

**THE DIOCESE OF OHIO
AUDITED FINANCIAL STATEMENTS
YEARS ENDED
DECEMBER 31, 2023 AND 2022**

THE DIOCESE OF OHIO

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INDEPENDENT AUDITORS' REPORT

The Diocesan Council
The Diocese of Ohio
Cleveland, Ohio

Opinion

We have audited the accompanying financial statements of The Diocese of Ohio (an unincorporated association), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

Report on Summarized Comparative Information

We have previously audited The Diocese of Ohio's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Barnes Wendling CPAs

Sheffield Village, Ohio
May 27, 2025

THE DIOCESE OF OHIO
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 223,497	\$ 1,631,492
Promises to give, net (Note 6)	148,352	153,593
Receivables		
Assessments	302,817	226,270
Interest and other	385,678	506,888
Loans and notes, net (Note 8)	<u>191,744</u>	<u>180,442</u>
Total receivables	880,239	913,600
Prepaid expenses and other assets	43,961	76,073
Marketable securities - JIF (Note 4)	40,416,499	35,708,480
Marketable securities (Note 4)	1,914,566	1,732,342
Property and equipment, net (Note 9)	23,037,046	23,074,604
Beneficial interests in perpetual trusts (Note 5)	<u>2,908,294</u>	<u>2,720,922</u>
Total assets	<u>\$ 69,572,454</u>	<u>\$ 66,011,106</u>
LIABILITIES		
Accounts payable	\$ 277,487	\$ 217,888
Accrued expenses and other liabilities	128,685	88,101
Grants payable (Note 10)	77,998	109,803
Promises to give payable (Note 7)	20,951	21,144
Other liabilities	<u>27,404</u>	<u>25,215</u>
Total liabilities	532,525	462,151
NET ASSETS		
Without donor restrictions		
Undesignated	2,051,213	2,150,837
Designated (Note 14)	11,679,932	11,166,462
Invested in property and equipment	<u>23,037,046</u>	<u>23,074,604</u>
Total net assets without donor restrictions	<u>36,768,191</u>	<u>36,391,903</u>
With donor restrictions (Note 13)		
Endowments (Note 15)	22,875,936	21,068,264
Purpose restrictions	<u>9,395,802</u>	<u>8,088,788</u>
Total net assets with donor restrictions	<u>32,271,738</u>	<u>29,157,052</u>
Total net assets	<u>69,039,929</u>	<u>65,548,955</u>
Total liabilities and net assets	<u>\$ 69,572,454</u>	<u>\$ 66,011,106</u>

THE DIOCESE OF OHIO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, and GAINS			
Program services fees (Note 2)	\$ 2,893,745	\$ -	\$ 2,893,745
Net investment return	1,292,047	4,233,164	5,525,211
Other revenue (Note 2)	351,788	-	351,788
Contributions	447,582	427,144	874,726
Change in beneficial interest in perpetual trusts	-	187,372	187,372
Net assets released from restrictions	<u>1,933,161</u>	<u>(1,933,161)</u>	<u>-</u>
Total revenue, support, and gains	6,918,323	2,914,519	9,832,842
EXPENSES			
Program service expenses			
Diocesan Ministry	2,375,320	-	2,375,320
Bellwether Farm	<u>1,559,257</u>	<u>-</u>	<u>1,559,257</u>
Total program expenses	<u>3,934,577</u>	<u>-</u>	<u>3,934,577</u>
Supporting services expenses			
Management and general	2,323,413	-	2,323,413
Fundraising and development	<u>83,878</u>	<u>-</u>	<u>83,878</u>
Total supporting services expenses	<u>2,407,291</u>	<u>-</u>	<u>2,407,291</u>
Total expenses	<u>6,341,868</u>	<u>-</u>	<u>6,341,868</u>
CHANGES IN NET ASSETS			
NET ASSETS AT BEGINNING OF YEAR	576,455	2,914,519	3,490,974
NET ASSETS BEFORE OTHER ADJUSTMENTS	<u>36,391,903</u>	<u>29,157,052</u>	<u>65,548,955</u>
TRANSFERS AMONG FUNDS	<u>36,968,358</u>	<u>32,071,571</u>	<u>69,039,929</u>
NET ASSETS AT END OF YEAR	<u>(200,167)</u>	<u>200,167</u>	<u>-</u>
	<u><u>\$ 36,768,191</u></u>	<u><u>\$ 32,271,738</u></u>	<u><u>\$ 69,039,929</u></u>

THE DIOCESE OF OHIO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, and GAINS			
Program services fees (Note 2)	\$ 2,678,441	\$ -	\$ 2,678,441
Net investment return	(3,526,768)	(3,306,263)	(6,833,031)
Other revenue (Note 2)	319,347	-	319,347
Contributions	334,777	628,941	963,718
Change in beneficial interest in perpetual trusts	-	(722,669)	(722,669)
Net assets released from restrictions	1,912,688	(1,912,688)	-
Donor change to restricted contribution	<u>(2,111,869)</u>	<u>2,111,869</u>	<u>-</u>
Total revenue, support, and gains	(393,384)	(3,200,810)	(3,594,194)
EXPENSES and LOSSES			
Program service expenses			
Diocesan Ministry	2,484,464	-	2,484,464
Bellwether Farm	1,293,779	-	1,293,779
Total program expenses	<u>3,778,243</u>	<u>-</u>	<u>3,778,243</u>
Supporting services expenses			
Management and general	1,868,259	-	1,868,259
Fundraising and development	72,884	-	72,884
Total supporting services expenses	<u>1,941,143</u>	<u>-</u>	<u>1,941,143</u>
Total expenses	5,719,386	-	5,719,386
CHANGES IN NET ASSETS			
	(6,112,770)	(3,200,810)	(9,313,580)
NET ASSETS AT BEGINNING OF YEAR	42,504,673	32,357,862	74,862,535
NET ASSETS AT END OF YEAR	<u>\$ 36,391,903</u>	<u>\$ 29,157,052</u>	<u>\$ 65,548,955</u>

THE DIOCESE OF OHIO
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023 With Comparative Totals for the Year Ended December 31, 2022

	Program Services			Management and General	Fundraising and Development	2023 Total	2022 Totals
	Diocesan Ministry	Bellwether Farm	Total				
Salaries and related costs	\$ 601,344	\$ 525,957	\$ 1,127,301	\$ 1,401,660	\$ 17,309	\$ 2,546,270	\$ 2,160,172
Travel	55,567	127	55,694	34,969	775	91,438	37,420
Capital and other grants	645,171	-	645,171	-	-	645,171	947,305
Occupancy	54,828	188,297	243,125	104,123	-	347,248	315,438
Professional fees and related expenses	9,322	1,105	10,427	29,897	-	40,324	56,812
Depreciation and amortization	-	619,476	619,476	159,527	-	779,003	761,764
Office	58	15,816	15,874	335,524	13,268	364,666	340,397
Supplies and equipment	2,097	177,835	179,932	901	29,484	210,317	96,988
Assessments	364,346	-	364,346	-	-	364,346	378,055
Meetings, trainings, and convention	370,977	676	371,653	16,802	1,499	389,954	173,242
Communication	-	9,120	9,120	54,046	21,304	84,470	99,143
Clergy	264,562	-	264,562	-	-	264,562	265,683
Insurance	-	20,848	20,848	42,166	-	63,014	53,731
Other expenses	7,048	-	7,048	143,798	239	151,085	33,236
Total expenses	<u>\$ 2,375,320</u>	<u>\$ 1,559,257</u>	<u>\$ 3,934,577</u>	<u>\$ 2,323,413</u>	<u>\$ 83,878</u>	<u>\$ 6,341,868</u>	<u>\$ 5,719,386</u>

THE DIOCESE OF OHIO
STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 3,490,974	\$ (9,313,580)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	779,003	761,764
Increase (decrease) in allowance for bad debts and present value of promises to give discount	5,901	(585,244)
Loss on disposition of property and equipment	131,969	23,443
Net realized and unrealized (gains) losses on investments	(3,409,787)	8,879,968
Depreciation (Appreciation) of funds held in trust	(187,372)	722,669
Contributions restricted for long-term investment	(12,000)	(222,673)
Change in operating assets and liabilities:		
Promises to give	(660)	793,966
Assessments receivable	(76,547)	(11,034)
Interest and other receivables	121,210	(143,929)
Prepaid expense and other assets	32,112	8,487
Accounts payable	59,599	159,240
Accrued expenses and other liabilities	40,584	23,537
Grants payable	(31,805)	-
Promises to give payable	(193)	(80,222)
Other liabilities	2,189	(21,163)
Total adjustments	<u>(2,545,797)</u>	<u>10,308,809</u>
Net cash and cash equivalents provided by operating activities	945,177	995,229
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	1,047,911	632,156
Purchases of investments	(2,528,367)	(1,375,532)
Purchases of property and equipment	(1,068,340)	(440,899)
Proceeds from disposition of property and equipment	194,926	-
Advances on loans and notes receivables	(89,760)	(115,198)
Repayments from loans and notes receivable	78,458	96,828
Net cash and cash equivalents used in investing activities	<u>(2,365,172)</u>	<u>(1,202,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	<u>12,000</u>	<u>222,673</u>
Net cash and cash equivalents provided by financing activities	<u>12,000</u>	<u>222,673</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,407,995)	15,257
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,631,492</u>	<u>1,616,235</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 223,497</u>	<u>\$ 1,631,492</u>

THE DIOCESE OF OHIO

Notes to Financial Statements **Years Ended December 31, 2023 and 2022**

NOTE 1 - ORGANIZATION AND PURPOSE

The Diocese of Ohio (Diocese) qualifies under Internal Revenue Code Section 501(c)(3) as exempt from federal income taxes under Section 501(a). The Diocese is a not-for-profit organization that provides administrative support and spiritual leadership for the existing parishes and parish organizations subject to the jurisdiction of the Diocese or affiliated with the Protestant Episcopal Church. The Diocese's primary sources of revenue are assessments, contributions, and offerings from parishes and parish organizations.

The financial statements of the Diocese do not include the assets of existing parishes or parish organizations. Existing parishes include active and imperiled parishes, with the exception of certain imperiled parishes which are planned to be or have been restarted, as further described below. Any parish which has been declared extinct by Diocesan Convention ceases to exist, and all assets are transferred to the Diocese or the Trustees of the Diocese of Ohio, a related party (Trustees).

Under the provisions of The Episcopal Church (Church) and Diocesan canons, parishes hold legal title to all property, both real and personal, in trust for the Diocese and the Church. Parishes exercise control of their assets within the provisions of the trust. A parish may not, however, alienate or encumber its real property without the consent of the Standing Committee of the Diocese and the Bishop. All property of the parish is included in its books and records.

As of and for the years ending December 31, 2023 and 2022, these financial statements include certain personal property and financial activity for St. John's Church in Cleveland. St. John's Church is imperiled at December 31, 2023 and 2022.

Title to the real estate and other personal property of closed parishes is held in trust by the Trustees of the Diocese of Ohio, a related party, pending disposition of the assets and are not included in these financial statements.

In order to assume observance of limitations and restrictions placed on the use of resources available to the Diocese, the accounts of the Diocese are accounted for and reported by funds. Within these financial statements, the net assets within each fund are presented as either net assets without donor restrictions or net assets with donor restrictions. Donor restricted net assets may only be utilized for the donor's intended purpose and/or in accordance with the donor's time restrictions. The Diocese retains full control over net assets with donor restrictions for use in achieving any of its organizational purposes. Board designated net assets and reserves represent the portion of net assets without donor restrictions the Diocese has specified for certain purposes.

THE DIOCESE OF OHIO

Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Diocese's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its accounting standards for Not-for-Profit Entities. Under these standards, the Diocese is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions

This category includes net assets not subject to donor-imposed stipulations. Earnings and unrealized and realized gains and losses on donor restricted net assets are classified as without donor restrictions unless restricted by the donor or by applicable law. This category includes net assets designated for a specific purpose by the Diocesan Council or another governing authority. The governing authority may choose to adjust and/or rescind the designation at a future date.

Net Assets with Donor Restrictions

This category includes net assets where use by the Diocese is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Diocese pursuant to the stipulations. In addition, this category includes net assets restricted by donor stipulations neither expiring with the passage of time nor being fulfilled or otherwise be removed by actions of the Diocese.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total on the statement of functional expenses but not by functional classification. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Diocese's financial statements for the year ended December 31, 2022 from which the summarized information was derived.

Recently Adopted Accounting Standards

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance through Accounting Standards Codification (ASC) 326 which significantly changed how entities will measure credit losses for most financial assets and certain other instruments not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Diocese's exposure to credit risk and the measurement of credit losses. Financial assets held by the Diocese subject to the ASC were assessments and loans receivable.

THE DIOCESE OF OHIO

Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Standards (Continued)

The Diocese adopted the standard effective January 1, 2023 using the modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures.

Cash and Cash Equivalents

The Diocese considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. The Diocese maintains cash and cash equivalents at various financial institutions which may exceed federally insured amounts from time to time. Cash and cash equivalents exclude any cash and cash equivalents maintained in professional investment accounts.

Marketable Securities

The Diocese records marketable securities at their fair value based on quoted market prices as further described in Note 16. Changes in net unrealized gains and losses from investments represent changes in the different market values and costs and are included in the statements of activities and changes in net assets. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Assessments Receivable

Assessments receivable represent non-interest bearing assessments due from parishes as required under the Diocesan canons. The assessments are based on the normal operating expense of each parish and are due on a monthly basis. At the discretion of the Bishop, the time for payment may be extended by signing a note. No provision for uncollectible assessments has been made, since it is the opinion of management, in accordance with Diocesan canons, the assessments receivable are collectible in full. The outstanding balances of assessments receivable as of December 31, 2023, 2022, and 2021 were \$302,817, \$226,270, and \$215,236, respectively.

Allowance for Credit Losses

The Diocese operates in the religious sector and its assessments receivable and loans receivable are primarily derived from individual parishes. At each statement of financial position date, the Diocese recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

THE DIOCESE OF OHIO

Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses (Continued)

The allowance estimate is derived from a review of the Diocese's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Diocese. The Diocese believes historical loss information is a reasonable starting point from which to calculate the expected allowance for credit losses. Based on the Diocese's assessment and cash flow forecasts, the Diocese is anticipating no change in expected credit losses than have been incurred in the past. As a result, management has determined no allowance for credit losses should be recorded. Credit loss expense was \$-0- for the years ended December 31, 2023 and 2022.

Loans and Notes Receivable

With approval of the Diocesan Council, the Diocese makes unsecured loans from special purpose funds to the parishes as a means of financing construction of new buildings and improvements to existing buildings. Loans and notes receivable are stated at unpaid principal balances. All outstanding loans to parishes bear interest at 4.5%. The Diocesan Council, at their discretion, will determine if a loan will be placed on nonaccrual status. While the realization term of these loans may be extended, the Diocese monitors these loans closely and determines loans are past due when payments are no longer being made and no extensions have been granted. There are no loans that are on nonaccrual status.

Property and Equipment

Property and equipment are recorded at cost, and are depreciated using the straight-line method over the estimated useful lives of the assets: buildings, 39-45 years; building furnishings and equipment, 10 years; office and computer equipment, 3-10 years; vehicles and other, 5-10 years; and the Trinity Commons project, 5-40 years. The Diocese's policy is to capitalize assets greater than \$5,000 in value. Maintenance and repairs are charged to expense when incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions

The Diocese recognizes contributions in the period in which cash, securities, pledge or grant (unconditional promises to give), or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized as contributions until the conditions on which they depend are substantially met.

THE DIOCESE OF OHIO

Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Program Service Fees and Other Revenue

Program services fees and other revenue are recognized as revenue when the goods or services are rendered. Program services fees and other revenue received prior to year-end for future services to be performed are reported as deferred revenue on the statements of financial position.

Program services fees and other revenue are comprised of the following:

	Years Ended December 31,	
	2023	2022
Assessments	\$ 2,408,225	\$ 2,346,143
Bellwether Farm camp and retreat accommodations	485,520	332,298
Total program service fees	<u>\$ 2,893,745</u>	<u>\$ 2,678,441</u>
Rental income	\$ 7,500	\$ 12,050
Administrative fees	325,946	297,605
Bellwether Farm product sales	10,545	9,401
Miscellaneous income	7,797	291
Total other revenue	<u>\$ 351,788</u>	<u>\$ 319,347</u>

Assessments

Assessments are based on the normal operating expense of each parish as defined in the annual Parochial Report completed by each parish and are due on a monthly basis each month.

Bellwether Farm Camp and Retreat Accommodations

Revenues derived from overnight accommodations and meals at Bellwether Farm are recognized as the goods and services are delivered to event attendees. Meeting space rentals are recognized when the performance obligation of providing space for the event is satisfied.

Administrative Fees

Administrative fees are fees charged to various funds and Joint Investment Fund of the Trustees of the Diocese of Ohio.

THE DIOCESE OF OHIO

Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The activities of the Diocese are broken into two major program areas (Diocesan ministry and Bellwether Farm) and support services. Expenses identified with a specific program or supporting function are recorded directly according to their natural expense classification. Certain expenses relate to more than one function are allocated based on an analysis by the Diocese of employee time spent within each functional area. Although the methods of allocation used are considered appropriate, other methods could be used that would produce a different result.

Subsequent Events

Subsequent events were evaluated through May 27, 2025, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Diocese has both donor-restricted endowments and funds designated by the board as endowments. Income from these endowments may be restricted or designated for specific purposes, or available for general use. Donor-restricted endowment funds are not available for general expenditure. The board could redesignate the purposes of Board-designated endowment funds to make additional funds available for general expenditure. Income is used in accordance with the purpose established by the donor(s) and/or the designations by the respective board. However, financial assets may be redesignated if needed for other purposes. Financial assets that are restricted by the donors for long-term purposes or not due to be received within one year of the statement of financial position date are excluded from the below calculation.

All of the Diocese endowment funds are subject to a spending rate determined annually by The Trustees of the Diocese of Ohio, as further described in Note 15. The rate for the years ended 2023 and 2022 was 4.5%.

Amounts in excess of current needs may be invested in money market funds or other suitable short-term investments. As part of the annual budget process, Diocesan Council may set aside amounts for future events in operating reserves. A portion of an operating surplus may also be designated for operating reserves or for other programmatic initiatives.

THE DIOCESE OF OHIO

Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 3 - LIQUIDITY AND AVAILABILITY (CONTINUED)

Financial assets available for general expenditure within one year of the statement of financial position date, consist of the following:

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 223,497	\$ 1,456,347
Promises to give, net	1,167	755
Assessments receivable	302,817	226,270
Interest and other receivables	385,678	410,888
Loans and notes receivable	80,714	72,955
Marketable securities - JIF	1,516,187	1,561,371
Financial assets available to meet the cash needs for general expenditures within one year	<u>\$ 2,510,060</u>	<u>\$ 3,728,586</u>

NOTE 4 - MARKETABLE SECURITIES

The Diocese participates in the Joint Investment Fund (Fund). The Fund is an investment fund administered by the Trustees for the invested funds of the Diocese, existing parishes, parish organizations, and any not-for-profit organizations subject to the jurisdiction of The Episcopal Church. Assets in the Fund are primarily invested in U.S. government securities, actively traded stocks, and mutual funds. The Diocese records marketable securities at their fair value based on quoted market prices as further described in Note 16.

Cost and quoted market values (carrying value) of investments:

	December 31,			
	2023		2022	
	Cost	Market Value	Cost	Market Value
Joint Investment Fund	\$ 21,242,478	\$ 40,416,499	\$ 19,631,591	\$ 35,708,480
Money market and mutual funds	1,942,870	1,914,566	1,909,654	1,732,342
Total investments	<u>\$ 23,185,348</u>	<u>\$ 42,331,065</u>	<u>\$ 21,541,245</u>	<u>\$ 37,440,822</u>

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 5 - PERPETUAL TRUSTS

The Diocese, The Church Home, The Holy Cross House, and St. John's, Cleveland are irrevocable beneficiaries of several perpetual trusts held by third party trustees from which the Diocese receives trust income annually. The fair value of these beneficial interests totaled \$2,908,294 and \$2,720,922 as of December 31, 2023 and 2022, respectively, which is estimated to approximate the present value of expected future distributions from the trusts. Distributions from perpetual trusts and changes in the fair value are reflected in the statements of activities and changes in net assets.

NOTE 6 - PROMISES TO GIVE

During 2014, the Diocese began its Planting for Tomorrow-Growing in Faith Today campaign to raise funds for a new camp and retreat ministry center and parishes, as more fully described in Note 7. Several pledges also remain from its Legacy Campaign which ended in 2002. At December 31, 2023 and 2022, promises to give resulting from these campaigns have been reported net of discounts rates equal to 8.50% and 7.50%, respectively, for both the Planting for Tomorrow Campaign and the Legacy Campaign. These discounts will be amortized as revenue and support over the life of these pledges. At December 31, 2023 and 2022, the total value of promises to give includes \$210,000 due from related parties.

Promises to give at December 31, 2023 and 2022 are due as follows:

	Planting For Tomorrow	(Legacy) Trinity Commons	Bishop's Annual Appeal & Other	2023 Total	2022 Total
Less than one year	\$ 15,000	\$ -	\$ 1,167	\$ 16,167	\$ 11,255
One year to five years	-	20,000	257	20,257	20,000
More than five years	40,000	190,000	-	230,000	234,500
Total promises to give	55,000	210,000	1,424	266,424	265,755
Present value discount	(21,744)	(93,002)	-	(114,746)	(108,806)
Present value of promises to give	33,256	116,998	1,424	151,678	156,949
Allowance for doubtful pledges	(3,326)	-	-	(3,326)	(3,356)
Net realizable value of promises to give	<u>\$ 29,930</u>	<u>\$ 116,998</u>	<u>\$ 1,424</u>	<u>\$ 148,352</u>	<u>\$ 153,593</u>

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 7 - PLANTING FOR TOMORROW-GROWING IN FAITH TODAY

The Diocese's capital campaign, Planting for Tomorrow-Growing in Faith Today, was conducted between January 1, 2014 and June 30, 2015. The overall campaign goal was \$12 million: \$8 million for the camp and retreat ministry center, and \$4 million for parishes.

Leadership gifts from major donors are reflected in these financial statements as contributions revenue in the with donor restrictions section of the statements of activities and changes in net assets.

The Diocese acts as the fiscal agent for the parish collaborative campaigns. The parishes' portion of pledges receivable is included in the amounts shown in Note 6. Cash gifts and promises to give are also shown as promises to give payable in the statements of financial position. The parishes record revenue from the cash and/or pledges when received or accrued based on their respective accounting methods. The Diocese disburses cash (gifts and pledge payments received) to parishes on a quarterly basis. Some donors restricted their gifts to be used for the parish only, and those gifts are not recorded in these financial statements.

Several parishes made gifts to the campaign or conducted in-pew appeals from their parishioners. These gifts, as well as the Diocese's share of cash gifts and pledges from parish collaborative campaigns, are recorded in these financial statements in the same manner as leadership gifts described above. Promises to give payable have been reported net of a discount rate of 8.50% and 7.50% at December 31, 2023 and 2022, respectively, and are payable upon collection of the corresponding pledge contributions. The present value discount on promises to give payable was \$15,221 and \$6,432 as of December 31, 2023 and 2022, respectively.

Annual amounts payable to parishes from their collaborative campaigns are as follows:

Years Ending December 31,	Amount
2024	\$ 9,450
Thereafter	11,501
Total pledges payable	<u>\$ 20,951</u>

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 8 - LOANS AND NOTES RECEIVABLE

At December 31, 2023, loans and notes are expected to be collected as follows:

Years Ending December 31,	Amount
2024	\$ 81,392
2025	43,757
2026	29,952
2027	17,910
2028	18,733
	<hr/>
	\$ 191,744

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	2023	2022
Land and buildings	\$ 20,793,724	\$20,409,799
Building furnishings and equipment	926,619	883,877
Office and computer equipment	367,142	348,386
Vehicles and other	343,419	269,879
Trinity Commons Project (Note 12)	5,676,803	5,542,450
	<hr/>	<hr/>
Less: accumulated depreciation and amortization	28,107,707	27,454,391
	<hr/>	<hr/>
	5,078,482	4,387,608
	<hr/>	<hr/>
Construction in progress	23,029,225	23,066,783
	<hr/>	<hr/>
	7,821	7,821
	<hr/>	<hr/>
	\$ 23,037,046	\$23,074,604

Depreciation and amortization expense was \$779,003 and \$761,764, respectively, for the years ended December 31, 2023 and 2022.

NOTE 10 - GRANTS PAYABLE

At December 31, 2023 and 2022, the Diocese had committed \$77,998 and \$109,803, respectively, (exclusive of its ownership portion) to support the Trinity Commons project as a result of Legacy campaign pledge contributions. These amounts have been reported net of a discount rate of 8.50% and 7.50% at December 31, 2023 and 2022, respectively, and are payable upon collection of the corresponding pledge contributions.

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 11 - CO-BORROWERS

In February 2014, St. Barnabas Church in Bay Village purchased a residence to be used as a rectory. St. Barnabas and the Diocese are co-borrowers on the mortgage with First Federal of Lakewood secured by the property. The mortgage bears interest at an annual rate of 4.00%. Interest and principal payments of \$1,103 are payable monthly, and the mortgage matures on April 1, 2024. At the maturity date, a balloon payment of \$62,568 is estimated to be due. On April 17, 2024, the mortgage was refinanced for an additional 10 years. As of May 1, 2024, the mortgage bears interest at the rate of 7.00% for the first five years of the term, and the rate is subject to adjustment on May 1, 2029. Interest and principal payments of \$727 are payable monthly, and the mortgage matures on April 1, 2034.

The mortgage is secured by the St. Barnabas building. The balance of the mortgage was \$68,759 and \$86,582 on December 31, 2023 and 2022, respectively. The mortgage liability is appropriately recognized in the financial records of St. Barnabas Church and excluded from liabilities of the Diocese. There was no interest expense for the years ended December 31, 2023 and 2022.

NOTE 12 - TRINITY COMMONS PROJECT

The Diocese entered into a joint ownership agreement with Trinity Cathedral (Cathedral) for ownership, operation, and management of a building project known as Trinity Commons. This fulfills a common goal of the Diocese and the Cathedral to develop and operate a religious and community outreach campus. The project was completed and placed in service January 1, 2003.

The Diocese and the Cathedral each have an individual 50% leasehold interest in the property as well as an undivided 50% ownership interest in the improvements comprising the project.

The total project cost, including equipment and furnishing, was approximately \$10,600,000. The source of funds for the construction, equipping, and ongoing operating of the project are charitable gifts and grants as received through the Legacy pledge campaign (Note 6), investment by both the Diocese and Cathedral, bank financing, and operating revenues the project generates, including revenues from third-party rentals.

Project expenses and other required funds for the project or the property are proportioned on a basis of 33.33% to the Diocese and 66.67% to the Cathedral, or as adjusted by the operating agreement in place.

Total amounts reported in the statements of activities and changes in net assets are as follows:

	Years Ended December 31,	
	2023	2022
Occupancy	\$ 107,089	\$ 89,885
Depreciation and amortization	134,919	130,316

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

	December 31,	
	2023	2022
Donor-restricted to be expended for specified purpose		
Capital loans and grants	\$ 1,312,690	\$ 1,264,832
St. John's, Cleveland - building	58,950	58,950
Youth scholarships	1,891	16,295
Bellwether Farm - maintenance	846,471	773,738
Bellwether Farm - operations	3,269,755	2,779,516
Trinity Commons	77	-
Support of Greater Akron congregational development	227,514	198,986
Bishop's discretionary use	320,101	155,115
Support for gun violence prevention	4,048	-
Bishop's Annual Appeal	179,783	225,470
Clergy education	1,264,099	903,362
ECS - Annual Campaign	84,868	80,070
ECS - Work among the aged	209,198	191,878
Disabled & infirm clergy	242,560	193,736
Support of the Episcopacy	36,408	4,878
Support of missions	330,562	299,256
Support of parishes	12,659	45,224
Support of the general welfare of the needy	26,229	24,058
Support for the advancement of the work of the Protestant Episcopal Church among African-Americans in Cleveland	90,865	83,342
Support for African - American seminarians	175,214	153,244
Support for cemetery lot maintenance	34,325	30,021
Support of nursing home costs for elderly women	66,419	55,470
Support of St. John's Home	601,116	551,347
Total subject to purpose restrictions	\$ 9,395,802	\$ 8,088,788

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	December 31,	
	2023	2022
Endowments:		
Original donor-restricted gift amount		
Support for hospital chaplaincies	\$ 4,925	\$ 4,925
Support of parishes	887,100	864,320
ECS - Administration	486,321	486,321
Support for urban ministry and leadership development	292,303	292,303
Support for college chaplaincies	429,447	427,448
Support for the Bishop's office	2,109,343	2,109,343
Clergy education	1,786,077	1,782,069
Support for operations	33,469	33,469
Support of missions	298,646	298,646
Support of global missions	546,044	546,044
Support of the general welfare of the needy	134,884	134,884
Support for camp and retreat ministry	208,158	208,158
Support of capital loans and grants	667,412	667,412
Disabled and Infirm clergy	96,731	96,731
Support of Bexley Hall	5,541	5,541
Support of youth scholarships	106,216	106,216
Clergy family scholarships	10,000	-
Support of nursing home costs for elderly women	50,000	50,000
Interest in Rhodes Trust	585,262	548,748
The Church Home	748,060	696,150
The Holy Cross House	587,131	544,242
Support for St. John's, Cleveland	674,565	645,293
Support for Christ Church, Lima	15,752	15,752
Support of St. John's Home	127,470	127,470
Total original donor restricted gift amount	<u>\$10,890,857</u>	<u>\$10,691,485</u>

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	December 31,	
	2023	2022
Endowments (Continued):		
Accumulated investment gains		
Support for hospital chaplaincies	\$ 10,229	\$ 8,329
Support of parishes	805,647	677,936
ECS - Administration	340,053	275,305
Support for urban ministry and leadership development	103,239	70,055
Support for college chaplaincies	293,388	227,057
Support for the Bishop's office	4,057,720	3,540,406
Clergy education	2,545,091	2,193,095
Support for operations	13,974	10,046
Support of missions	1,030,152	920,136
Support of global missions	264,491	216,223
Support of the general welfare of the needy	396,901	352,872
Support for camp and retreat ministry	425,635	372,898
Support of capital loans and grants	126,818	108,971
Disabled and infirm clergy	608,993	550,563
Support of Bexley Hall	36,662	33,168
Support of youth scholarships	31,344	16,130
Support of nursing home costs for elderly women	11,527	6,433
Support of St. John's Home	883,215	797,156
Total accumulated investment gains	<u>\$ 11,985,079</u>	<u>\$10,376,779</u>
Total endowments	<u>\$ 22,875,936</u>	<u>\$21,068,264</u>
Total net assets with donor restrictions	<u>\$ 32,271,738</u>	<u>\$29,157,052</u>

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 14 - NET ASSETS WITHOUT DONOR RESTRICTIONS - DESIGNATED

Net assets without donor restrictions have been designated for the following purposes:

	December 31,	
	2023	2022
ECS - Administration	\$ 213,784	\$ 200,624
For operating reserves	595,363	847,052
For parishes	971,940	608,717
For support of capital loans and grants	4,045,081	3,650,797
For support of clergy education	174,687	278,845
For support of missions	186,611	171,160
For support of the Bishop's residence	130,816	114,413
For support of the Episcopate	476,886	435,341
For the Bishop's discretionary use	112,989	103,635
For the Boar's Head Festival	10,398	11,456
For the Diocesan resource center	10,620	9,319
For the history of the Diocese	15,000	15,000
For the Trustees	21,112	19,364
For Youth Scholarships	5,957	5,464
The Church Home	3,900,188	3,944,355
The Holy Cross House	808,500	750,920
	<hr/> <u>\$ 11,679,932</u>	<hr/> <u>\$ 11,166,462</u>

NOTE 15 - ENDOWMENT FUNDS

The endowment funds of the Diocese include board-designated and donor-restricted endowment funds. 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 Trustees of the Diocese of Ohio have interpreted the Ohio Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date to the donor-restricted endowment funds absent explicit donor stipulations to 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, 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.

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 15 - ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporary restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) the duration and preservation of the 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

Return Objectives and Risk Parameters

The Trustees of the Diocese of Ohio have adopted investment and spending policies for both donor-restricted and Board-designated special purpose and endowment assets invested in the Fund. These policies, which are enumerated in the Statement of Spending and Investment Policy (Policy), attempt to provide a predictable stream of funding to programs supported by these assets. Under this policy, the endowment and special purpose funds are invested in a manner to achieve the objective of an annual return that is at least 4-6% greater than the rate of inflation as measured by the Consumer Price Index (CPI), while investing with sufficient diversification to minimize the risk of large losses to the fund. Actual return of the Fund may vary from this objective. These policies may be amended from time to time as determined by the Trustees.

Strategies Employed for Achieving Objectives

In order to satisfy its long-term investment objectives, the Trustees rely on a total return orientation that attempts to achieve investment returns through both income and growth. The Policy includes asset allocation guidelines for domestic and international equity, cash and fixed income, and alternative investments. A target allocation percentage as well as tolerance ranges are identified for each asset group. A combination of actively managed accounts and passive investments has been selected to implement the asset allocation. The guidelines have been implemented by the investment managers and reviewed by the Trustees annually, or more frequently if needed. The Policy also describes the benchmark used to measure Fund performance.

The Trustees have also adopted policies for socially responsible investing. These policies prohibit the direct investment in tobacco and gaming companies. The Trustees have hired investment advisers who monitor compliance with the socially responsible investment policies and report their findings to the Trustees.

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 15 - ENDOWMENT FUNDS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to the Policy

As of March 31st of each year, the Trustees determine the average unit value for the Fund for the 12 previous calendar quarters ending on that date. A spending rate is then applied to the average unit value to determine the annual income to participants for the subsequent calendar year. During 2023 and 2022, the Trustees approved a spending rate of 4.5%. This rate is evaluated annually by the Trustees and is subject to change.

The spending policy is consistent with the Diocese'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.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 9,726,480	\$ -	\$ 9,726,480
Donor-restricted endowment funds:			
Original donor restricted gift amount	-	10,890,857	10,890,857
Accumulated investment gains	-	11,985,079	11,985,079
Total	<u>\$ 9,726,480</u>	<u>\$22,875,936</u>	<u>\$32,602,416</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 9,227,183	\$21,068,264	\$30,295,447
Investment return, net	1,156,526	2,601,819	3,758,345
Contributions to perpetual endowments	-	12,000	12,000
Transfers from other funds	14,317	(14,317)	-
Amounts appropriated for expenditure	(671,546)	(791,830)	(1,463,376)
Endowment net assets - end of year	<u>\$ 9,726,480</u>	<u>\$22,875,936</u>	<u>\$32,602,416</u>

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 15 - ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2022 is:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 9,227,183	\$ -	\$ 9,227,183
Donor-restricted endowment funds			
Original donor restricted gift amount	-	10,691,485	10,691,485
Accumulated investment gains	-	10,376,779	10,376,779
Total	<u>\$ 9,227,183</u>	<u>\$ 21,068,264</u>	<u>\$ 30,295,447</u>

Changes in endowment net assets for the year ended December 31, 2022 is:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$11,660,776	\$25,618,887	\$37,279,663
Investment return, net	(2,154,062)	(3,586,612)	(5,740,674)
Contributions to perpetual endowments	-	222,673	222,673
Transfers from other funds	-	7,894	7,894
Amounts appropriated for expenditure	(279,531)	(1,194,578)	(1,474,109)
Endowment net assets - end of year	<u>\$ 9,227,183</u>	<u>\$ 21,068,264</u>	<u>\$ 30,295,447</u>

At certain times, donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Diocese has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023, funds with original gift values of \$493,721, fair values of \$493,454, and deficiencies of \$267 were reported in net assets with donor restrictions. At December 31, 2022, there were no underwater endowments.

NOTE 16 - FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities to be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets the Diocese has the ability to access.

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 16 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values determined by Level 2 inputs use other inputs that are observable, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets. Joint Investment Fund is valued at the fair market value of its share of the investment pool.

Level 3 inputs are unobservable inputs, including inputs available in situations where there is little, if any, market activity for the related asset. Perpetual trusts are valued at the fair market value of the assets contributed to the trusts, which is estimated to approximate the present value of expected distributions from the trusts.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Diocese's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset. There have been no changes in the methodologies used at December 31, 2023 and 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Diocese believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

The following tables present information about the Diocese's assets measured at fair value on a recurring basis at December 31, 2023 and 2022 and the valuation techniques used by the Diocese to determine those fair values.

Assets measured at fair value on a recurring basis at December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Joint Investment Fund (Note 4)	\$ -	\$ 40,416,499	\$ -	\$ 40,416,499
Perpetual trusts (Note 5)	\$ -	\$ -	\$ 2,908,294	\$ 2,908,294
Mutual funds (Note 4)	\$ 1,914,566	\$ -	\$ -	\$ 1,914,566

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 16 - FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at December 31, 2022:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Joint Investment Fund (Note 4)	\$ -	\$ 35,708,480	\$ -	\$ 35,708,480
Perpetual trusts (Note 5)	\$ -	\$ -	\$ 2,720,922	\$ 2,720,922
Mutual funds (Note 4)	\$ 1,732,342	\$ -	\$ -	\$ 1,732,342

NOTE 17 - UNCERTAIN INCOME TAX POSITIONS

The Diocese identifies, evaluates, and measures uncertain income tax positions, if any. The Diocese is currently not required to file any federal or state income tax returns and is exempt under the group exemption of the Protestant Episcopal Church in the United States of America.

The Diocese has established a system to monitor and evaluate potential income tax positions, which may include, but not limited to, such items as:

- The tax exemption of the Diocese, including its status under the group exemption,
- Unrelated business income, and
- State income tax filing requirements.

At December 31, 2023 and 2022, there are no uncertain income tax positions required to be disclosed.

NOTE 18 - EMPLOYEE BENEFITS PLAN

All clergy of the Diocese are covered by a defined benefit pension plan administered by the Church Pension Fund, requiring contributions at 18% of compensation, which totaled \$102,384 and \$103,851, respectively during the years ended December 31, 2023 and 2022. The pension plan's assets exceeded the actuarially computed present value of accumulated benefits as of March 31, 2024, the date of the last actuarial valuation. In the event of withdrawal from the plan, and under certain circumstances, a contributor to a multiple employer plan may be liable for a portion of any under-funded status. Information as to the actuarial present value of vested and non-vested accumulated plan benefits and the plan's net assets available for benefits attributable to employees of the Diocese is not available since the Church Pension Fund does not compute it for each participating diocese.

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Notes to Financial Statements Years Ended December 31, 2023 and 2022

NOTE 18 - EMPLOYEE BENEFITS PLAN (CONTINUED)

All lay employees are covered by a noncontributory defined contribution plan sponsored by the Diocese. Under the plan provisions, the Diocese contributed 9.52% of eligible participants' compensation as defined in the plan document. For years ending December 31, 2023 and 2022, the lay pension expense was \$108,464 and \$79,044, respectively.

NOTE 19 - RELATED PARTY TRANSACTIONS

The Trustees make contributions to the Diocese from the sale of closed and reverted parish properties. For the years ended December 31, 2023 and 2022, contributions of \$203,612 and \$199,263, respectively, were made.

The Diocese has promises to give due from related parties as further described in Note 6.