

Diocesan Trustees Report, Second Quarter of 2022

Funds invested by the Diocesan Trustees are negative through the 2nd quarter in the calendar year 2022 in both the Endowment and Combined accounts. Total portfolio through the end of June 2022 was down -16.31%.

The Endowment Fund was down Q2 -11.50%. The balance through the end of June 2022 was \$2,599,193. Year to date through the end of Q2 was down -16.87%.

The Combined Fund was down Q2 -11.04%. The balance through the end of June 2022 was \$3,416,014. Year to date through the end of Q2 was down 15.90%.

The Diocesan Endowment Fund is invested in a managed portfolio. The value of the Endowment Fund decreased from 2,967,487 on April 1, 2022 to a value of \$2,599,193 on June 30, 2022. The investments lost \$339,942 in value for the Second quarter of 2022. However, there were withdrawals of -\$28,352 during Q2 of 2022. Year to date decrease through the end of June was -\$533,112.

The Combined Fund is also invested in a managed portfolio. The Combined Fund decreased in value from \$3,879,293 on April 1, 2022 to a value of \$3,416,014 on June 30, 2022. The investments lost

-\$427,209 in value for the Second quarter of 2022. However, there were withdrawals of -\$36,070 during Q2 of 2022. Year to date decrease through the end of June was -\$653,236.

Financial markets had a rough first half of 2022. Since the end of the second quarter, financial markets have been up and down often on a daily basis. The Diocese's funds are invested in a manner to minimize short term losses while looking to long-term gains.

Donald Monty

Chairman Diocese of Springfield Trustees

**Treasurer's Report
August 20, 2022**

Year to Date June 30, 2022 (2nd Quarter)

FINANCIALS

For year-to-date June 30, 2022, Total Revenue was \$372,048.50 compared to budgeted revenues of \$378,759. Current year 4010 – Pledges were \$227,763.87 or \$72,236.13 under budget. (By 7-31-22 Pledge income had increased to \$277,020.12 – \$72,979.88 under budget)

Total Expenses were \$491,309.45 or \$62,578.89 less than budgeted expenses of \$553,888.34. The primary reasons expenses were under budget were related to Outreach (5302, 5303), Clergy Group Insurance (5452), and Total Programs (5566, 5802, 5809, 5754, 5850, 5855).

5368 – Accounting is over budget because of additional billable discussions and work related to Bishop Burgess transition and the accounting firm taking over additional bill paying and banking duties from staff. 5389 Mission Support is over budget due to a make-up pension payment for Fr Muriuki and Council approved support for Trinity Mattoon. 5852 Commission on Ministry is over budget due to an above average number of candidates in the first 6 months. Minimal if any expenses for COM should be incurred in the last 6 months of 2022. 5904 Standing Committee was overbudget due to expenses for the Bishop consent and consecration processes, plus relocation costs for the Burgesses.

The deficit of \$(119,260.25) was less than the projected deficit of \$(175,129.40).

INVESTMENTS (More detail in Don Monty's Trustees' Report)

As of June 30, 2022, the Endowment for the Episcopate, \$ 2,598,760.31, and the Combined Account, \$3,415,519.57, had a total market value of \$6,014,279.88. This compares to a total market value as of June 20, 2021, of \$7,351,634.36

(1,337,354.48). There has been a significant overall downturn in the investment markets with inflation trends and fear of recession.

AUDIT

As previously communicated to Council, our long-time auditor, Allen Murphy of Murphy & Associates CPAs, LLC, withdrew from annual audits as part of his areas of practice. Allen Murphy finally decided the week before the Bishop's consecration in May.

On the recommendation of our accounting firm and friend a proposal was requested from Eck Schafer & Punke (ESP). On the recommendation of our prior auditor Allen Murphy, I also called & emailed Lori Milosevich, CPA of Estes, Bridgewater, & Ogden CPAs. Ms. Milosevich did not respond to multiple calls & emails.

A proposal was received from Eck Schafer & Punke (ESP) to complete the 2021-2023 Annual Audits. They have extensive experience in the not-for-profit sector & church organizations. The proposal was shared with the Department of Finance, The Department of Audit, chancellor Kevin Babb, Bishop Burgess, and the Diocesan Staff. Since the audit by a CPA is a mandatory TEC requirement and the Synod and Diocesan Council had approved funding for an Annual Audit, the decision was made to move ahead and engage ESP. Jim Hogge, CPA will be the principal lead of the 3-person audit team. A 3-person audit team should help with timeliness and continuity.

ESP's proposal is significantly higher than we have budgeted (\$8,360) but they are quoting a 3-year engagement with small annual increases (\$12,000, \$12,250, \$12,500). These costs appear more in line with the marketplace than what we were paying in the past.

ESP is in the process of wrapping up the audit and should report their findings by September 1.

REPORT OF THE DIOCESAN AUDIT COMMITTEE

In spite of the manifold changes that have occurred in our diocese, the assurance of the financial integrity of our eucharistic communities remains the responsibility of the Mission Leadership Teams and the clergy in charge. Therefore, I would remind you that the reports of the financial audits are due September 1, 2022. As of this date, ten (10) eucharistic communities have submitted, whole or in part, audits in conformity with the Diocesan Audit Guide, as promulgated by this committee. Please see that your congregation has complied with this requirement.

If you need clarification or assistance in completing the 2019 financial audit, please contact me.

The Rev. Dr. Thomas W. Langford
Chairman