Diocese of Southwest Florida, Inc.

Consolidated Financial Statements

December 31, 2018 and 2017

PDR
CPAs + ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Diocesan Council
Diocese of Southwest Florida, Inc.
Parrish, FL

We have audited the accompanying consolidated financial statements of the Diocese of Southwest Florida, Inc. (the Diocese), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended December 31, 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Diocese of Southwest Florida, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in the consolidating statement of financial position and consolidating statement of activities as of and for the year ended December 31, 2018; is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PDR CPAs + Advisors

Oldsmar, Florida
May 14, 2019

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
Cash	$ 494,105	$ 341,957
Investments:		
Held for others	3,531,869	3,044,921
Held in endowment	8,455,426	9,116,666
Other	3,754,577	4,294,319
Apportionments and notes receivable, net	216,716	78,010
Accounts receivable, net	5,028	10,244
Loans receivable, net	2,286,740	2,092,484
Mortgage note receivable	1,250,430	1,253,615
Other assets	12,096	50,658
Land, buildings, and equipment, net	7,631,623	7,850,135
Total Assets	$27,638,610	$28,133,009

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities:		
Accounts payable and accrued expenses	$ 461,727	$ 271,619
Deposits	122,368	118,996
Short-term debt	-	10,619
Line-of-credit	1,223,990	2,000,000
Deposits held for others	3,531,869	3,044,921
Total liabilities	5,339,954	5,446,155
Net Assets		
Net assets without donor restrictions:		
Undesignated (deficit)	(132,289)	(1,003,446)
Board-designated endowment	1,777,219	1,953,566
Board-designated other	5,672,266	5,928,253
Land, buildings, and equipment	7,631,623	7,850,135
Total net assets without donor restrictions	14,948,819	14,728,508
Net assets with donor restrictions	7,349,837	7,958,346
Total net assets	22,298,656	22,686,854
Total Liabilities and Net Assets	$27,638,610	$28,133,009

See accompanying notes to consolidated financial statements

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Support and Revenue				
Diocesan apportionments	$ 3,600,476	$ -	$ 3,600,476	$ 3,340,524
Investment return (loss), net of fees	(236,043)	(435,251)	(671,294)	1,485,733
Contributions and bequests	11,153	79,582	90,735	104,592
DaySpring operations	1,440,360	-	1,440,360	1,182,623
Program revenue	123,131	-	123,131	114,043
Capital income - major gifts	386,709	-	386,709	143,625
Interest income from loans to churches	93,119	-	93,119	75,932
Other interest income	47	-	47	2,383
Recovery of bad debt	172,550	-	172,550	129,625
	5,591,502	(355,669)	5,235,833	6,579,080
Net assets released from restrictions	252,840	(252,840)	-	-
Total support and revenue	5,844,342	(608,509)	5,235,833	6,579,080
Operating Expenses				
Program services:				
Congregational	949,784	-	949,784	965,251
Ministry	1,373,810	-	1,373,810	1,261,681
DaySpring	2,018,533	-	2,018,533	1,756,199
Total program services	4,342,127	-	4,342,127	3,983,131
Supporting Services:				
Administrative	1,294,670	-	1,294,670	1,259,304
Total operating expenses	5,636,797	-	5,636,797	5,242,435
Change in Net Assets from Operations	207,545	(608,509)	(400,964)	1,336,645
Other Changes - Revenue (Expense)				
Other income	12,486	-	12,486	123,734
Mortgage forgiveness	-	-	-	(18,293)
Loss on disposal of assets	280	-	280	(487)
Total other changes	12,766	-	12,766	104,954
Change in Net Assets	220,311	(608,509)	(388,198)	1,441,599
Net Net Assets at Beginning of Year	14,728,508	7,958,346	22,686,854	21,245,255
Net Net Assets at End of Year	$ 14,948,819	$ 7,349,837	$ 22,298,656	$ 22,686,854

See accompanying notes to consolidated financial statements

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Diocesan apportionments	$ 3,340,524	$ -	$ 3,340,524
Investment return (loss), net of fees	544,618	941,115	1,485,733
Contributions and bequests	32,025	72,567	104,592
DaySpring operations	1,182,623	-	1,182,623
Program revenue	114,043	-	114,043
Capital income - major gifts	143,625	-	143,625
Interest income from loans to churches	75,932	-	75,932
Other interest income	2,383	-	2,383
Recovery of bad debt	129,625	-	129,625
	5,565,398	1,013,682	6,579,080
Net assets released from restrictions	245,641	(245,641)	-
Total support and revenue	5,811,039	768,041	6,579,080
Operating Expenses			
Program services:			
Congregational	965,251	-	965,251
Ministry	1,261,681	-	1,261,681
DaySpring	1,756,199	-	1,756,199
Total program services	3,983,131	-	3,983,131
Supporting Services:			
Administrative	1,259,304	-	1,259,304
Total operating expenses	5,242,435	-	5,242,435
Change in Net Assets from Operations	568,604	768,041	1,336,645
Other Changes - Revenue (Expense)			
Other income	123,734		123,734
Mortgage foregiveness	(18,293)		(18,293)
Loss on disposal of assets	(487)	-	(487)
Total other changes	104,954	-	104,954
Change in Net Assets	673,558	768,041	1,441,599
Net Assets at Beginning of Year	14,054,950	7,190,305	21,245,255
Net Assets at End of Year	$ 14,728,508	$ 7,958,346	$ 22,686,854

See accompanying notes to consolidated financial statements

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services					
	Congregational Support	Ministry	DaySpring	Total Program Services	Administrative	Total
Salaries and employee benefits	$ 407,957	$ 426,393	$ 871,803	$ 1,706,153	$ 739,516	$ 2,445,669
Program ministry	-	732,310	-	732,310	-	732,310
Food services	-	-	271,539	271,539	-	271,539
Grounds and building maintenance	-	-	118,431	118,431	-	118,431
Grants to congregations	386,949	-	-	386,949	-	386,949
Occupany	-	37,502	182,819	220,321	28,084	248,405
Guest services	-	-	30,711	30,711	-	30,711
Insurance	-	-	180,351	180,351	71,831	252,182
Bad debt	154,878	-	-	154,878	-	154,878
Travel	-	86,614	11,149	97,763	-	97,763
Meetings and conventions	-	-	-	-	80,385	80,385
Interest expense	-	-	-	-	80,191	80,191
Office expenses	-	-	2,762	2,762	51,896	54,658
Computer services	-	-	3,831	3,831	47,903	51,734
Miscellaneous	-	-	29,579	29,579	19,069	48,648
Scholarships	-	48,046	-	48,046	-	48,046
Donations	-	42,945	-	42,945	-	42,945
Legal and accounting	-	-	3,000	3,000	30,850	33,850
Postage	-	-	216	216	28,205	28,421
Repairs and maintenance	-	-	-	-	14,135	14,135
Cemetery	-	-	-	-	10,389	10,389
Education and training	-	-	6,615	6,615	-	6,615
Dues and subscriptions	-	-	5,448	5,448	-	5,448
Total Expenses Before Depreciation	949,784	1,373,810	1,718,254	4,041,848	1,202,454	5,244,302
Depreciation	-	-	300,279	300,279	92,216	392,495
Total Expenses	$ 949,784	$ 1,373,810	$ 2,018,533	$ 4,342,127	$ 1,294,670	$ 5,636,797

See accompanying notes to consolidated financial statements

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	$ (388,198)	$ 1,441,599
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	392,495	271,523
(Gain) loss on disposal of assets	(280)	487
Realized and unrealized loss (gain) on investments	614,559	(1,557,716)
Recovery of uncollectible apportionments and notes receivable	(113,630)	26,823
Decrease in apportionments and notes receivable	(25,076)	(80,176)
Decrease in accounts receivable, net	5,216	10,523
Decrease (increase) in other assets	38,562	(6,782)
Increase (decrease) in accounts payable and accrued expenses	190,102	(234,164)
Increase (decrease) in deposits	3,372	(33,070)
Increase in deposits held for others	486,948	1,134,022
Contributions restricted for endowment	(79,582)	(72,567)
Net cash provided by operating activities	1,124,488	900,502
Cash Flows from Investing Activities		
Purchases of investments	(1,077,265)	(5,597,442)
Proceeds from sale of investments	1,176,740	4,644,556
Payments received on loans receivable	190,749	370,194
Proceeds disbursed for loans receivable	(385,000)	(390,000)
Payments received on mortgage note receivable	3,185	111,958
Purchases of land, buildings, and equipment	(192,702)	(999,978)
Proceeds from sale of land, buildings, and equipment	19,000	50
Net cash used in investing activities	(265,293)	(1,860,662)
Cash Flows from Financing Activities:		
Contributions restricted for endowment	79,582	72,567
Payments on short-term debt	(10,619)	(5,804)
Payments on line-of-credit	(776,010)	-
Proceeds from line-of-credit	-	700,000
Net cash (used in) provided by financing activities	(707,047)	766,763
Net Increase (Decrease) in Cash	152,148	(193,397)
Cash at Beginning of Year	341,957	535,354
Cash at End of Year	$ 494,105	$ 341,957
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 80,191	$ 53,987
Noncash Investing and Financing Transactions:		
Property and equipment acquired with short-term debt	$ -	$ 16,423

See accompanying notes to consolidated financial statements

NOTE A - NATURE OF ORGANIZATION

Diocese of Southwest Florida, Inc. (the Episcopal Diocese) is a not-for-profit corporation existing under the laws of the State of Florida. It is one of 109 dioceses of the Protestant Episcopal Church in the U.S.A. (101 domestic and 8 overseas). As such, the Episcopal Diocese is subject to the Constitution and Canons of the National Church, and to the acts of the General Convention, which is held every three years.

The Episcopal Diocese is comprised of twelve counties stretching along the west coast of Florida from Hernando County in the north to Collier County in the south. The Diocese of Southwest Florida, Inc. is divided geographically into seven deaneries: Tampa, Clearwater, St. Petersburg, Manasota, Venice, Fort Myers, and Naples.

The consolidated financial statements (collectively referred to as the Diocese) include the accounts of the administrative offices of the Episcopal Diocese which are fiscally responsible to the Bishop of the Diocese of Southwest Florida, and also include the accounts of the Episcopal Conference Center, Diocese of Southwest Florida, Inc. (DaySpring). All significant inter-organization transactions have been eliminated (see **NOTE Q).**

The consolidated financial statements of the Diocese do not include the various churches, missions, and other religious organizations which operate within the Episcopal Diocese, but which are primarily responsible to their own governing boards. The 77 congregations within the Episcopal Diocese have total endowment assets of $49,523,829 and combined normal operating income of $31,242,710 as of and for the year ended December 31, 2017.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Diocese have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> *Net assets with donor restrictions*: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Continued

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. As contributions with donor-imposed restrictions are expended, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

Contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. At December 31, 2018 and 2017, the Diocese had no outstanding pledges or bequests.

Measure of Operations

The consolidated statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Diocese's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates. Significant estimates include the allowance for uncollectible receivables, useful lives on related assets, and allocation of expenses by function.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurement

The consolidated financial statements are prepared in accordance with FASB ASC 820, *Fair Value Measurement*, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the consolidated financial statements or on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

Cash

Cash consists of cash on deposit with financial institutions. The Diocese considers all highly liquid assets with a maturity of three months or less when purchased as cash.

Financial instruments which potentially subject the Diocese to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the years ended December 31, 2018 and 2017, the Diocese’s cash balance may have exceeded the federally insured limits. However, the Diocese has not experienced and does not expect to incur any losses in such accounts.

Investments

Investments are carried at fair value based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market. Realized and unrealized gains and losses are reflected in the consolidated statements of activities.

Bishop Grey Retirement Foundation, Inc.

The Diocese elects four members to the governing board of the Bishop Gray Retirement Foundation, Inc. (the Foundation). The Foundation is a not-for-profit Florida corporation, organized to provide retirement support for the aged under the auspices and control of the Central, Southwest, and Southeast Florida Diocese of the Protestant Episcopal Church currently through a "scholarship program" which is intended to help eligible elderly Episcopalians from the three dioceses obtain quality housing and healthcare. Since the Diocese only acts in an advisory capacity, the Foundation's assets and related income are not recorded in the Diocese consolidated financial statements. Total assets of the Foundation at December 31, 2018 and December 31, 2017 were approximately $11.5 million and $13 million, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost if purchased or at estimated fair value at the date of gift if donated. Depreciation on buildings and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 28 years. Expenditures in excess of $1,000 with an estimated useful life in excess of one year are capitalized.

Impairment of Long-Lived Assets

In accordance with FASB ASC Topic 360, *Property, Plant, and Equipment*, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the use and eventual disposition of the asset, excluding interest. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated statements of financial position and reported at the lower of carrying amount or fair value less costs to sell, and are no longer depreciated.

In addition to consideration of impairment upon occurrence of specific events or changes in circumstances described above, management regularly evaluates the remaining useful lives of its long-lived assets. If estimates are revised, the carrying value of affected assets is depreciated or amortized over the remaining useful lives. At December 31, 2018 and 2017, there were no impairments.

Diocesan Apportionments

The Diocese's principal source of revenue consists of apportionments received from congregations located within the Diocese. The apportionment is generally based upon 10% of the congregations' total operating revenue and 10% of total capital income for the fiscal year ended two years prior.

On an annual basis, apportionments receivable balances are reviewed for collectability and any allowance for uncollectible accounts is recorded. Management budgets 5% of the annual apportionment for uncollectable amounts. The amount of unused allowance for uncollectible accounts is treated as recovery of bad debt in the consolidated statements of activities. Recovery of bad debt totaled $172,550 and $129,625 for the years ended December 31, 2018 and 2017, respectively.

The Diocesan Council may elect to return a portion of the unused budgeted uncollectable amount as a dividend to congregations who are current on their apportionment at year-end. The Diocesan Council approved a $150,000 and $156,500 Mission/Ministry Dividend for 2018 and 2017, respectively, that was distributed on a pro rata basis. This provision is under the sole discretion of the Diocesan Council and is determined on an annual basis.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Diocesan Apportionments - Continued

The Episcopal Diocese is a member of the Worldwide Anglican Communion and the Episcopal Church in the United States. The suggested pledge to the Budget for the Episcopal Church is 15% of certain revenues less a $150,000 exemption during 2018. The suggested pledge to the Budget for the Episcopal Church is 16.5% of certain revenues less a $150,000 exemption during 2017. The "asking" expense was approximately $485,000 and $498,000 for the years ended December 31, 2018 and 2017, respectively, and is included in ministry expense on the consolidated statements of activities. The pledge amount will become mandatory starting in 2019.

DaySpring Operations

DaySpring, a ministry of the Diocese, provides room and board accommodations for various groups and ministries. Revenue associated with affiliated groups within the Episcopal Diocese account for 21% and 24% of DaySpring revenues for 2018 and 2017, respectively. Advance deposits are recorded as liabilities and recorded as “deposits” on the accompanying consolidated statements of financial position until the events occur, at which time the amounts are recorded as revenue.

Deposits Held for Others

The Diocese holds deposits for parishes for investment purposes in which the Diocese has recorded a "deposit held for others" on the accompanying consolidated statements of financial position.

Income Tax Status

The Diocese is a non-profit agency under the laws of the State of Florida and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Diocese is listed as a subordinate of the group exemption of the Protestant Episcopal Church in the United States of America and therefore is exempt from income tax. Accordingly, the accompanying consolidated financial statements reflect no provision for income taxes.

The Diocese has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to review other matters that may be considered tax positions. No amounts of unrecognized tax benefits have been recorded by the Diocese as of December 31, 2018 or 2017.

Related Party Consolidation

FASB ASC Topic 958-810, *Not-For-Profit Entity Consolidation*, clarifies the application of consolidated financial statements to certain related party entities in which a not-for-profit entity has characteristics of a controlling and economic financial interest. This guidance clarifies how to identify a related party entity in which the not-for-profit entity has a controlling and economic interest and how to determine when a not-for-profit entity should include the assets, liabilities, net assets, and results of activities of the related party entity in its consolidated financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Related Party Consolidation - Continued

Management has concluded that DaySpring, a related party under common control, is a related party entity in which Diocese has both controlling and economic interest. Management has elected to include the related assets, liabilities, net assets, and results of activities of DaySpring in these consolidated financial statements, as required by US GAAP.

Functional Allocation of Expenses

The costs of providing the various program and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the consolidated statements of activities. Expenses that can be identified with a specific program service are charged directly to that program, according to their natural expenditure and classification. Certain costs have been allocated among the programs and supporting services benefited based on direct usage or management's estimates of the benefit derived by each activity. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and related expenses	Time and effort
Legal and accounting	Directly identifiable
Computer services	Directly identifiable
Occupancy	Directly identifiable
Insurance	Directly identifiable
Office expense	Directly identifiable
Postage	Directly identifiable
Miscellaneous	Directly identifiable
Depreciation	Directly identifiable

Reclassifications

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Diocese has adjusted the presentation of these consolidated statements accordingly.

NOTE C - AVAILABILITY AND LIQUIDITY

The following represents the Diocese's financial assets at December 31:

	2018	2017
Financial Assets:		
Cash and cash equivalents	$ 494,105	$ 341,957
Investments - other	3,754,577	4,294,319
Apportionments and notes receivable, net	216,716	78,010
Accounts receivable, net	5,028	10,244
Total financial assets	$ 4,470,426	$ 4,724,530
Less Amounts Not Available to be Used Within One Year:		
Accounts payable and accrued expenses	$ 461,727	$ 271,619
Payment of line-of-credit	1,223,990	2,000,000
Payment of notes payable	-	10,619
	1,685,717	2,282,238
Financial assets available to meet general expenditures over the next twelve months	$ 2,784,709	$ 2,442,292

The Diocese's goal is generally to maintain financial assets to meet four to six months of operating expenses (approximately $1 million). As part of its ongoing liquidity plan, excess cash is invested in short-term investments, including money market accounts.

The Diocese has a $3.0 million line-of-credit available to meet cash flow needs through the implementation of the 10-year $20 million DaySpring Master Plan started in 2015. The balance of the line-of-credit was $2 million after the completion of Phase 1 of the project at December 31, 2017. The balance at December 31, 2018 is $1,223,990. In 2019, the Diocese will apply its available operating net income to reduce the line-of-credit to zero as soon as possible.

In the case of extraordinary circumstances, the Diocese can immediately access the available (unrestricted) balance of the Revolving Loan Fund ($1,376,520) or Mission Fund ($2,059,006).

NOTE D - INVESTMENTS

At December 31, 2018 and 2017, the Diocese held investments as follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
ECF - Investment Fund	$11,875,373	$14,461,925	$11,107,054	$14,831,681
ECF - Income Fund	1,222,700	1,279,947	1,553,123	1,624,225
	$13,098,073	$15,741,872	$12,660,177	$16,455,906

Financial instruments included in the consolidated statements of financial position at December 31, 2018 and 2017 are measured at the reporting date using Level 2 inputs.

Investment return was comprised of the following for the years ended December 31, 2018 and 2017:

	2018	2017
Dividends and interest	$ 11,904	$ 4,096
Net realized and unrealized appreciation	(614,559)	1,557,716
Investment fees	(68,639)	(76,079)
Investment return, net of fees	$ (671,294)	$ 1,485,733

NOTE E - APPORTIONMENTS AND NOTES RECEIVABLE

During the years ended December 31, 2018 and 2017, the Diocese reviewed the individual apportionment receivable balances for collectability. As of December 31, 2018 and 2017, the apportionments and notes receivable included:

	2018	2017
Apportionments converted to notes	$ 101,428	$ 77,377
Current apportionments receivable	154,383	153,358
Allowance for uncollectible accounts	(39,095)	(152,725)
Net apportionments and notes receivable	$ 216,716	$ 78,010

NOTE F - LOANS RECEIVABLE

At December 31, 2018 and 2017, the Diocese had interest and non-interest bearing loans receivable due from member churches. Repayment terms and scheduled payments are made according to each Church's agreement with the Diocese. As of December 31, 2018 and 2017, the loans outstanding included:

	2018	2017
Iona Hope Episcopal Church, Fort Myers	$ 800,807	$ 826,844
Church of the Good Shepherd, Dunedin	283,407	-
St. Nathaniel's Episcopal Church, North Port	227,800	237,087
Church of the Good Shepherd, Punta Gorda	222,559	244,489
St. Alfred, Palm Harbor	190,553	200,595
St. John the Divine, Sun City Center	176,941	200,000
St. Mary's Episcopal Church, Tampa	87,500	87,500
St. Martin, Hudson	52,550	61,502
St. Raphael, Bradenton	52,500	25,500
St. Peter, Plant City	52,454	66,818
St. Dunstan, Largo	41,161	45,647
St. Marks, Marco Island	40,401	45,278
All Saints Episcopal Church, Tarpon Springs	38,067	-
St. Mary Magdalene	36,310	50,090
St. Wilfred, Sarasota	32,235	42,891
St. Vincent, St. Petersburg	16,313	18,259
St. Thomas Episcopal Church, St. Petersburg	14,773	-
Church of the Holy Spirit, Safety Harbor	4,081	6,319
St. David, Englewood	-	17,337
Allowance for uncollectable accounts	(83,672)	(83,672)
Net loans receivable	$ 2,286,740	$ 2,092,484

NOTE G - MORTGAGE NOTE RECEIVABLE

At December 31, 2018 and 2017, the Diocese had one mortgage note receivable totaling $1,250,430 and $1,253,615, respectively.

On February 8, 2013, the Diocese executed a mortgage in the amount of $100,000 by and between Fruit of the Spirit Ministries for property that was formerly St. Cecilia Episcopal Church. The mortgage receivable, which bears interest at 6%, is payable over four years and amortized over a five-year term with a balloon payment of $55,280 due February 1, 2018. Beginning March 1, 2013 through February 1, 2014 interest only payments of $500 are due. Beginning March 1, 2014 through February 1, 2015 monthly installments of $1,000 are due, $1,500 from March 1, 2015 through February 1, 2016, and $2,500 from March 1, 2016 through February 1, 2018. The note is secured by real property. As of December 61, 2016 the note had an outstanding balance of $74,352. The mortgage was satisfied in 2017 with Fruit of the Spirit Ministries paying $50,000, and the balance of $18,293 was forgiven and reflected as mortgage forgiveness expense on the consolidated statement of activities.

NOTE G - MORTGAGE NOTE RECEIVABLE - CONTINUED

On December 22, 2004, the Diocese executed a mortgage in the amount of $1,500,000 by and between St. Mark's Episcopal Church for construction of their new facilities. The mortgage receivable, which bears interest at 3% and is payable over 30 years, is due in monthly installments of $6,324 beginning April 1, 2005. The note is secured by real property. The Diocesan Council approved the deferral of principal payments and required interest only payments for four years. Beginning January 2013, St. Mark's Episcopal Church began making principal payments per Council Resolution 2013-01-d, based on the 2013 agreement, which modified terms for 2013-2015 at 1% interest on 50-year amortization. Beginning March 2018, they have been paying interest only until the time of the property sale, pending May 2019. As of December 31, 2018 and 2017, the note had an outstanding balance of $1,250,430 and $1,253,615, respectively. Management considers the amount to be fully collectible.

NOTE H - CONDITIONAL PROMISES TO GIVE

During 2016, the Diocese began a major donor campaign for the restricted purpose to upgrade the facilities at DaySpring. These pledges are an intention to give, rather than a promise, and are not legally binding to the donor. At December 31, 2018 and 2017, the Diocese had $63,467 and $349,700, respectively, of conditional pledges outstanding. Since these amounts represent conditional promises to give, they are not recorded as contribution revenue until the donor conditions are met and the cash is received.

NOTE I - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment, consist of the following at December 31, 2018 and 2017:

	2018			2017
	Diocese	DaySpring	Total	Total
Land	$ 219,328	$ 1,514,013	$ 1,733,341	$ 1,706,233
Buildings	1,754,620	7,267,558	9,022,178	8,960,183
Furniture and equipment	230,126	1,028,579	1,258,705	1,214,921
Vehicles	55,798	50,728	106,526	121,581
	2,259,872	9,860,878	12,120,750	12,002,918
Less accumulated depreciation	(705,396)	(3,783,731)	(4,489,127)	(4,152,783)
	$ 1,554,476	$ 6,077,147	$ 7,631,623	$ 7,850,135

Depreciation expense for the years ended December 31, 2018 and 2017 is as follows:

	2018	2017
Diocese	$ 92,216	$ 99,058
DaySpring	300,279	172,465
	$ 392,495	$ 271,523

NOTE I - LAND, BUILDINGS, AND EQUIPMENT - CONTINUED

The Diocese approved a 3-phase plan to upgrade the facilities at DaySpring Episcopal Center. Phase 1 of this plan includes construction of a new program center and a new pool complex. Phase 3 includes a new multi-purpose worship center, and Phase 2 includes new residential rooms. Phases 2 and 3 are as yet unfunded, and initiation is dependent on gifts and fund raising. Phase 1 was completed in early 2017 and total cost was approximately $4 million. This Phase was funded with cash on hand of approximately $1.3 million, funds raised from a major donor campaign, and a line-of-credit from a financial institution for the remainder.

NOTE J - LINE-OF-CREDIT

The Diocese obtained a $3,000,000 unsecured line-of-credit with a financial institution in 2016. The interest rate on this line-of-credit was 5.25% and 4.25% at December 31, 2018 and 2017, respectively. The outstanding balance was $1,223,990 and $2,000,000 at December 31, 2018 and 2017, respectively. The unused balance at December 31, 2018 and 2017 was $1,776,010 and $1,000,000, respectively.

NOTE K - BOARD-DESIGNATED NET ASSETS

At December 31, 2018 and 2017, the Diocesan Council has designated unrestricted net assets for the following:

	2018	2017
Mission fund	$ 2,059,006	$ 2,261,544
Capital revolving loan fund	3,613,260	3,666,709
DaySpring endowment	220,648	244,224
Diocesan endowment	1,556,571	1,709,342
	$ 7,449,485	$ 7,881,819

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of gifts and other unexpended support available for the following at December 31, 2018 and 2017:

	2018	2017
Subject to expenditure for specified purpose:		
Benefit of elderly	$ 2,101,452	$ 2,308,169
Congregation loans	122,382	126,922
Ministry development	119,158	158,428
St. Bartholomew	67,526	74,170
SCF chaplaincy	34,878	38,308
Missions	700,503	837,799
Bishop's discretionary	32,964	56,942
Underprivileged	69,047	81,499
Theological education	799,566	884,576
Episcopal charities grants	133,011	209,117
DaySpring	73,370	141,711
Other	180,873	205,180
	4,434,730	5,122,821
Donor-restricted endowment funds:		
Bishop's discretionary	534,689	534,689
Missions	392,438	392,438
Benefit of elderly	335,889	335,889
Ministry development	280,054	280,054
Education	122,159	122,159
DaySpring endowment	559,910	519,631
Episcopal charities grants	656,856	617,553
Other	33,112	33,112
	2,915,107	2,835,525
Total net assets with donor restrictions	$ 7,349,837	$ 7,958,346

NOTE M - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions as follows during the years ended December 31, 2018 and 2017, by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors:

NOTE M - NET ASSETS RELEASED FROM RESTRICTIONS - CONTINUED

Purpose restrictions accomplished:

	2018	2017
Benefit of elderly	$ 75,700	$ 73,137
Ministry development	14,380	13,894
St. Bartholomew	2,433	2,350
College chaplaincy	1,256	1,214
Missions	50,277	48,575
Theological education	31,131	30,077
Bishop's discretionary	8,098	6,611
Underprivileged	4,560	4,406
DaySpring	29,326	27,969
Episcopal charities grants	26,778	28,809
Other	8,901	8,599
	$ 252,840	$ 245,641

NOTE N - ENDOWMENT FUNDS

Effective July 1, 2012, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and in accordance with ASC Topic 958-205-45-28, *Classification of Donor Restricted Endowment Funds Subject to UPMIFA*, the Diocese classifies investment earnings on endowments as a component of net assets with donor restrictions if not appropriated for expenditure in the period earned. Once investment earnings are appropriated for expenditure, the Diocese reclassifies the amount appropriated as a component of net assets without donor restrictions.

The Diocese's endowment consists of several individual funds established for a variety of purposes. Its endowment consists of donor-restricted funds and is subject to donor intent and the terms of its governing documents as well as the provisions of FUPMIFA. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Diocese's Diocesan Council has interpreted the wishes of donors and state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations of the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by FUPMIFA.

NOTE N - ENDOWMENT FUNDS - CONTINUED

In accordance with FUPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Diocese and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Diocese

(7) The investment policies of the Diocese

For the years ended December 31, 2018 and 2017, the Diocese has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

Investment Return Objectives, Risk Parameters, and Strategies

The Diocese has adopted investment and spending policies, approved by the Diocesan Council, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed-income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to provide a high level of cash distribution, while growing the funds if possible. Therefore, the Diocese expects its endowment assets, over time, to produce an average rate of return of approximately 7-9% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund, investment assets and allocation between asset classes, and strategies and managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Diocese is operating under an endowment spending policy which dictates that the endowment fund transfer to the operating fund an agreed-upon percentage of the fund. The Diocese estimates the distribution to fall in the range of three to five percent. In establishing this policy, the Diocese considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Diocese's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

NOTE N - ENDOWMENT FUNDS - CONTINUED

Endowment net asset composition by type of fund as of December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment funds	$ 1,777,219	$ -	$ 1,777,219
With donor restrictions endowment funds	-	6,678,207	6,678,207
	$ 1,777,219	$ 6,678,207	$ 8,455,426

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Balance, beginning of year	$ 1,953,566	$ 7,163,100	$ 9,116,666
Contributions	-	79,582	79,582
Interest and dividends, net of investment expenses	(9,254)	(29,101)	(38,355)
Net appreciation	(103,290)	(325,368)	(428,658)
Amount appropriated for expenditures	(63,803)	(210,006)	(273,809)
Balance, end of year	$ 1,777,219	$ 6,678,207	$ 8,455,426

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment funds	$ 1,953,566	$ -	$ 1,953,566
Donor-restricted endowment funds	-	7,163,100	7,163,100
	$ 1,953,566	$ 7,163,100	$ 9,116,666

NOTE N - ENDOWMENT FUNDS - CONTINUED

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Balance, beginning of year	$ 1,759,605	$ 6,546,344	$ 8,305,949
Contributions	15,844	72,567	88,411
Interest and dividends, net of investment expenses	(10,028)	(32,016)	(42,044)
Net depreciation	248,335	795,990	1,044,325
Amount appropriated for expenditures	(60,190)	(219,785)	(279,975)
Balance, end of year	$ 1,953,566	$ 7,163,100	$ 9,116,666

NOTE O - PENSION PLAN

The Clergy and the lay employees of the Diocese are participants in separate pension plans. The Clergy and lay employees are covered by the Church Pension Fund. The Clergy are covered by a defined benefit plan and the lay employees are covered by a defined contribution plan. The plan covering lay employees calls for annual contributions by the Diocese, based on a percent of aggregate employee compensation. Total pension expense for the Clergy employees for the years ended December 31, 2018 and 2017 was $35,169 and $57,889, respectively. Total pension expense for the lay employees for the years ended December 31, 2018 and 2017 was $116,588 and $62,291, respectively. The Church Pension Fund is part of a National Plan and additional information with the respect to the Diocese of Southwest Florida, Inc. is not available as the plan is evaluated on an aggregate basis.

The DaySpring employees also participate in a separate pension plan through the Church Pension Fund. Total expense for the years ended December 31, 2018 and 2017 was $58,546 and $57,014, respectively.

NOTE P - POSTRETIREMENT BENEFITS

Under a plan adopted January 1, 1999, the Diocese provides certain health care benefits for clergy and lay retirees. Eligibility for those benefits occurs upon the attainment of age 65 and a minimum of ten years of service while working for the Diocese. The Diocese has the right to amend or terminate the program at any time; therefore, no future obligations are recorded under generally accepted accounting principles. In 2011, the Diocese adopted a new policy that affected the calculation of the total retiree benefit amount starting in 2012. The new policy provides for the Diocese to designate a total retiree benefit amount each year as part of their annual budgeting process. This amount is based on the income released from the endowment funds restricted for the benefit of the elderly, may include funds from current year Diocesan operating funds and is then divided by the budgeted number of eligible retirees each year. Total postretirement benefit expense for the years ended December 31, 2018 and 2017 was $77,258 and $81,434, respectively.

NOTE Q - DAYSPRING ELIMINATIONS AND RELATED ACTIVITY

The consolidated financial statements of the Diocese include related DaySpring balances and activities. For this reason, elimination of related party receivables and payables, along with corresponding revenues and expenses are necessary at year-end. Eliminating entries were made to properly account for the investment in DaySpring of $6,793,237 at both December 31, 2018 and 2017. At December 31, 2018 and 2017, $352,555 and $372,176, respectively, of DaySpring support and revenue was eliminated along with the transfer of $29,326 and $26,323, respectively, of total return distribution per the spending rule included in the endowment fund. DaySpring depreciation is included within the consolidated statements of activities.

NOTE R - SUBSEQUENT EVENTS

The Diocese has evaluated events occurring after the consolidated statements of financial position date through May 14, 2019, the date which the consolidated financial statements were available and issued. The Diocese is not aware of any subsequent events which would require recognition or disclosures in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

Assets	Diocese Operating	DaySpring Operating	Eliminating Entries	Total
Cash	$ 391,833	$ 102,272	$ -	$ 494,105
Investments:				
Held for others	3,531,869	-	-	3,531,869
Held in endowment	8,455,426	-	-	8,455,426
Other	3,754,577	-	-	3,754,577
Apportionments and notes receivable, net	216,716	-	-	216,716
Accounts receivable, net	-	5,028	-	5,028
Loans receivable, net	2,286,740	-	-	2,286,740
Mortgage note receivable	1,250,430	-	-	1,250,430
Other assets	11,741	355	-	12,096
Land, buildings, and equipment, net	1,554,476	6,077,147	-	7,631,623
Investment in DaySpring	6,793,237	-	(6,793,237)	-
Due from affiliate	-	-	-	-
Total assets	$ 28,247,045	$ 6,184,802	$ (6,793,237)	$ 27,638,610

Liabilities and Net Assets	Diocese Operating	DaySpring Operating	Eliminating Entries	Total
Liabilities				
Accounts payable and accrued expenses	$ 373,666	$ 88,061	$ -	$ 461,727
Deposits	21,912	100,456	-	122,368
Line-of-credit	1,223,990	-	-	1,223,990
Deposits held for others	3,531,869	-	-	3,531,869
Total liabilities	5,151,437	188,517	-	5,339,954
Net Assets				
Net assets without donor restrictions:				
Undesignated (deficit)	6,741,810	(80,862)	(6,793,237)	(132,289)
Board-designated endowment	1,777,219	-	-	1,777,219
Board-designated other	5,672,266	-	-	5,672,266
Land, buildings, and equipment	1,554,476	6,077,147	-	7,631,623
Total net assets without donor restrictions	15,745,771	5,996,285	(6,793,237)	14,948,819
Net assets with donor restrictions	7,349,837	-	-	7,349,837
Total net assets	23,095,608	5,996,285	(6,793,237)	22,298,656
Total Liabilities and Net Assets	$ 28,247,045	$ 6,184,802	$ (6,793,237)	$ 27,638,610

See independent auditor's report

DIOCESE OF SOUTHWEST FLORIDA, INC.
CONSOLIDATING STATEMENT OF ACTVITIES
YEAR ENDED DECEMBER 31, 2018

	Diocese Operating	DaySpring Operating	Eliminating Entries	Total
Support and Revenue				
Diocesan apportionments	$ 3,600,476	$ -	$ -	$ 3,600,476
Investment return, net of fees	(671,294)	29,326	(29,326)	(671,294)
Contributions and bequests	87,635	3,100	-	90,735
DaySpring operations	-	1,792,915	(352,555)	1,440,360
Program revenue	123,131	-	-	123,131
Capital income - major gifts	386,709	-	-	386,709
Interest income from loans to churches	93,119	-	-	93,119
Other interest income	-	47	-	47
Recovery of bad debt	172,550	-	-	172,550
Total support and revenue	3,792,326	1,825,388	(381,881)	5,235,833
Operating Expenses				
Program services:				
Congregational	983,558	-	(33,774)	949,784
Ministry	1,588,711	-	(214,901)	1,373,810
DaySpring	27,054	1,991,479	-	2,018,533
Total program services	2,599,323	1,991,479	(248,675)	4,342,127
Supporting services:				
Administrative	1,427,876	-	(133,206)	1,294,670
Total operating expenses	4,027,199	1,991,479	(381,881)	5,636,797
Change in Net Assets from Operations	(234,873)	(166,091)	-	(400,964)
Other Changes - Revenue (Expense)				
Other income	12,486	-	-	12,486
Mortgage forgiveness	-			-
Loss on disposal of assets	5,474	(5,194)	-	280
Total other changes	17,960	(5,194)	-	12,766
Change in Net Assets	(216,913)	(171,285)	-	(388,198)
Net Assets at Beginning of Year	23,312,521	(625,667)	-	22,686,854
Net Assets at End of Year	$ 23,095,608	$ (796,952)	$ -	$ 22,298,656

See independent auditor's report