a proud moment in early Fall, when the entire punch list of various repairs around the physical plant was completed, following last year's small fire in their pump-room and the effects of the freeze on the sprinkler system. Her small preschool has kept serving the community and has maintained safe protocols for everyone.

As well, outdoor meals have helped to bring the good people of St. Mark's together outside this year. They have sought to have monthly events outdoors, focused on food and fellowship, to give members a safe option to reconnect with each other. For the second year, Her Wednesday night Stewardship events took place outside, celebrating their Ingathering Sunday with BBQ outside and a wonderful ice cream truck! Their theme for Stewardship this year captures the collective yearning: "One bread, One body."

Bill Bullard, Vicar of St John's in Palacios, reports how 2021 has been a very fruitful year. They regathered following the all the prescribed guidelines and Diocesan protocols for communion which seems to have paid off- St. John's having not experiencing any mass spreading of COVID 19 due to church attendance. While they are not out of the woods entirely, the community's efforts have been successful in that they are seeing steady signs of a return to what they would call normal. For example, Avery Davant pulled together a bible study which met both in person and, at times, remotely and is planning another one.

In addition, She has now volunteers for the nursery and for children's Sunday school. Her average Sunday attendance in 2020 was 19. Year to date for 2021 is 22 but more importantly 28 folks on average have been worshipping each Sunday since July. Last Sunday, 55 attended Church at St. John's, Palacios.

Over many generations St. John's members have kept the faith through challenging times such as economic depression, world war, and now, a continuing global pandemic, and even more political division. Who would have thought anyone would still be worried about this virus that has changed our lives so much?

The community shared times of joy, celebration, and accomplishment; marrying Ross and Anna and baptizing 3 children Hazel, Bethany and Hunterlea along with 2 youth- Emma and Landon.

By the grace of God, the church had no members die though some church had family members and friends pass away.

As well, they had many step up to help – some in the nursery - others in children's Christian formation, bible study, altar guild, acolytes, and Bishop's committee too. Who would have thought two years ago She would need help for the nursery?

The Bishop's Committee has been active in making sure the grounds and buildings are being well maintained, and Rhonda makes sure their offerings get the bills paid.

The parish survived the big freeze in February with minimal damage - thanks to Rhonda and Kim and Daryl, Cathy, Henry and others, and also a near direct hit from Hurricane Nicholas last month.

They are now in the midst of looking at getting the heating and cooling systems back up and running in the parish hall. One noticed this last week as we gathered in the heat as our ancestors did.

Bishop Suffragan, Katherine Ryan visited on the afternoon of November 14, 2021. And on October 3rd, Reverend Bullard blessed 8 live pets and several stuffed ones in honor of the feast of St. Francis and enjoyed fellowship and eating together.

And finally, the Reverend Scott Thompson, Rector of Holy Cross Church, Sugar Land reports that in 2021 Holy Cross Church, Sugar Land went from remote-livestream worship only to in-person/remote-livestream worship. As the impact of the Delta variant waned, more in-person worshippers gathered. The annual Pumpkin Patch had to be cancelled again as in 2020, but a new relationship was established with Fort Bend Family Promise in which a week of evening meals was provided for 4-5 homeless families in the winter, spring, summer, and fall. 264 Christmas boxes were also packed and delivered in partnership with Operation Christmas Child (Samaritan's Purse).

As is plain, among the reporting parishes, the Southwest Convocation remains vibrant in the face of challenge and will, certainly, prevail in our collective re-imagining of our roles and our place in the communities God has placed us. The Spirit will move as It always has and the Church's mission will thrive as it has since Her initial days in Acts.

Travis Smith, Dean

WEST HARRIS CONVOCATION

As has been true of much that happened in all of our communities over the previous two years, the clergy of the West Harris Convocation of the Diocese of Texas have been in a continual state of adjustment. Blessedly, technology has been helpful in checking in. We had our first three quarterly gatherings on zoom and, excitedly, gathered in-person for prayers and lunch at Holy Spirit Episcopal Church, Houston in December. A special thanks to St. Andrew's Episcopal Church in the Heights who offered to host the first quarter clericus gathering of 2022 and the pre-council meeting before needing to postpone the former and seeing the later moved online. The year ahead promises to offer more opportunities to see colleagues of the West Harris Convocation in person for mutual care, support, and joy.

The following clerical changes that have occurred since reporting for Diocesan Council in 2019 are as follows:

The Church of St. John the Divine, Houston called the Rev. Dr. Leigh Spruill as Rector

The Church of San Romero, Houston called The Rev. Mary Reddick as Deacon

St. Andrew's Church, Houston called the Rev. Clint Brown as Curate

Emmanuel Church, Houston called the Rev. Lance Ousley as Rector

Church of the Holy Apostles, Katy called the Rev. Desmond Goonesekera as Assistant Rector

Respectfully Submitted by The Rev. Joshua T. Condon, Dean of the West Harris Convocation.

Joshua T. Condon, Dean

CAMP ALLEN CONFERENCE AND RETREAT CENTER

Division of Diocesan Camps

Camp Allen had over 45,000 visitors last year including over 3,000 youth. In spite of covid19, Camp Allen stayed open all year, hosted 1710 in summer camp, and modify all facilities for safety reasons. Camp Allen reduced their full time staff by 6 people and eliminated all contract/part time positions. This year still had many accomplishments including hosting an in person clergy conference, a Wounded Warriors conference, and reduced in size Labor Day Family camp. Over 50 events were cancelled or postponed after 395 the year before

Camp Allen celebrated 100 years in 2021. The Centennial campaign has raised over \$14 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 2021 was \$4,000,000 with a net loss of \$1.4 million prior to SBA grants and our Diocesan grants. The 2021 year will end with a surplus thanks to our donors. 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 2022 with the distribution of a vaccine. The rate for a week of camp in 2022 is \$786. 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

2020 Audited Results

Revenues:

Conference Center Fees	\$1,677,570
Summer Camp Fees	426,211
Campsites and Cabins	366,389
Discovery Fees	198,551
Gift Shop Sales	33,338
Contribution/donations/Covid grants	2,454,840
Equestrian and other income	33,910

Total Revenues **\$5,231,665**

Expenses:

Program services	\$4,547,669
Management and general	\$640,000
Fundraising expenses	\$310,000

Total expenses (less depreciation) **\$5,497,669**

Net change in assets **-\$266,004**

George J. Dehan, President

CHAPLAINS TO THE RETIRED

Austin, Central and Northwest Convocations

November 1, 2020 to October 31, 2021

I am thankful to serve as chaplain to the retired clergy households living in Austin, Central, and Northwest Convocations.

This group consists of 158 persons living in 97 households. We have 71 retired clergy persons, 60 of whom have spouses. And we have 27 clergy widows/widowers. Approximately 60% of our folks are canonically resident in the Diocese of Texas and 40% have retired here from various other dioceses.

Most of the past year has been challenging for everyone and my chaplain's ministry has not been face to face. 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.

We did not have an luncheon with Bishop Ryan this past year but are hoping to schedule one for Spring 2022. Some folks attended the Camp Allen Retreat for Retired Clergy Households and enjoyed the time together.

The Church Pension Group Chaplain's Office did a marvelous job of supporting all chaplains. We had regular zoom meetings with the Rev. Laura Queen and Sean Scheller. These were great for support, fellowship, and ideas. A major focus was learning about the transition in health care for the retirees. Chaplains across the country were trained and equipped to be able to answer questions about the changes, communicate directly with our retirees and reassure them that this will be a smooth transition and refer their questions to the appropriate offices. Following several emails to my entire group, I was in conversation with about 15 of our retirees about this subject.

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.

Again, I am thankful to serve in this position. It is especially a privilege to serve with our other Diocese of Texas Chaplains with the support of Bishop Fisher. 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

The Pastoral Care Department of the Church Pension Group (CPG), under the direction of the Rev. Laura Queen and Mr. Sean Scheller, created and supports the Chaplains to the Retired Clergy and Surviving Spouses program. In each diocese that participates in this program (to date at least 86 out of 109), chaplains are appointed by the bishop to serve the retired clergy and spouses (including non-stipendiary clergy) and surviving spouses that are physically resident in that diocese as an extension

of, not a substitute for, the pastoral care of the bishop. In the Diocese of Texas there are five clergy who serve as chaplains under the supervision of the Rt. Rev. Jeff Fisher. My wife, Pam and I have responsibility for those retired clergy and surviving spouses that are physically resident in the East and West Harris Convocations.

During 2021 we sent birthday cards to 130 retirees, condolence cards to three spouses, attended the funerals of three retired clerics, made personal contact with 23 retirees, made 22 phone calls, sent 17 emails and texts, received correspondence from six retirees, and participated in four webinars with Church Pension Group. In October 5-8 we attended the Province V, VI, VII Annual Chaplains Meeting. Again this year, because of Covid restrictions, the gathering was a Zoom Meeting during which we received updates on the health of the Church Pension Fund and learned about the changes to our Health Insurance Plan for 2022.

We also participated in the Retired Clergy Conference at Camp Allen (September 27-29) which was attended by 67 people.

If you are a retired cleric or surviving spouse, please help us keep in contact with you by informing the Church pension Group of any changes to your home address, email, or telephone numbers.

John R. Bentley, Jr., Chaplain
Pamela Z. Bentley, Chaplain

Galveston and Southwest Convocations

Chaplain to the retired clergy residing in Galveston and Southwest convocations and to the surviving spouses residing in those convocations.

Once again we have been somewhat limited in our in-person contact, so we have used email, snail mail, zoom and phone calls to keep in touch. There are 38 retired clergy and 11 surviving spouses in our area. They have received birthday cards, anniversary cards and greetings at those special times of the year such as Christmas, Easter, All Saints, and Thanksgiving. During this past year we lost one surviving spouse to Covid, and one clergy passed away due to other health issues.

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. We recently moved from Beaumont where we were well acquainted with the retired in our convocation, and now have moved to The Woodlands, so we are much closer to our 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
- Informing clergy and spouses of the Employee Assistance options available to them when they need confidential counseling

- Making calls alerting retirees of insurance changes
- Visiting with retired clergy after church services
- Attending funerals of those who have died

Clergy Pension Group (CPG) supports our ministry with monthly Zoom meetings that help us share ideas with other chaplains to the retired all over the United States. Of special note this past year was the impending change to health care for all retired clergy and surviving spouses. Numerous webinars helped us stay informed so that we could pass on information to our group. We fielded phone calls and sent out numerous emails to help our folks make informed decisions about the choices on health care that they needed to make.

Other things of special note:

We were able to gather at Camp Allen for a Retired Clergy Gathering at the end of September. Bishop Fisher and Kathy Dunn always create a conference that is both great fun and informational. It's great to be able to see friends who have moved away, like Rod Pierce and his wife Angela when they come from Missouri to be with us. Several retired clergy from the Diocese of West Texas also joined us.

We have had one death that we grieved this year. Deacon Bob Horner's service was September 25th at Trinity Episcopal in The Woodlands. The funeral was postponed because his wife was in the hospital. Bob, who was ordained to the Diaconate in 1974 was loved and respected throughout the Diocese. Because we were out of town we had to attend the service virtually. Bob was the oldest among our group at age 93, with Bill Houghton a few steps behind at age 91.

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. The bishop's office has assisted greatly in getting bi-vocational priests and permanent deacons added to our lists. Recently we were told that the Rev. Jim Abernathy returned to our Diocese and we have been able to connect with him.

Nancy and Bill DeForest, Chaplains

COMMISSION ON SCHOOLS

Schools in this Diocese continued to face the challenges of the evolving Covid-19 Pandemic as the 2021-2022 school year progressed. Leaders of schools (and parish sponsors) determined Covid mitigation policies according to the conditions and requirements of each locality. In the Commission Annual Report (due every October), 22 schools reported closing temporarily at least some cohort of their program(s) in order to slow the spread of the virus. The most common strategy was for all adults to wear masks on the respective school campuses (employed by 43 schools).

Commission standards require all EDOT schools with greater than 50 students to be fully accredited by a recognized educational accrediting agency. Accreditation is typically a rigorous process of self-study and outside review by fellow educators. Strengths are celebrated, while recommendations point the way to greater excellence. In an overall accreditation cycle, schools are accountable for how they respond to any recommendations for improvement. Of the 56 EDOT schools, 44 (79%) are fully accredited and another 3 are officially "in process" toward accreditation.

In a Diocese as large as Texas, one can expect some leadership transitions each year. Among our

schools, 7 new heads/directors have been named since last year's report as of October 2021:

Penny Barker, St. Stephen's Episcopal School – Houston
Kayla Cockrell, Ascension Episcopal School – Houston
Kellen Gray, St. Martin's Episcopal Preschool – Houston
Melissa Grubb, St. Andrew's Episcopal School – Austin
Vanessa Lopez, St. Thomas' Episcopal Preschool – Houston
Mellissa McCreary, (Interim) Trinity School of Texas – Longview
Candace Mallernee, (Interim) St. James' Episcopal School – Conroe

Opening enrollment for schools in the EDOT was 10,732, 795 more than last year but still less than opening for the fall of 2019 (pre-pandemic). Of course, the numbers may have improved as the academic year has progressed. Episcopal schools in this Diocese employ 2,576 people, full and part-time, an increase of 136 from the previous year.

David C. Dearman, Chair

School Report Summary, 2021-2022

EDOT Schools Total Number of Students: 10,732			
<i>Schools by Highest Grade Level</i>		<i>Schools by Total Enrollment Groupings</i>	
Preschool/Kinder (may include Infant-Kinder)	32	with ≤ 50 students	16
Elementary (may include up to 5 th Grade)	5	with > than 50 students and < 300 students	30
Middle School (may include up to 8 th Grade)	9	with > 300 students	10
High School (may include up to 12 th Grade)	10		
Total Schools in the EDOT	56	Total Schools in the EDOT	56

<i>Other Stats</i>	
Total Minority Enrollment: 2,897 (approx... 27%)	Total Number of Employees: 2,576
Students Receiving Financial Aid: 1,617 (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

SEMINARY OF THE SOUTHWEST

Established in 1952 by the Rt. Rev. John Elbridge Hines, the fourth Bishop of Texas and eventual Presiding Bishop of The Episcopal Church, Seminary of the Southwest was born from the need to educate more Episcopal priests during a period of rapid postwar growth in The Episcopal Church. Bishop Hines' vision was expansive: he sought to create a seminary for "the whole church ... centered around dialogue between the Christian faith and culture."

One of ten Episcopal seminaries, Seminary of the Southwest stands boldly at this intersection of tradition and innovation. Rooted in the celebration of the theology, liturgy, and rich history of The Episcopal Church, Southwest lives within the fertile conversation among the creative solutions and powerful opportunities that will help the church thrive for generations.

Mission/Vision/Core Values

In May of 2021, the Board of Trustees of Seminary of the Southwest adopted a new mission and vision statement in conjunction with a new strategic plan.

Mission

Rooted in the reconciling ministry of Christ, the mission of Seminary of the Southwest is to form people for vocations of ministry, service, and healing.

Vision

The insight and creativity with which Seminary of the Southwest engages the Christian tradition with the reality of the contemporary world makes it a leader among institutions of higher learning, both within and beyond The Episcopal Church. Sustained by innovative

teaching and research, Southwest forms servant leaders who minister in a diverse culture with confidence and humility. The seminary has the financial and spiritual capacity to discern and develop new programs to advance God's mission of healing and reconciliation.

Core Values

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

Strategic Plan

In May of 2021, the Board of Trustees adopted a new strategic plan to guide the seminary through 2025. The plan led to the revision of Southwest's mission and vision statement and created 24 goals organized into 4 areas of focus toward achieving 9 visionary outcomes. These areas of focus, or 'pillars,' are:

- Beloved Community: Seminary of the Southwest will envision and embody the Beloved Community reflected in its diversity of faculty, staff, and students, in culture, race, gender, and sexual orientation.
- Resourced and Resilient: Seminary of the Southwest will have strong community and financial support and will create and maintain the financial and physical resources to sustain and grow its vision.
- Formation and Teaching: Seminary of the Southwest will have a model MDiv program, the leading MHC program, and a Church-wide Iona Collaborative.
- Community Treasure: Seminary of the Southwest will be known as one of the educational and cultural treasures of Austin, a place that convenes interdisciplinary

conversations about things that matter most and serves the community in times of challenge.

The 24 measurable goals are divided among these four areas of focus, and each are of focus supports at least one of the 9 visionary outcomes that support the overall Vision Statement of Southwest. The Board of Trustees will monitor progress toward these goals throughout the plan.

Academics and Programs

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 140 students enrolled at Seminary of the Southwest for Fall 2021. The 50 ordination track students include students from the following dioceses: Arkansas, Atlanta, Central Gulf Coast, Colorado, Florida, Fond du Lac, Lexington, Long Island, Louisiana, Missouri, New York, North Carolina, Northwest Texas, Ohio, Oklahoma, San Diego, San Joaquin, Texas, Vermont, Virginia, Washington, West Missouri, West Texas, and Western Louisiana. Additionally, we have three students in our MDiv Chaplaincy track programs from non-Episcopal traditions, increasing the diversity of our student body.

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 St. David, director of the Loise Henderson Wessendorff Center for Christian Ministry and Vocation; the Rev. Dr. Nandra Perry, director of the Iona Collaborative; John Lewis, Iona Collaborative Theologian in Residence. 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.

Seminary of the Southwest is providing a 100% tuition scholarship to nearly every graduate student in its Master of Divinity degree program and our Diploma in Anglican studies during the academic year 2021-2022, as was the case last year. Due to a generous gift from the Episcopal Foundation of Texas, we were also able to provide housing, medical insurance,

book and fee grants for many of our students in the Master of Divinity program. Such funding allows Seminary of the Southwest to offer financial support commensurate with awards available from other Episcopal seminaries. 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.

As the 2020-21 academic year began, the seminary developed a mixed-attendance delivery mode for our courses, allowing both students and faculty to opt for online-only or online plus in-person participation. All courses maintained 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.

Over the summer of 2021, the seminary implemented a vaccination requirement policy, the reporting of which revealed a 98% vaccination rate among our community of students, faculty, and staff. The rate among residential theological students and faculty was 100%. With the beginning of the 2021-22 academic year, the seminary returned to a fully in-person instructional and worship model. Masking has been and remains required for all persons while indoors, with accommodations for preaching and presenting.

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 competencies.

Despite the COVID-19 pandemic, Seminary of the Southwest met its goal by enrolling 24 new students in Fall 2020 and 25 new students in Fall 2021 into the Master of Arts in Clinical Mental Health Counseling. Enrollment shifted its recruiting efforts from in-person visits to virtual meetings and email campaigns giving a peek into the seminary via online platforms which we have found continues to be effective.

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. Offering blended instruction (with both in person and online instruction and student engagement) enables Seminary of

the Southwest's MHC program to fulfill its mission “to prepare counselors through a social justice oriented curriculum and a spiritually integrated foundation so that they can be builders of beloved community.”

At Seminary of the Southwest, matters of social justice and advocacy are paramount in our vision, especially in our role as counselors. With this in mind the Center has engaged in a variety of actions. The Center conducted a needs assessment with MHC students in the spring of 2021 regarding student experiences when race and antiracism were addressed in the program and confirmed our efforts to continue our curriculum revision work which began in the Fall of 2020. The MHC faculty continue to engage in the work of curriculum revision which centers on spiritual integration and antiracism/ social justice as a consistent component of every MHC course. Lastly, the Center 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.

Our MHC program continues to offer specific initiatives that seek to meet the needs of our students and the community. These initiatives include our Harrison Fellows Program, Richmond Area Bilingual Fellows Program, Latinx Counseling Concentration, Spiritual Integration in Counseling Scholars Program, and yearly professional development offering. In addition, we have a new program, the Racial Healing Initiative (RHI) that is in its beginning stages.

There are currently two MHC program alumni employed as Bishop Dena A. Harrison Fellows working at an East Texas mental health organization, Burke, as LPC-Associates. 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. Harrison Fellows receive additional monthly supervision from Dr. Gena St.David, 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. The Richmond Area Bilingual Fellows 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-Associates at the Houston Galveston Institute (HGI) providing much-needed counseling services to the Latinx community. We currently have one MHC program alumni employed at HGI.

The Latinx Counseling Concentration led by Dr. Stephanie Ramirez has over 14 MHC students enrolled in this specialized concentration. 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.

The Spiritual Integration in Counseling Scholars Program provides mentorship for eight current MHC students interested in engaging in research, professional development, and service to the field of counseling through written publications and presentations. The MHC program also offers yearly continuing education (CEUs) to our constituents and in the Spring of 2021 relaunched an online CEU on Spirituality and Ethics led by Dr. Awa Jangha and Dr. Gena St. David. Finally the Racial Healing Initiative, led by Dr. Marlon Johnson, is in its beginning stages of development where evaluation, engagement, and healing of racial trauma will be explored through spiritual and clinical mental health training and interventions within Austin and the Central Texas region.

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.

The Iona Collaborative at Seminary of the Southwest oversees all non-degree educational programming for the seminary. Formerly the Iona Center, it was rebranded as the Iona Collaborative effective June 2021. This move coincides with the re-organization and expansion of staff to support the seminary's strategic vision of positioning the Iona Collaborative as the church-wide leader in local formation for ordained and lay congregational leaders. As of June 1, the Rev. Nandra Perry (formerly Assistant Director of the Iona Center) assumed the position of Director of the Iona Collaborative. Former Director, the Rev. John Lewis has reduced his workload to part time and assumed the new role of Theologian in Residence. Rebecca Hall (MASF) assumed the new role of Programs Director, which includes the administration of grants, grant programming, and

congregational formation programming. Tatiana Hoecker joined the staff full time on September 1 as Digital Media Specialist. A major focus of this re-organization and rebranding is raising the national profile of the Iona Collaborative, not only as a high-quality curricular resource for local lay and clergy formation and bi-vocationally led congregations, but also as a trusted voice within TEC on issues related to bi-vocational ministry, local formation, and small church vitality. This work will culminate in a strong presence at General Convention in July 2022.

The Iona Collaborative itself continues to grow. As of December 2021, it provides curricular resources to 31 dioceses in the United States and is embarking on a pilot project with CAPA (Communion of Anglican Provinces in Africa) to resource schools of local formation in select CAPA dioceses. To date, the seminary has awarded 179 certificates in theological studies to Iona Collaborative diocesan graduates, as well as 49 Certificates in CPE/Pastoral Care Education.

Curriculum development is also expanding into the creation of original Spanish-language content (supported by a \$100,000 grant from Trinity Church Wall Street), closed captioning in Spanish, and the creation of a Spanish-language curriculum in Asset Based Community Development (in partnership with Episcopal Relief & Development, the Episcopal Church, and TEC's Latino/Hispanic Ministries).

The Iona Collaborative is in its third year of *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. To date, the program has served 130 clergy in course offerings in Spiritual Formation, Preaching, CPE, Congregational Leadership, and Asset-Based Community Development. *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. The first cohort of 13 congregations is currently underway. Also focused on congregational vitality, the *Video Collection for Congregations* now offers 65 teaching videos designed for use in all Iona Collaborative congregations.

Finances

The seminary's unrestricted general operations closed fiscal year 2021 on May 31 having realized an immaterial net loss of \$6,000 after a \$283,000 non-cash charge for depreciation and after a capital expenditure of \$1.88 million for unscheduled principal debt reduction. Actual revenues of \$9.4 million exceeded our budget projection by \$1.8 million. Actual expenses were \$85,000 less than budgeted.

On a consolidated statements basis, total revenues of \$22.3 million exceeded expenses of \$8.7 million by \$13.67 million, resulting in a substantial increase in net assets at fiscal year-end. Of that \$13.67 gain, \$8.7 million is for donor-restricted purposes and \$4.9 million for unrestricted purposes. The federal Paycheck Protection Program loan of \$950,600 was entirely forgiven by Frost National Bank under the authority of the U.S. Small Business Administration, pursuant to provisions of the CARES Act of 2020, and recognized as current year income during FY 2021, although the cash proceeds of the loan were received during FY 2020. Total assets of \$83.5 million minus \$1.4 million in short-term debt resulted in net assets of \$63.5 million, of which amount \$18.6 million is without donor restriction and \$63.5 million is with donor restrictions. The seminary's balance sheet reflected a strong financial position, but unrestricted general operations were essentially breakeven. As of the reporting period ended July 31, 2021, the seminary has no long-term debt.

The Texas Pauli Murray scholarships funds are supporting Victoria Umana, a second-year MDiv student from the Diocese of Texas. The Texas Pauli Murray Scholarship supports the added expenses of two households - her home in Houston, and her student residency on campus - while helping to offset the loss of income associated with Victoria's return to graduate school. The two Murray scholarship funds had a consolidated fund balance of \$1 million after making scholarship awards of \$25,000 this year. Its financial activities are periodically reported to the Texas Pauli Murray Scholarship Committee, composed of representatives within the diocese, with whom the seminary works on carrying out the strategic purposes of this fund.

The Bertha Sadler Means Endowment Fund had a fund balance of \$3.6 million at fiscal year end May 31, 2021. It recognized \$655,000 in unrealized investment gains, net of expenses, during FY 2021. The David Franklin Taylor Endowed Scholarship Fund had a fund balance of \$1.8 million with unrealized investment gains of \$328,000, net of expenses this year.

Institutional Advancement (IA) continued to produce strong fundraising results, in addition to meeting our *Forming Leaders at the Future: Campaign for Southwest*, \$20M goal in February 2021. The Diocese of Texas as lead donor helped to inspire the generosity of friends and alumni of Southwest in completing the campaign.

The Annual Fund for Southwest for fiscal year 2021, ending May 31, exceeded fiscal year 2020's record fundraising results by over 5%, with \$935,000 - a year ahead of the Strategic Plan 2025 target for 5% Annual Fund year over year growth. 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. Giving from all sources represents over two-thirds of the seminary's annual operating budget. Giving leadership demonstrated by dioceses - especially the Diocese of Texas - sets a vital example for congregations and friends across the country in support of Southwest.

Charley Scarborough, CFP, CFRE, 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 30 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 last 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.

Accreditation and Leadership

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.

In the summer of 2021, the Very Rev. Cynthia Briggs Kittredge began her ninth 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.

An outstanding Board of Trustees chaired by the The Rt. Rev. Kathryn "Kai" Ryan, Diocese of Texas, leads the seminary. Other trustees include Clarke Heidrick, executive chair, Diocese of Texas; The Rev. Morgan Allen, Seminary Treasurer, Diocese of Massachusetts; The Very Rev. Cynthia Briggs Kittredge, Ex Officio, (non-voting member) Dean and President, Seminary of the Southwest; Dr. Awa Jangha, faculty representative (non-voting member), Seminary of the Southwest; Collin Larimore, student representative, Seminary of the Southwest; The Rev. Bert Baetz, Diocese of West Texas; Ms. Taylor Bowles, Diocese of Texas; Mr. John Hancock, Diocese of Texas; Ms. Josephine Hicks, Diocese of North Carolina; The Very Rev. Miguelina Howell, Diocese of Connecticut; The Rt. Rev. Carlye Hughes, Diocese of Newark; The Rev. Eric Hungerford,

Diocese of Pennsylvania; Ms. Shannon Hunter, Diocese of Texas; 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; Mrs. Lynn Meredith, Diocese of Texas; The Rev. Alex Montes-Vela, Diocese of Texas; The Rev. Kathy Pfister, Alumni Representative, Diocese of Texas; The Rev. Genevieve Razim, Diocese of Texas; Mr. Timothy Saunders, Diocese of Connecticut; The Rt. Rev. Brian Seage, Diocese of Mississippi; The Rev. Jemonde Taylor, Diocese of North Carolina; The Very Rev. S. Chadwick “Chad” Vaughn, Diocese of Atlanta; The Rev. Greg Warren, Diocese of Arkansas; Ms. Kathleen Wells, Diocese of Fort Worth.

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 [†]
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

Total Liabilities and Net Assets 72,528,619

FYE 2020 STATEMENT OF FINANCIAL ACTIVITIES

Revenues 16,560,497

Expenses

Program	6,093,535
Administrative	1,233,550
Fundraising [†]	<u>1,381,724</u>
Total Expenses	8,708,809

Change in Net Assets 7,851,688

[†] Includes \$950,600 Paycheck Protection Program forgivable loan

FYE 2021 STATEMENT OF FINANCIAL POSITION ASSETS

Cash & Investments	63,713,642
Fixed (net)	11,202,485
Other	<u>8,534,053</u>
Total Assets	83,450,180

LIABILITIES AND NET ASSETS

LIABILITIES

Current	533,734
Non-current	<u>900,000</u>
Total Liabilities	1,433,734

NET ASSETS

Without donor restriction	18,556,128
With donor restriction	<u>63,460,318</u>
Total Net Assets	82,016,446

Total Liabilities and Net Assets 83,450,180

FYE 2021 STATEMENT OF FINANCIAL ACTIVITIES

Revenues 22,342,366

Expenses

Program	6,151,004
Administrative	1,109,228
Fundraising [†]	<u>1,417,075</u>
Total Expenses	8,677,307

Change in Net Assets 13,665,059

Cynthia Briggs Kittredge, Dean and President

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, significant time and attention were dedicated to the safe repopulation of our residential community and the reopening of campus for in-person learning in academic year 2020-21. We operated in a remote model at the outset of the 2020-21 academic year and then in a hybrid model for the remainder of the year. We opened the 2021-22 school year fully in person. We have an almost 100-percent vaccination rate amongst employees—all student-facing employees are required to be vaccinated—and 92 percent of our student body is vaccinated. While Austin COVID infection and hospitalization rates are high, all individuals are required to mask indoors. Unvaccinated community members are required to undergo twice-weekly surveillance testing, and once-weekly testing is recommended for vaccinated individuals. Throughout the fall, we have held vaccine and booster clinics for our community. Protecting our community remains a top priority in 2021-22. Our focus has shifted to supporting students' social and emotional health and to the regathering and recovery of our full community.

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 2021-22 is 699. Our 167 boarding students represent 13 states, 27 cities in Texas, and 17 foreign countries, bringing an unmatched diversity of race, ethnicity, and religion to our campus. Our 523 day students (201 in Middle School and 322 in Upper School) are from over 30 different zip codes in the Austin area. Students of color represent approximately 31 percent of the day student enrollment, and approximately 43 percent institutional-wide when including international students. \$4.7 million in need-based, financial assistance was awarded to 143 students (20 percent of the student body). 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 formed a "Diversity, Equity and Inclusion Task Force," comprised of Trustees, administrators, faculty, staff, and parents, that is creating a strategic plan for DEI initiatives. A student-led group, the Curriculum Advocacy Alliance, is working with the Curriculum Committee to ensure all perspectives are included in the St. Stephen's curriculum.

We opened the 2021-22 school year on sound financial footing. The School was able to secure funding through the Emergency Assistance to Non-Public Schools (EANS) program that offset COVID-19 related expenses incurred in 2020-21. The School continues to benefit from healthy reserves—both cash reserves and funds earmarked for plant maintenance and renewal—while keeping all employees at full compensation, issuing refunds to our families for undelivered services during periods of remote learning, and realizing revenue reductions in both 2019-20 and 2020-21. In 2020-21, Annual Fund giving was healthy and strong with record participation numbers across constituencies and the trend continues for 2021-22. 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 ended on July 31, 2021, and raised over \$15 million. As of July 31, 2021, all assets of the Endowment, including pledges owed to the endowment, totaled over \$30 million. Over the last 10-year period, the Endowment Corporation has distributed over \$4.5 million to the School's operating budget. 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 were temporarily suspended during the COVID-19 pandemic. In 2021-22, under the leadership of a new director of advancement, the School and Board of Trustees are revisiting the capital priorities identified two years ago and conducting a new donor feasibility study.

The Chapel program is at the center of the St. Stephen's campus and experience, and it provides 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. On most days, prayers are offered, hymns are sung, and Holy Scripture is read with an intentional commitment to apply lessons to the school community and the larger world. On Sundays, the residential community worships together in an evening Eucharist service.

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 1,375, and the average ACT

composite score was 31. The 116 graduating seniors in the class of 2021 enrolled at 71 different colleges and universities, and 22 percent of the school's graduating seniors were recognized as National Merit Semi-Finalists, National Hispanic Scholars, or National Merit Commended students.

The 2021-22 school year is off to a great start, and we are optimistic about the future of St. Stephen's Episcopal School as it works to produce graduates who possess sharp minds, humble and serving hearts, and strong spirits.

Christopher Gunnin, Head of School

FINANCIAL CATEGORY SUMMARY* REPORT

*Summary by Categories Only

Organization Name: **St. Stephen's Episcopal School, Austin**

	2020-21	2019-20
Revenue		
Tuition	\$25,645,331	\$24,749,007
Fee Revenue	\$401,444	\$430,738
Other Revenue	\$266,707	\$569,669
Auxiliary Services	\$2,655,310	\$2,712,691
Total Revenue	\$28,928,792	\$28,462,105
Expenses		
Instruction & Student Services	\$13,301,771	\$12,835,803
Administration	\$5,120,371	\$5,261,800
General Institution	\$823,941	\$804,356
Plant Operations	\$3,934,717	\$4,178,889
Financial Aid	\$3,717,590	\$3,511,774
Remission	\$519,200	\$622,450
Auxiliary Services	\$3,337,718	\$3,343,024
Total Expenses	\$30,755,308	\$30,558,096
Gifts, Funding & Transfers		
Annual Giving - Unrestricted	\$1,485,578	\$1,290,368
Annual Giving - Restricted	\$589,091	\$670,724
Subtotal Annual Fund	\$2,074,669	\$1,961,092
Transfers & Endowment		
Transfer - Restricted Funds	\$20,455	-
Transfer - Restricted Endowment	\$764,775	\$680,822
Subtotal Transfers	\$785,230	\$680,822
Total Transfers & Gifts	\$2,859,899	\$2,641,914
Principal debt payments	-	-

Reserves - Financial Aid	\$100,000	-
COVID EANS Relief Funds	(\$430,754)	
Total Debt & Reserves	(\$330,754)	-
Net Change in General Fund	\$1,364,137	\$545,923

Fiscal year runs from August 1 to July 31

Christopher Gunnin, Head of School

ST. VINCENT'S HOUSE

Thank you for making an impact in the lives of over 46,000 duplicated individuals and over 28,000 duplicated households in 2021. Your generosity and support of St. Vincent's House (SVH) has allowed us to continue to provide the best care possible to every individual who walks through our doors.

Over the last year, we learned the need for care continues to rise in Galveston County. The overall care our clients receive has been proven even more essential since the COVID-19 pandemic began in March of 2020 and Winter Storm Uri devastated the island further in February 2021. We have seen a dramatic rise in clients with especially complex physical, mental, and social issues whose needs have been left insufficiently addressed. SVH is blessed to have been able to establish an Integrated Care Team in collaboration with UTMB and Family Service Center, expanding all services provided in order to most effectively meet the increased demand of needs in our community.

From 2020 to 2021, there has been a 171% increase in the amount of food distributed to those in need, including fresh fruits and vegetables grown in our community garden. This last year we distributed over 492,000 pounds of food. At the beginning of the pandemic, our pantry was a small closet only open once a month. Because of your contributions, it has now grown to a daily drive-through pantry stocked with cleaning supplies, diapers, baby food, and anything that will keep our families clean and healthy. We also host a walk-up snack pack distribution for homeless travelers, over 4000 were given. In December alone, we helped bless over 150 children and 50 families with Christmas gifts through your sponsorships.

Other expanded services include weekly food delivery for 80 home-bound families, hosting "pop-up" events for Winter Storm Uri (over 3000 duplicated) and COVID-19 Vaccine Clinics, immigration services, financial literacy classes, transportation, rental and utility assistance, access to the many SVH Hope medical clinics, and much more.

This past year St. Vincent's House also began a comprehensive Strategic Planning Process that includes a Master Facility Plan. Currently we are limited by our facility's spatial capacity prohibiting us from future growth in programs and services.

Anyone can experience a situation in which they might need the help of others. Unexpected life events can be devastating. Setbacks such as an accident, job or benefit loss in this turbulent economy can cause food insecurity, a lack of stable, safe housing, and homelessness for those already struggling to make ends meet. We are incredibly thankful for the generosity of supporters like you who continue to give HOPE to our most vulnerable families in times of crisis and get them back on their feet.

Please keep St. Vincent's House in your prayers as we continue to serve.

Paula C. Tobon, Executive Director

FINANCIAL CATEGORY SUMMARY* REPORT

*Summary by Categories Only

Organization Name: St. Vincent's House

2020		2021	
Income		Income	
Affiliated Organizations	376,495	Affiliated Organizations	397,846
Foundations	329,775	Foundations	216,658
Grants	224,681	Grants	331,115
Contributions	202,828	Contributions	181,541
In-Kind Services	1,783,589	In-Kind Services	1,783,589
Total Income	<u>2,917,368</u>	Total Income	<u>2,910,749</u>
Gross Profit	2,917,368	Gross Profit	2,910,749
Expenses		Expenses	
Employee Payroll,		Employee Payroll,	
Benefits, & Taxes	487,516	Benefits, & Taxes	546,799
Operating Expenses	406,404	Operating Expenses	610,997
In-Kind Services	1,783,589	In-Kind Services	1,783,589
Total Expenses	<u>2,677,509</u>	Total Expenses	<u>2,941,385</u>
Net Operating Income	<u>239,859</u>	Net Operating Income	<u>-30,636</u>

Paula C. Tobon, Executive Director

EL BUEN SAMARITANO

We are grateful to the Episcopal Diocese of Texas and the Episcopal Foundation of Texas for supporting El Buen Samaritano Episcopal Mission (El Buen) through the COVID-19 global pandemic. With your support El Buen became one of the leading emergency response operations in Austin. Comprehensive services, diverse partnerships, and data-informed innovation were at the center of our emergency response. In collaboration with our community and stakeholders, El Buen transformed and scaled efforts at service levels never achieved. This document includes a summary of El Buen's organizational and programmatic achievements for December 2020 through November 2021 and outlines our expected program outcomes and performance measures for December 2021 through November 2022.

EQUITY | ACCESS | IMPACT

El Buen 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 improve access to food and health services while focusing on the systemic factors and social determinants of health negatively affecting Latinos and immigrants. El Buen has served as a bridge to resources and opportunities that move us closer to equity and mutual prosperity for 30 years. This mission is critical to the community we serve - 92% of whom are Latinos and most low-income immigrants, living on incomes below 200% of the federal poverty level.

El Buen provides an array of programs and services that enable our community to engage in a critical social support network by providing adult education and workforce development, youth afterschool academic support, leadership and development summer camps, health access and promotion, financial and rental assistance, and food security (year-round food pantry).

During the pandemic, El Buen has become an emergency response organization for the communities most adversely impacted by COVID-19. We scaled our food equity and access (pantry) operations to serve four times our capacity – responding [to 26,100 pantry visits serving 7,719 families](#) (30,000 individuals). We pivoted adult and youth services online, retaining 90% of our students. We narrowed the digital divide by ensuring 100% of adults and youth participating in our online education services had access to technology, internet, and connectivity support. In addition, in the middle of the pandemic, we scaled up again to respond to the damaging impact of the 2021 Uri Winter Storm – during the storm and within a span of 2 weeks afterwards, [El Buen assisted 3,400 families](#). El Buen implemented a cash distribution infrastructure that allowed us to distribute 5.5 million dollars in cash and rent assistance to 14,379 individuals in 2021. We also served over 500 individuals via our coordinated care network connecting clients to health and social services, including facilitating COVID-19 vaccines to 1,300 individuals. El Buen's focus on equity and access efforts can be seen across Central Texas.

The map below represents our equity and access efforts – highlighting El Buen's services footprint. The map tells a significant story about the distance individuals travel to access El Buen's services. It additionally indicates the depth of El Buen's reach across Central Texas. Our partnerships have helped expand our services. For deeper reach into the community and equitable distribution of resources, we collaborate with

organizations such as AVANCE, Any Baby Can, Todos Juntos, Refugee Services, SAFE, Austin Voices for Education and Youth, Lone Star Circle of Care, CommUnityCare, Community Coalition for Health, and LifeWorks. In addition, critical to our community engagement and ability to provide access to basic needs has been our formal collaborations with the City of Austin and Central Texas Food Bank.

El Buen is driven by social justice principles – co-creating with community, leading in collaboration with diverse individuals, and engaging clients, patients, providers, community health workers, and funders. Equity has been a part of El Buen’s mission since 1987. Today, as a Latina led organization, we are steadfast in our commitment to transforming our communities where race and ethnicity do not determine our fate, health, or prosperity.

Our guiding principles, embedded in our strategic plan illustrate our stance on racial equity and community engagement:

- *We will advance equity and policies that recognize the dignity of all and reinforce social and economic prosperity and generational success.*
- *We will lead system-level transformation through a social justice framework that dismantles inequalities experienced by Latinos.*
- *Our collaborative inclusive leadership will promote equity, community inclusion, and accountability to transform systems and policies that disproportionately impede Latinos’ access to education, health, and economic opportunities.*

COMMUNITY NEED | PROGRAM STRATEGY | ACCOMPLISHMENTS | EXPECTED OUTCOMES

El Buen’s 2021 financial request focused on funding for our emergency response services, including food security, youth services, adult education and workforce development, access to health, and financial assistance. Below is a summary of the community need, program strategies, service accomplishments and expected outcomes and performance measure for these programs in 2022.

FOOD SECURITY

NEED: The pre-pandemic rate of food insecurity in Travis County was already significantly higher than the average rate nationally -17.3% vs. 15.4% - and the rate of child food insecurity even more troublesome – 24.4% vs 20.9%. It is anticipated that post pandemic rates will increase to an estimated 54 million people, including 18 million children with disproportionate impact on vulnerable populations. It is critical, now more than ever, to address the problem of food insecurity.

Food insecurity is one of the root causes of poor health. By providing access to healthy foods El Buen addresses one of the primary social determinants of health. In Austin, 25% of census tracts are identified as food deserts, many of which are neighborhoods with higher rates of poverty, unemployment, and residents of color. Austin’s Eastern Crescent has the longest average distances to food retail, lowest household incomes, and fewest transportation options.

The COVID-19 pandemic and the human toll experienced disproportionately by people of color exposes the legacy and ongoing entrenchment of racial injustice in our food

systems. Locally, COVID-19 and Winter Storm Uri revealed a woefully under-resourced and undeveloped food system in terms of planning, resiliency, and ability to ensure a comprehensive and coordinated response to create food access points.

STRATEGY: El Buen's strategy to raise awareness about hunger in Central Texas and support multiple and diverse year-round pantry services is achieved through its Hands for Hope Food Equity and Access initiative (H4H).

FY21 ACHEIVEMENTS: In Fiscal Year 2021 (October 1, 2020, to September 30, 2021) El Buen's food security services tracked:

- **14,443** pantry visits, serving **14,646** individuals, **3462** families through the distribution of **428,727** pounds of food.
- As part of our Hands for Hope Food Equity and Access initiative: **1000** families received a holiday meal kit on November 20, 2021,
- **800** families of our partner organizations received H.E.B. gift cards to purchase holiday meal items meal on November 17, 2021,
- **500** food insecure families will receive holiday meal kits on December 18, 2021.

FY21-22 PERFORMANCE MEASURES: El Buen's H4H initiative builds on our overall goal to ensure equity and access to food, and allow us to:

- a. Increase distribution of healthy foods for 20,000 food-insecure families in Central Texas, by providing drive-through pantry services, home delivery services, prepared meals for special populations (older adults, youth, and homebound individuals), and specifically serve 2300 families via our flagship events in November (Hands for Hope) and December (Posadas at El Buen),
- b. Expand food pantry geographic reach and infrastructure by partnering with multiple organizations to serve residents in Austin's Eastern Crescent,
- c. Reinforce our engagement in food justice efforts by partnering with 10 organizations to create access.

Our goals are to increase access to and equitable distribution of healthy foods for food-insecure families in Central Texas, expand food pantry geographic reach and infrastructure, and increase community and partner engagement in food justice. Over 12 months, we will:

- Increase # of households served by food pantry services per month
- Increase # of food distribution models: pop-up/walk-up pantries, home delivery, holiday meals
- Increase # of diverse individuals served by food pantry services
- Increase # of community members/ partners engaged in food justice
- Increase # of referrals for health /social services to meet community needs

A primary goal of the H4H initiative is equity: to create equitable distribution of and access to healthy foods in Central Texas for families and individuals, including older adults, homebound individuals, youth, and individuals lacking access to cook/prepare meals. Equity focuses our efforts to increase the capacity and infrastructure of our drive-thru pantry on campus, increase our home delivery pantry services, and establish 3 walk-up/pop-up pantries in Austin's Eastern Crescent. Through the H4H initiative, El Buen will

increase the diversity of individuals and families we serve. We will build upon our coalition of partners to expand services. El Buen will continue to create food access points by developing a coalition of organizations working toward multiple /diverse ways of creating access to food. We will invest time, seek diverse investors/funding, create access for multiple populations, and hold local government accountable for creating food access points. To address mobility and transportation challenges, we are partnering with diverse partners and non-profits that can directly take food to homebound individuals/ families lacking transportation. We are staying informed by conducting research, monitoring demographics, tracking food access trends, and analyzing the ways COVID-19 is shaping communities, disparities, and food access.

YOUTH SERVICES

El Buen Youth Services Program has a rich history of successful partner coordination, programming, and community/parent involvement. Through formal and informal strategies, we provide comprehensive wrap around services for youth and their families focusing on minimizing the duplication of services, while addressing service gaps, and implementing warm and close-loop referrals to support services.

NEED: El Buen's Youth Services Program serves primarily Latino youth attending public elementary and middle schools in the City of Austin. The majority of El Buen's students live in communities experiencing the highest rate of poverty in Austin (78744, 78745, 78617). All the youth El Buen serves qualify for free or reduced lunch, meaning their families live at or below 200% of the federal poverty level. Approximately 50% of the youth participating in our program identify as English Language Learners.

El Buen meets targets and makes a positive impact on our communities because our services are designed to meet community needs and make use of the available resources. In designing El Buen's Youth Services Program we conducted a needs assessment, evaluating academic support, college and workforce readiness, English language proficiency, health and wellness awareness, socio-cultural enrichment, and the resources and materials to provide these needs to students, their families, and the community. We also considered the population demographics and the community cultural and social characteristics. We determined the data available in both new and existing data sets that will support our anticipated needs of students and community members. To collect new data, we design surveys to identify the most prominent needs and to gauge the relevance and interest of students, parents and staff in specific activities and opportunities that may be offered to meet needs. Working with this data, El Buen developed a comprehensive Youth Services Blueprint, which we continuously review, analyze, and update as needed as part of our performance quality improvement processes.

STRATEGY: El Buen's approach is not just one of service delivery, it is a community building approach to ensure a strong social services safety net for youth. Through regular meetings, information sharing and even case care planning for families we ensure a seamless approach to services. We are also active participants in the community of providers working collectively to improve the quality of life for our program participants at the city and county level.

El Buen's Youth Services provide Latino youth with access, exposure, engagement, and

learning regarding STEM concepts and 21st century skills. The out of school time activities incorporate age-appropriate learning strategies and exposure to STEM fields, creativity, critical thinking, collaboration and communication, self-expression, and direct project development.

Critical to El Buen's strategies to meet targets in our youth programming is the context/environment where youth are learning. At the beginning of the pandemic, El Buen paused to evaluate our youth services and the needs of students, families, and the community. Based on our needs assessment, El Buen pivoted all education programming online. We retained 90% of our clients as we engaged in 100% online programming. We have created new programming to support our families' success in this fluctuating learning environment, and ensure youth engage in educational and supplemental programming that addresses their myriad of needs. We are continuing to evaluate and remain ready to provide both in person and online youth services depending on pandemic status in our community. Independent of learning and participation venue, El Buen creates an environment where youth are empowered to explore personal interests, collaborate with peers, and create and learn by building, doing, and making.

FY21 ACHIEVEMENTS: During the Fall 2020, Spring 2021, and Summer 2021 semesters, El Buen served 115 students through virtual out of school time youth academic support and development programming. We retained 85% of students across the three semesters (fall, spring, and summer). El Buen provided 68 laptops and 63 hotspots to youth and adult students across the three semesters. El Buen's 2021 summer camps offered high quality STEM and arts programming featuring partnerships with the Thinkery for youth ages 6 -11 years (1st – 5th grade) and with Austin School of Film for a podcasting workshop for middle school youth. The Thinkery@ El Buen 2021 Summer STEM camp engaged youth in playful learning experiences where they developed critical thinking skills in a collaborative environment. The two-week camp sessions were provided in both English and Spanish with Thinkery and El Buen education staff at the El Buen campus in South Austin. Each session featured a different theme and STEM-focused curriculum: "Engineering with Sound" (Week 1) and "Tinkering with Color and Light" (Week 2). Each camper benefited from:

- Age-appropriate hands-on, inquiry-based projects and challenges, strengthening students 21st century skills (such as creativity and innovation, communication and collaboration, critical thinking, problem solving and decision making, technology operations and concepts),
- Activities and content that support Texas Partnership for Out of School Time (TXPOST) education standards, Texas Essential Knowledge and Skills (TEKS), English Language Proficiency Standards (ELPS), Social and Emotional Learning (SEL) standards, and International Society for Technology in Education (ISTE), National and Texas Educational Technology Standards for Students (NETS-S),
- Supportive relationships between educators and students, as well as among students in camp,
- Access to highly trained educators, and
- Increased awareness of STEAM careers and future opportunities (through structured projects, relevant field trips, role models, and educators).

El Buen's Summer 2021 Podcast Workshop for middle school student's (6th – 8th grade) was an innovative 2-day weekend in person course. The youth learned the basics of constructing a great story for audio, interviewing techniques, and technical aspects needed to create great tape. The course provided hands-on learning in collaboration with Austin School of Film, resulting in experience with audio assets, podcasting software, and professional feedback.

FY21-22 PERFORMANCE MEASURES: Output 1: Total number of unduplicated youths served per 12-month period (October 1, 2022, to September 30, 2023): 100

Output 2: Total number of youths served that will also have a complete assessment with a plan of action to improve academic metrics and address other social emotional family service needs per 12-month period (October 1, 2022, to September 30, 2023): 100

Outcome 1: Number of youths served who receive access to computers, internet and connectivity, 12-month goal (October 1, 2022, to September 30, 2023): 100

Number of students who received services: 100

Percent of students who will be provided access to computers, internet, and connectivity: 100%

Outcome 2: Number of youths served who progress to the next academic level, 12-month goal (October 1, 2022, to September 30, 2023): 100

Number of youths who received services denominator: 100

Percent of youth who progress to the next academic level: 100%

ADULT EDUCATION AND WORKFORCE DEVELOPMENT

In 2021 El Buen has offered adult education and workforce development in virtual learning environments. All students participating in programming received technology (computers and internet, as needed). In the pivot to online learning, we retained 50% of our adult students. El Buen is providing English as a Second Language (ESL) and Digital Literacy to adult learners online, as well as virtual training and certification for Community Health Workers.

NEED: In collaboration with the community and our current adult students, El Buen designed a program to address the need for education and wraparound services for women. In 2021 El Buen initiated the Latina's Education Advancement and Development (LEAD) Program. The LEAD program is designed to support Latinas to be "future-ready," and thriving in a 21st century society through education advancement. We recognized a need to provide a holistic approach to service delivery for women to enrich, reinforce, and strengthen their education, as well as achieve economic security. By targeting educational programming, we will engage the women we seek to serve and then wrap services around them that provide a comprehensive support network to address multiple facets of their life – including housing and basic needs assistance, financial and workforce assistance, childcare, and health care services, in addition to the educational programming that serves as the cornerstone of their experience with El Buen. We

recognize that women come to us with multiple needs and challenges, that often create barriers to their successful engagement in our programming. Research and best practice, indicate that a comprehensive program design, addressing an array of needs increases the engagement and retention of women in educational opportunities.

STRATEGY: The LEAD will include Academic Development, Practice-Based Learning, Collaborative Project Learning, Pathways to College or Technical Schools, and Comprehensive Support Services for access to health and social services, academic support for children, and financial literacy. In addition, through our Coordinated Care Network, Latinas will be connected to financial and rent assistance, health care/medical home, and other services and resources to support their family's health and economic wellbeing. All participants will receive a laptop and hot spot to ensure participation in virtual programming, increase digital literacy, and allow for engagement with their children's school and/or their healthcare providers.

FY21 ACHIEVEMENTS: During the Fall 2020, Spring 2021, and Summer 2021 semesters, El Buen served 444 adult students through virtual English as a Second Language (ESL), Digital Literacy, and Community Health Worker training courses. We retained 65% of students across the three semesters (fall, spring, and summer). El Buen supplied 68 laptops and 63 hotspots to youth and adult students across the three semesters.

FY21-22 PERFORMANCE MEASURES: The following are El Buen's performance measures for the LEAD program.

Recruitment and Orientation | *Description:* Recruit and enroll 15 Latina immigrant English learners in LEAD.

Goal 1: 100% of enrolled Latina Immigrant English learners will be enrolled in LEAD.

Participant Assessments and Educational Goal Setting and Planning | *Description:* Comprehensive assessment of participant's goals, plans, and needs. This will help us co-create with participants a path forward as they plan their education goals. This will be individualized to meet each participant where she is, empowering her with choices and prioritizes the specific array of services that will be most supportive and useful.

Goal 2: 100% of women will have a vision for themselves, broken down into short- and long-term goals.

Enroll in needed support services | *Description:* As identified in their assessment, women will be enrolled in our Coordinated Care Network program for support services.

Goal 3: Women will be connected to financial and rent and housing assistance, health care/medical home, access to reproductive and family planning services, and other services and resources related to their family's wellbeing.

Academic Enrichment and Support for their Children | *Description:* All women will have the option to enroll their school age children 1st to 8th grade in El Buen's tutoring programs and summer camps.

Goal 4: Provide academic support to youth while women engage in LEAD activities.

Narrow the digital divide. Access to Technology | *Description:* Upon enrollment, provide laptop and hot spots to women that need it in order for them and/or their children to participate in LEAD. Having access to technology will assist women and their children to engage in other educational, personal research, and job search activities.

Goal 5: Increase connectivity and reduce isolation for women and their children.

Professional Development | *Description:* Bi-weekly, women will attend professional development and training sessions focusing on:

Professional Workforce Skills:

1. Communication
2. Leadership
3. Presentation skills
4. Job search, resume development, and job interviewing

Computer Literacy:

1. Computer and internet safety
2. Online learning for students and parents
3. Gmail Basics: How to use Gmail (setting up an account), formatting emails, including attachments, and using professional language in emails

Personal Development and Health:

1. Mental Health and Self Care
2. Reproductive Health and Family Planning
3. Financial Literacy: Online banking and creating budgets
4. Self-advocacy
5. Community resources
6. Other sessions identified by women

Goal 6: Build knowledge, self-efficacy, resiliency, connections, and engagement.

Complete 100 hours of Practice-Based Learning | *Description:* Women will be onboarded as interns within El Buen's programs where they will have opportunities to build their work experience, resume, and gain additional training directly from El Buen's diverse program managers.

Goal 7: Provide on the job training.

Pathways to College | *Description:* We will hold monthly college connection sessions where we will bring counselors from community colleges and other technical/vocational schools. During these sessions, women will learn about additional education opportunities, enrollment, and financial assistance/scholarships. For some women, we expect this information will also help them as they guide their junior and high school age children into their higher or technical education paths.

Goal 8: Introduce the option and possibility of continuing education beyond El Buen's LEAD program.

HEALTH ACCESS AND PROMOTION

El Buen established itself as an emergency response organization providing access to food, cash assistance, health care, and PPE in addition to ensuring connection to other social services. We reached 5,000 unique individuals with COVID-19 vaccination education and outreach, reinforcing prevention messaging, addressing vaccine hesitancy, and providing PPE (25,000 duplicated). We also established a Coordinated Care Network (CCN), which allowed us to provide intake, eligibility, and referral for primary healthcare and social determinants of health services.

NEED: The COVID-19 pandemic has brought to the forefront the social, economic and health inequities experienced by families and individuals living in the Austin/Travis County Eastern Crescent. Local officials have identified a “crescent of poverty” that stretches through northeast, east, and southeast Austin - all areas that El Buen currently serves. Families and individuals in these communities’ experience high rates of uninsured children and adults, lack of access to quality health care, food insecurity, and financial and housing challenges resulting from loss of employment and/or inability to work due to COVID-19.

El Buen, through decades of work with Latino and immigrant communities in Central Texas, has identified the following factors that are contributing to the COVID-19 disparities and affecting the health and wellbeing of the priority population we serve:

Health Care and Insurance

- Many of the zip codes El Buen primarily serves are immigrant gateways and have high rates of mobility. With many families new to Austin and moving from one part of the city to another, knowledge of resources can be limited.
- High rates of uninsured. Many of the families and individuals we serve do not have access to health care or a medical home, and therefore are dependent on pop-up clinics and vaccination events to access vaccinations.

Access to Vaccines

- 40% of the families accessing our services had challenges receiving the COVID-19 vaccine due to language/cultural barriers, employment status hindering their ability to make appointments, and over all a focus on day-to-day survival over long-term health goals.

Food Insecurity

- Food insecurity is one of the root causes of poor health.
- The pre-pandemic rate of food insecurity in Travis County was already significantly higher than the average rate nationally (17.3% vs. 15.4%), and the rate of child food insecurity even more troublesome – 24.4% vs 20.9% nationally. It is anticipated that post COVID-19 rates will increase to an estimated 54 million people including 18 million children with disproportionate impact experienced by vulnerable populations. Now more than ever is critical to address the problem of food insecurity.
- Families living in the priority zip codes face significant barriers to accessing quality, affordable, fresh food. In Austin, 25% of census tracts are identified as food deserts, many of which are neighborhoods with higher rates of poverty, unemployment, Latinos, and immigrants.

Other Social Determinants of Health and Access Challenges

Our client-informed data demonstrates that, in conjunction with (and certainly after) immediate crisis intervention, El Buen’s mandate is strong to be a Central Texas hub for wrap around support and referral services. The ongoing assessments we conduct to better understand the needs of the families and individuals served by El Buen tell us that our clients continue to need support services related to the Social Determinants of Health

to include:

- 92% requested financial and rent assistance
- 85% needed food assistance
- 80% reported needing access to health care services
- 67% and above reported needing support to access educational opportunities

In addition, the priority population we serve experience tremendous challenges around:

- Immigrant Status – undocumented residents, language barriers
- Finances - loss of employment, unable to work due to COVID-19
- Housing – inability to pay rent and/or utilities
- Digital Divide - no technology and internet and limited or no digital literacy
- Mobility - lack of or limited access to transportation and/or homebound

STRATEGY: Through the CCN, we provide comprehensive wrap around services and reinforce our close-loop referral system with Lone Star Circle of Care (LSCC), a Federally Qualified Health Network (FQHN) located on the El Buen campus. Through our collaboration with LSCC, individuals and families can access expanded medical services, including pediatrics, behavioral health, and adult and family medicine at the clinic. As we work with individuals to address vaccine hesitation and/or interest, we also conduct assessments of additional needs, allowing us to connect individuals to health services, access to food, cash, rent, and utility assistance, as well as other social needs.

We have conducted several vaccination readiness assessments to learn more about vaccine knowledge, access, hesitancy, and readiness. These assessments have informed our outreach, education, and vaccination strategies. Findings from these assessments have guided several changes in our approach to better reach community and facilitate access to vaccines. Below we outline the changes we made at the organizational, community, and individual levels:

Organizational Level

- Trained and prepared our staff and CHWs to discuss vaccine information, hesitation/readiness, and make referrals to vaccines
- Conducted additional ongoing and comprehensive COVID-19 readiness assessments

Community Level and Partnerships

- Conducted intensive outreach to high-risk populations via our programs and partners
- Established agreements with partners to jointly connect high-risk individuals to vaccines directly with Austin Public Health

Individual Level – through our outreach and education we,

- Capitalized on the mutual trust with our clients to discuss their readiness level and address vaccine misinformation
- Conduct client-centered education/counseling including:
 - Exploring their hesitancy and fears
 - Countering any misinformation
 - Tailoring our message and dialogue starting with where the individual is; understanding their knowledge and fears; focus discussion on why and

how getting a vaccine can help protect a loved one: grandparent, child, immune-compromised.

El Buen has extensive experience with public health outreach and training Community Health Workers (*promotoras*). El Buen has played a key role for nine years strengthening and sustaining the Community Health Worker (CHW) workforce in Austin, Travis County. The Texas Department of State Health Services (DSHS) certified El Buen in 2012 as a bilingual Community Health Worker Training Center. Through this training center we are facilitating ongoing COVID-19 education and training for CHWs and other outreach workers and volunteers. Currently El Buen is conducting COVID-19 education and training for CHWs under a formal agreement with Austin Voices for Education and Youth. We have been working with multiple and diverse partners (20), including the City of Austin and Austin Public Health, to address the challenges of the COVID-19 pandemic, including access to COVID-19 vaccines, access to financial and rental assistance, and food security. Thirteen (13) of the established community partnerships are continuing to collaborate with us to conduct vaccine outreach as part of El Buen's vaccine outreach and education program – currently funded through three grants.

El Buen's experience coordinating vaccine distribution efforts dates to January 2021. As soon as the COVID-19 vaccine was available to a wider public in early 2021, El Buen and APH established a non-contractual partnership to offer direct access to vaccination events, appointments, information. Through this collaboration with APH, El Buen coordinated a cohort of non-profit organizations, faith-based organizations, neighborhood organizations, and influential leaders to facilitate the direct access to vaccines for Latino and Black adults, who were age 65 and older, and/or met other pre-existing conditions. Due to numerous barriers, communities of color were challenged to access early vaccination efforts in the City of Austin.

While many barriers have been addressed, vaccination rates remain low among communities of color in the City of Austin, Travis County. El Buen has partnered with APH, Office of Austin Mayor, Steve Adler, Travis County Fire and Rescue, St. David's Health Care volunteers, Ascension Seton Medical Center Austin, and a cohort of 13 organizations to provide outreach, education, and access to vaccination. The vaccination events are facilitated by a diverse team that reflects the Latino community, is Spanish speaking, and understands the needs of the individuals attending our vaccine events. As of November 30, 2021, El Buen has facilitated the vaccination of 1,500 individuals, including youth 12 years and above. We intend to provide drive-through vaccination events on our campus every three weeks throughout 2021-2023. We hope to soon offer the pediatric COVID-19 Pfizer vaccine dose to youth ages 5 to 12 years through our providers and drive through vaccination events on campus.

FY21 ACHIEVEMENTS: Through El Buen's Coordinated Care Network (CCN) and collaboration with Lone Star Circle of Care clinic (LSCC):

- 427 unique individuals were served
- 2,135 encounters were recorded through assessments, phone calls, and warm referrals
- 237 unique individuals were served through our Title X reproductive and adolescent health education programming

- 1300 unique individuals were served, and 4,455 individuals were reached through our COVID-19 vaccination access, outreach, and education programming
- 1154 individuals were referred by El Buen to APH for vaccination
- 2323 bilingual vaccination education flyers were distributed
- 735 COVID-19 assessments were conducted
- 243 vaccines were provided on our campus vaccination events

FY21–22 PERFORMANCE MEASURES: El Buen’s overarching goal is to increase COVID-19 vaccination rates within Latino and immigrant communities living along the priority Eastern Crescent zip codes.

To our goal, we will provide comprehensive wraparound COVID-19 vaccination services, including education and outreach, close loop referral to social services, navigation support to access vaccines, and other health care services and basic needs, including access to food, diapers, rent and financial assistance. We will work with trusted messengers/peer-to-peer influencers, including Community Health Workers (CHWs) to provide COVID-19 vaccine safety and effectiveness education/information. We will build on the partnerships we have established and our trusted relationships with the Latino immigrant community. With 13 collaborating partners we will coordinate cross-agency outreach efforts with Austin Public Health, Travis County, and other vaccine distributors. Our health access and promotion program services will focus on the following goals:

Goal 1: INCREASE OUTREACH AND ACCESS TO VACCINES

Objectives: The objectives below are intended to increase COVID-19 vaccination rates, by increasing community knowledge and trust regarding the COVID-19 vaccine and providing tailored culturally and linguistically relevant information about vaccine facts, transmissibility, and impact on the community.

Objective 1.1: Partner with 13 community partners to increase access to COVID-19 vaccines for residents living in the priority zip codes/along the Austin/Travis Eastern Crescent. Over the last 17 months we have established a formal working relationship with key organizations that have allowed us to expand our reach. Partners will provide the most up to date APH and CDC information on COVID-19 and vaccines using multiple and diverse communication and outreach tactics including in person/virtual communication, vaccination events, neighborhood walks, “word of mouth,” Spanish radio/ media marketing, and social media.

Objective 1.2: Recruit and train 8 El Buen CHWs and 10 CHWs through our partnerships to provide bilingual / bicultural outreach, education, referrals and follow up, in person, virtually, and via our call center. El Buen is a CHW Certified Training Center and has extensive experience with the recruitment, training, and leadership of CHWs. El Buen is also collaborating with Austin Voices for Education and Youth to develop, implement, and deliver COVID-19 training for Community Health Workers. The CHWs will be actively engaged in outreach and marketing strategies, vaccination events, and collaboration with other partners in the community. Through El Buen’s Coordinated Care Network and call center, CHWs will provide navigation support for obtaining the vaccine and vaccine booster, COVID-19 testing and personal protective equipment (PPE), access to food and basic needs, and will serve as key liaisons to our partner organizations supporting their vaccine events and following up on needed referrals to vaccines and other services.

Objective 1.3: In collaboration with our partners, El Buen will identify and train trusted

messengers and neighborhood influencers to deliver peer to peer COVID-19 vaccine safety and effectiveness to their neighbors and communities. These trusted messengers will deliver their COVID-19 vaccine promotion material and information through English and multilingual outlets, local media outlets, social media, faith-based venues, community events, and other culturally appropriate venues. We will provide a participation stipend to 25 trusted messengers/peer-to-peer influencers. Funding contracted with our partners will cover the stipend for influencers' participation.

Objective 1.4: In collaboration with our partners, El Buen will implement 205 mobile/drive-thru vaccination events on El Buen campus or at partner locations working in coordination with Austin Public Health, Lone Star Circle of Care (LSCC), GAVA, and others.

Goal 2: PROVIDE NAVIGATION, REFERRAL AND FOLLOW UP SUPPORT TO ADDRESS BARRIERS TO VACCINATION

Objectives: The objectives towards this goal will allow El Buen to establish comprehensive wrap around programs that assist individuals to access vaccines, health care, food, financial assistance, and other social determinants of health services.

Objective 2.1: During vaccination events at El Buen, we will collect (with client consent) information that will allow us to directly reach everyone that has been vaccinated by our vaccination efforts. This increases the chances that people will return for the second vaccine at El Buen. We expect that 98% of individuals who receive the 1st dose through our efforts will return for second vaccine. Our call back strategy and follow up activities are meant to build relationship and increase trust with individuals and families; this also allow us to learn more about their needs.

Objective 2.2: At vaccination events, we will conduct individual client assessments to understand needs, for example do they have other needs, do they have youth that are eligible for vaccination, are they interested in vaccinating their children under 12 following approvals. A goal is to bring families back to vaccinate their children upon vaccine approval. In addition, these assessments help us “take the pulse” of individuals as it relates to their knowledge, readiness level, and willingness to recruit others to get vaccinated. We believe that these assessments will begin to paint a picture of additional outreach strategies needed to reach priority populations.

Objective 2.3: El Buen has a database of over 100 older adults and individuals at risk. These are the individuals that were fully vaccinated in collaboration with APH and our partner organizations. Many of these are individuals are now eligible for the booster vaccine. El Buen will reach out to them to assist with accessing the booster vaccine.

Objective 2.4: During our vaccine events and as part of the individual assessments, El Buen will provide individuals the opportunity to share additional challenges related to vaccine access, health care access, food insecurity, and other social determinants of health. This includes securing their approval to call them back. These individual assessments and one-to-one conversations will allow El Buen to provide comprehensive wrap around services through our services and warm referrals. Referrals can include assistance with housing, access to technology and internet, as well as transportation to vaccine events and/or other health and social services appointments.

Goal 3: INCREASE ACCESS TO BASIC NEEDS SERVICES (Food insecurity, rent assistance, financial assistance)

Objective 3.1: The ongoing needs assessments El Buen conducts indicate that our clients continue to need support services related to the “upstream” indicators of long-term health

outcomes, or the social determinants of health. The objectives towards this goal will allow El Buen to provide comprehensive wrap around services to address the social determinants of health challenges experienced by our clients.

Objective 3.2: During vaccination events at El Buen, we will provide information to clients regarding access to food, diapers, financial and rent assistance, and essential needs. CHWs will conduct follow up calls to address additional challenges, health care referrals, provide access to food, diapers, and other social determinants of health, including financial, rent, and utility assistance.

Objective 3.3: Use the Hands for Hope (H4H) Food Equity and Access events to provide vaccines to individuals attending the event. During the H4H event we will reinforce access to food for individuals and families living in food deserts and provide healthy prepared meals to the elderly, youth, and families/individuals not able to cook.

To ensure engagement with communities most at risk El Buen will use culturally centered and linguistically appropriate outreach and education strategies as follow:

- Diverse low-tech: distribution of printed materials approved by CDC and APH; “walking rounds” during drive-thru food pantry and diaper distribution days
- Townhalls and Platicas: work with radio and other Spanish language media outlets to hold live dialogue sessions and community town halls to connect with a wider audience
- Technology and Owned Media: outreach and reminder texts messaging; tele-health education /outreach sessions; social media; website; WhatsApp
- Call Center: El Buen’s call center enables inbound /outbound calling, texts, emails, & multiple participant databases within priority population; staff is 100% bilingual; direct access to the language line with 254 languages
- Non-Profit and Faith-Based Partnerships: Through partnerships, El Buen will identify and train a cohort of 25 trusted messengers/peer-to-peer influencers: Spanish speaking faith leaders, adult education teachers, community/civic leaders, and health care providers. Trusted messengers/ influencers will disseminate COVID-19 vaccine promotion material and information through multilingual outlets, local Spanish media, social media, faith-based/Sunday services, community events, and other culturally appropriate venues.
- Community Health Workers (CHWs): Train a cohort of 8 El Buen CHWs and 10 CHWs through our partnerships to engage in virtual and in person bilingual/bicultural outreach and education; conduct referrals and follow up, in person or via our call center, focusing on COVID-19 vaccine outreach, education, facilitation of vaccines, as well as assessment and referral of other services needed by individuals.
- Peer-to-peer: El Buen will collaborate with our clients as agents of change, establishing a peer- to- peer system of trusted individuals /influencers that inform and connect others to COVID-19 vaccine trusted information and vaccine providers.

El Buen has a COVID-19 Vaccine Outreach Program Strategy as described above, we will add a vaccine outreach component to all our internal programs/services (micro-site outreach strategies) as follows:

- Food Pantry: Integrate vaccine *pláticas* (dialogues) during our pantry operations - Facilitate “walking rounds” during drive-thru food pantry and diaper distribution days
- El Buen Coordinated Care Network and Navigation: Include COVID-19 information during our assessment and close-loop referral services in collaboration with LSCC and during our financial and rental assistance services
- Adult and Youth Education: Facilitate outreach during our morning and evening virtual education classes for adult English Learners and for the parents of youth participating in our programs.
- Financial and Rent Assistance: Ensure that all individuals participating in our Assistance programs receive electronic and in person information about COVID-19

Clients in all our programming will be invited and registered to participate in our monthly on campus drive-through vaccination events.

El Buen will coordinate vaccine distribution efforts using multiple approaches: 1) Drive-thru vaccine events on El Buen campus (25), 2) Collaborate/coordinate with 13 partners to facilitate outreach, education, and vaccination events (180), 3) Assist City of Austin, Travis County, and other vaccine providers to provide vaccines to priority populations.

FINANCIAL ASSISTANCE

El Buen has become a trusted provider of financial and rental assistance in our communities. In 2020, El Buen became a critical part of Austin’s emergency response through the City of Austin Relief in a State of Emergency (RISE) program. On the day the City announced El Buen was one of the organizations chosen to distribute financial aid to family’s ineligible for Federal CARES assistance, we began receiving hundreds of calls every minute. On April 27, 2020, our phone system received over 7,000 phone call attempts from the public. A team of bilingual El Buen staff operated the phone lines, and in just over a week pledged all our RISE funding.

NEED: The RISE program enabled El Buen to build a call center, improve our data infrastructure, and develop partnerships with other nonprofits to ensure equity for those seeking financial assistance. Because of our success with RISE, we were selected to receive additional funds to distribute to families in Austin. Since then, El Buen has seen the need for cash assistance among our vulnerable communities in Central Texas increase significantly. El Buen has been selected by the City of Austin to provide financial and rental assistance through other programs, including RISE 2, RISE 2.2, RISE Bridge, Relief of Emergency Needs for Tenants (RENT), I Belong in Austin (IBIA), Texas Emergency Rental Assistance Program (TERAP), Texas Eviction Diversion Program

(TEDP), Winter Storm Uri Relief, New American Economy COVID-19 Survey, and through United Way for Greater Austin and Austin Community Foundation, All Together ATX.

STRATEGY: El Buen's established and innovative existing call center infrastructure enables scalable, unlimited inbound and outbound calling, email/text engagement, and multiple participant databases of leads within the priority population. We have extensive bilingual capabilities as we reach 90% of our families through bilingual/culturally relevant channels including in-person, telephone, online, and partnership communications. Our call center is staffed by 100% bilingual staff. We utilize a Language Line to assist individuals that speak languages other than Spanish or English.

Through our call center infrastructure and staffing we provide multiple application options, online, phone, or in person, to best serve those in need and to mitigate barriers frequently experienced including:

- Lack of Internet access, technology, or skills
- Challenges deciphering eligibility requirements
- Difficulties with the application
- Fear/mistrust due to “public charge” policy and rhetoric

El Buen's ability to collect programmatic, demographic, eligibility, and fiscal data is supported by a robust IT infrastructure and information and data management system – the world's leading nonprofit CRM, Apricot by Social Solutions. Using Apricot, El Buen implements a rigorous data collection approach that allows us to track outputs, outcomes, and impact, as well as real time information for ongoing program monitoring, improvements, and decision making. Apricot allows us to seamlessly share and transfer data from diverse data systems and programs to ensure consistency in data collection and reporting of services –provided across the organization.

FY21 ACHIEVEMENTS: El Buen provided financial assistance through a number of programs in 2021:

- \$2,300,000 distributed to 1133 families, 5,305 individuals through the RISE 2 program
- \$266,588 distributed to 211 families, 733 individuals through the RISE 2.2 program
- \$900,151 distributed to 445 families, 1800 individuals through the RISE Bridge program
- \$40,000 distributed in rental assistance to 42 families, 168 individuals through The City of Austin RENT program
- \$12,650 distributed in rental assistance to 2 families, 7 individuals through The City of Austin “I Belong in Austin” program
- \$900,000 distributed to 900 families, 2776 individuals adversely affected by Winter Storm Uri through City of Austin Uri funding

- \$40,000 distributed to 100 families, 344 individuals, raised by El Buen funders and partners to provide additional cash assistance to our community during Winter Storm Uri
- \$113,000 distributed to 113 families, 318 individuals through the All Together ATX cash assistance program
- \$9,650 provided as cash incentives for COVID-19 first and second vaccine doses
- \$34,500 distributed in H.E.B. gift cards to 600 families, 2281 individuals as part of our Hands for Hope Food Equity and Access initiative

FY21-22 PERFORMANCE MEASURES: El Buen plans to continue working with the City of Austin to provide financial and rental assistance to our communities, as well as searching for additional grants and funds to continue this needed work.

We thank the Episcopal Diocese of Texas and the Episcopal Foundation of Texas for your generous and continued support of El Buen Samaritano Episcopal Mission. Please find attached El Buen's 2020 Impact Report.

Rosamaria Murillo, Chief Executive Officer

FINANCIAL CATEGORY SUMMARY* REPORT

*Summary by Categories Only

Organization Name: El Buen Samaritano Episcopal Mission

FINANCIAL CATEGORY	2020	2021
Revenues and gains:		
Grants and contributions	1,908,169	1,787,249
Government grants and contracts	2,087,076	3,333,665
Return on investments	156,288	232,043
Rental Income	231,555	225,879
Program service fees	14,769	11,714
Other revenues	<u>14,168</u>	<u>10,000</u>
Total revenues and gains	4,412,025	5,600,550
Expenses and losses:		
Payroll and benefits	1,764,550	2,035,293
Professional services	737,381	286,485
Medical supplies and expenses	(5,247)	527
Equipment rental and maintenance	178,086	143,987

Depreciation	174,504	184,231
Facilities	156,716	486,227
Insurance	46,804	63,636
Program supplies and expenses	1,456,926	2,019,799
Communications	41,595	63,122
Information technology	23,401	70,962
Travel	6,613	4,309
Printing and reproduction	2,852	3,853
Special program events	32,651	80,940
Bank fees	10,182	14,340
Office supplies and expenses	4,216	5,229
Interest expense	2,978	1,431
Dues and subscriptions	8,705	1,939
Postage and delivery	1,056	2,789
Professional development	7,013	18,171
Advertising	260	691
Other expenses	<u>3,650</u>	<u>25,726</u>
Total expenses and losses	4,654,891	5,513,687
Change in net assets	(242,866)	86,863

Rosamaria Murillo, Chief Executive Officer

EPISCOPAL SENIOR FOUNDATION

Episcopal Seniors Foundation (ESF) is the smallest of the diocesan foundations and came about after the sale of St. James House, Baytown, the diocesan-owned nursing home in Baytown.

In 2020, because of COVID, ESF was in a mode of helping some of our grantees address crisis situations. Likewise in 2021, as we funded the final year of 3-year grants, we allowed some of those grant monies to be used in areas of greatest need, not necessarily the original intention of the grant. But we were able to also be more pro-active and we accepted applications for new grants. In September we approved five grants, three to diocesan entities and two to “outside” entities but that have a diocesan connection. One-year grants to Grace, Alvin, and Holy Comforter, Angleton, will primarily help fund food ministries to Seniors; a new three-year grant to Camp Allen will help support the very popular Abundant Living retreat held for seniors each winter. Mission of Yahweh, which has enjoyed support from our Diocesan ECW and others, will receive a three-year grant in support of their senior women’s housing. And the Institute of Spirituality and Health at the Texas Medical Center, whose president is the Rev. Dr. John K. Graham, will also receive a three-year grant to fund training for those who will provide primarily end-of-life spiritual care to seniors who are homebound or live in healthcare settings that do not provide chaplains.

ESF has made grants from \$500 to \$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.

The ESF webpage is available through the diocesan website at www.epicenter/esf/ and we invite your inquiries. In 2022, we expect to get back to a regular schedule of accepting grant requests in the spring and fall.

We are pleased that the grants to Mission of Yahweh and The Institute for Spirituality and Health approved this year have expanded the scope of the assistance our grants provide. 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

2020	2021
Beginning capital balance \$3,906,255.99	Beginning capital balance \$4,328,560.41
Withdrawals (164,257.16) Note A	Withdrawals 148,166.70 Note A
Contributions 14,243.19 Note B	Contributions -0-
Capital Gains (Losses) 457,770.48	Capital Gains (Losses) 280,031.59
Net investment income (7,856.36)	Net investment income (25,101.09)
Change in Unrealized Gains/(Losses) (281,676.13)	Change in unrealized gains/(losses) 287,687.55
Change in Account Balance 18,224.02	Change in account balance 394,542.15
Ending Capital Balance (@10/31/2020) \$3,924,480.01	Ending capital balance @ 10.31.21 \$4,723,102.56
Note A:	Note A:
Fees to diocese \$64,166.70	Fees to diocese \$29,166.70
Grants funded 50,000.00	Grants funded 119,000.00
Lawsuit settlement 50,000.00	
Property Taxes 90.46	
Note B:	
Mineral rights Income \$450.00	
Bal. of SJH acct. 17,172.19	
DOT error, to be corrected on Nov. statement (3,379.00)	

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

This past year I was privileged to host two events for Sewanee, in cooperation with their Alumni and Institutional Advancement Office. The first event was a send-off party in August for the incoming class of Freshmen. This was an excellent opportunity for alumni and current students to meet members of the class of 2025. Students came from throughout Texas. Also, this past December, Hannah Pommersheim, T '19 and I hosted a gathering with Dean Turrell of the School of Theology along with EfM participants and School of Theology alumni. Dean Turrell updated those present about exciting new programming opportunities for EfM alumni, including the piloting of shorter-term classes. For general inquiries please contact efm@sewanee.edu. We also learned of the appointment of two faculty members: a new assistant professor of liturgy, the Rev. Hilary Bogert-Winkler, Ph.D., and a new director of contextual education, the Rev. Richard Cogill. The School of Theology welcomed twenty-four new students in August, from 21 domestic dioceses and 3 foreign countries.

I have provided some statistics of Diocesan support below for the fiscal year ending June 30, 2021.

FINANCES

Diocesan donations to Sewanee: \$5,000
Donations from parishes in the Diocese: \$2,500
Financial aid to college students from the area: \$2,407,608
Financial Aid Awarded to Episcopal students (college and seminary):

\$467,170

ENGAGEMENT

College students from the area: 82
Episcopal college students: 20
Residential seminarians: 1
Advanced Degree Students: 3
School of Theology alumni currently serving in the diocese: 32

David Goldberg, Trustee