

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

TOGETHER WITH

AUDITOR'S REPORT

SPILLAR, MITCHAM, EATON & BICKNELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL D. MITCHAM
JEFFERY L. EATON
TIMOTHY J. BICKNELL

July 20, 2011

INDEPENDENT AUDITOR'S REPORT

Finance Committee
The Episcopal Diocese of Fort Worth

We have audited the accompanying statement of financial position of the Funds Administered by the Finance Committee of The Episcopal Diocese of Fort Worth as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Funds Administered by the Finance Committee of the Episcopal Diocese of Fort Worth as of December 31, 2010 and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Spillar Mitcham Eaton & Bicknell L.L.P.

SPILLAR, MITCHAM, EATON & BICKNELL, L.L.P.

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Cash and cash equivalents	\$ 219,157
Accounts receivable	61,399
Notes receivable	701,072
Property and equipment, net	<u>1,217,284</u>
Total Assets	<u>\$2,198,912</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	<u>\$ 41,416</u>
Total Liabilities	<u>41,416</u>
Net Assets	
Unrestricted	
Undesignated	1,317,028
Board designated for specific purposes	<u>914,877</u>
Total Unrestricted	2,231,905
Temporarily restricted (deficit)	<u>(74,409)</u>
Total Net Assets	<u>2,157,496</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,198,912</u>

The accompanying notes are an integral part of these financial statements.

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Parish and mission assessments	\$1,476,900	\$	\$1,476,900
Mission apportionments	368,493		368,493
Endowment of the Episcopate	22,500		22,500
Diocesan Fund	1,500		1,500
Interest income	5,362		5,362
Other support	111,427		111,427
Special Programs - gifts, activities and reimbursements		967,300	967,300
Net assets released from restrictions	<u>1,293,480</u>	<u>(1,293,480)</u>	<u> </u>
TOTAL REVENUE AND OTHER SUPPORT	<u>3,279,662</u>	<u>(326,180)</u>	<u>2,953,482</u>
Expenses and Losses			
General Church	75,150		75,150
Ministry of the Episcopate	201,331		201,331
Building operations and maintenance	96,711		96,711
Office operation	60,401		60,401
Diocesan support	9,237		9,237
Program administration			
Personnel	500,623		500,623
Department of Missions	775,270		775,270
Department of Diocesan Ministries	286,543		286,543
Department of Community Ministries	29,000		29,000
Special Programs	<u>1,293,480</u>	<u> </u>	<u>1,293,480</u>
TOTAL EXPENSES AND LOSSES	<u>3,327,746</u>	<u>-0-</u>	<u>3,327,746</u>
Change in Net Assets	(48,084)	(326,180)	(374,264)
Net Assets, January 1, 2010	<u>2,279,989</u>	<u>251,771</u>	<u>2,531,760</u>
Net Assets (Deficit), December 31, 2010	<u>\$2,231,905</u>	<u>\$ (74,409)</u>	<u>\$2,157,496</u>

The accompanying notes are an integral part
of these financial statements.

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

Cash Flows From Operating Activities	
Change in net assets	\$ (374,264)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	63,165
(Increase) decrease in operating assets:	
Accounts receivable	17,156
Increase (decrease) in operating liabilities:	
Accounts payable	<u>1,158</u>
Net Cash Used by Operating Activities	<u>(292,785)</u>
Cash Flows From Investing Activities	
Notes receivable originated	(6,918)
Principal payments on notes receivable	<u>20,072</u>
Net Cash Used by Investing Activities	<u>13,154</u>
Net Decrease in Cash and Cash Equivalents	(279,631)
Cash and Cash Equivalents:	
January 1, 2010	<u>498,788</u>
December 31, 2010	<u>\$ 219,157</u>

The accompanying notes are an integral part
of these financial statements.

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Episcopal Diocese of Fort Worth (the Diocese), was organized in January of 1983 under the Constitution and Canons of the Episcopal Church U.S.A. The Diocese is a constituent member of the Anglican Communion. The Bishop of the Diocese has jurisdiction over all organizations within the Diocese. These include parishes, missions, schools, and other certain charitable organizations and funds. Title to all property of these organizations is in the name of the Corporation of the Episcopal Diocese of Fort Worth.

The accompanying financial statements include accounts maintained by the Finance Committee of the Diocese. These accounts include general operations of the Diocese, loans made to related organizations, and special donor restricted accounts and pass-through accounts.

The Corporation of the Episcopal Diocese of Fort Worth holds substantial amounts of real estate intended for use in Diocesan activities. Such real estate held by the Corporation is not included in the accompanying financial statements.

BASIS OF ACCOUNTING

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

USE OF ESTIMATES

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

INCOME TAX STATUS

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTES RECEIVABLE

The Diocese lends money to various parishes and missions. During 2010, one loan was made totaling \$6,918. All notes are unsecured. A summary of the outstanding notes receivable at December 31, 2010:

	<u>Maturities</u>	<u>Interest Rates</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Total</u>
Revolving loan account	2012-2037	4.00%-6.00%	\$ 19,640	\$673,476	\$693,116
Special programs	2017	2.00%	<u>1,172</u>	<u>6,784</u>	<u>7,956</u>
			<u>\$ 20,812</u>	<u>\$680,260</u>	<u>\$701,072</u>

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method. Property and equipment consist of the following:

	<u>Estimated Lives</u>	<u>Cost</u>	<u>Depreciation Expense</u>
Land		\$ 230,632	\$
Diocesan Center Building	40 years	1,195,032	29,876
Landscaping	15 years	191,853	12,790
Computer equipment and software	3 years	34,498	2,179
Telephone system	5 years	7,005	-0-
Furniture and fixtures	5 years	216,448	738
Automobiles	5 years	<u>87,910</u>	<u>17,582</u>
		1,963,378	<u>\$ 63,165</u>
Less accumulated depreciation		<u>746,094</u>	
Property and equipment, net		<u>\$1,217,284</u>	

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

BOARD DESIGNATED NET ASSETS

The board has designated a revolving loan account to lend money to various parishes and missions.

NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during 2010. The total amount released for 2010 was \$1,293,480.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2010:

Bishop's Golf Tournament	\$ 25,004
Catastrophe Reserve	31,911
Other	<u>(131,324)</u>
	<u>\$ (74,409)</u>

RETIREMENT PLAN

The Diocese maintains a 403(b) retirement plan for Clergy and eligible lay employees that is administered by Frost Bank. Contributions are determined by salaries and length of service. The total expended for pension benefits in 2010 was \$171,746.

CONTINGENCIES

During 2009, the Corporation of the Episcopal Diocese of Fort Worth ("the Corporation") was named in several lawsuits brought by organizations that have withdrawn from the Diocese. The Corporation has engaged legal counsel and intends to vigorously defend against the claims. Management of the Funds Administered by the Finance Committee of the Episcopal Diocese of Fort Worth believes that the lawsuits are completely without merit, and no liability has been recorded by the Organization as a result.

SUPPLEMENTARY INFORMATION

SPILLAR, MITCHAM, EATON & BICKNELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL D. MITCHAM
JEFFERY L. EATON
TIMOTHY J. BICKNELL

July 20, 2011

Independent Auditor's Report on Supplementary Information

Finance Committee
The Episcopal Diocese of Fort Worth

We have audited the financial statements of the Funds Administered by the Finance Committee of the Episcopal Diocese of Fort Worth as of and for the year ended December 31, 2010, and our report thereon dated July 20, 2011, which expressed an unqualified opinion on those financial statements, appears on page two. Our audit was conducted for the purpose of forming and opinion on the financial statements taken as a whole. The Statement of Budgeted and Actual Activities of the Operating Account and Statement of Net Assets of the Special Programs are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Spillar Mitcham Eaton & Bicknell C.P.A.

SPILLAR, MITCHAM, EATON & BICKNELL, L.L.P.

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH

STATEMENT OF BUDGETED AND ACTUAL ACTIVITIES
OF THE OPERATING ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Operating Account</u>		Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue and Other Support			
Parish and mission assessments	\$1,490,411	\$1,476,900	\$ (13,511)
Mission apportionments	339,000	368,493	29,493
Endowment of the Episcopate	22,500	22,500	
Diocesan Fund	1,500	1,500	
Other support	<u>127,704</u>	<u>111,427</u>	<u>(16,277)</u>
	<u>1,981,115</u>	<u>1,980,820</u>	<u>(295)</u>
Expenses and Losses			
General church	75,500	75,150	350
Ministry of the Episcopate	193,531	201,331	(7,800)
Building operations and maintenance	56,900	96,711	(39,811)
Office operation	65,200	60,401	4,799
Diocesan support	8,000	9,237	(1,237)
Program administration			
Personnel	488,326	500,623	(12,297)
Department of Missions	740,133	775,270	(35,137)
Department of Diocesan Ministries	324,525	286,543	37,982
Department of Community Ministries	<u>29,000</u>	<u>29,000</u>	
	<u>1,981,115</u>	<u>2,034,266</u>	<u>(53,151)</u>
Change in Net Assets	<u>\$ -0-</u>	<u>\$ (53,446)</u>	<u>\$ (53,446)</u>

FUNDS ADMINISTERED BY THE FINANCE COMMITTEE
OF THE EPISCOPAL DIOCESE OF FORT WORTH

STATEMENT OF NET ASSETS OF THE SPECIAL PROGRAMS
DECEMBER 31, 2010

<u>Program Title</u>	<u>Balance Beginning of Year</u>	<u>Revenue</u>	<u>Expense Disbursements</u>	<u>Balance End of Year</u>
Bishop's Golf Tournament	\$ 26,771	\$ 41,673	\$ 43,440	\$ 25,004
Bishop's Mission Work	6,421	5,185	9,068	2,538
Catastrophe Reserve	26,634	34,952	29,675	31,911
Church Plant	1,583	6,600	8,180	3
Clergy Retreat	1,236	20,345	21,281	300
Diocese of N. Malawi	1,000		875	125
La Gran Familia	14,736	9,824	14,000	10,560
Legal Fund	(28,232)	622,749	847,420	(252,903)
Memorial Scholarship Account	11,274	18,058	28,773	559
N. Malawi Centurions	47	20,774	18,980	1,841
Oil and Gas Lease	33,448	7,198	39,709	937
Operating Reserve	61,490	4,543	64,948	1,085
Other Accounts	30,984	128,557	97,825	61,716
Reserve for Maintenance	5,859	4,601	999	9,461
St. Peter's Account	19,006	207	749	18,464
Turner Fund	<u>39,514</u>	<u>42,034</u>	<u>67,558</u>	<u>13,990</u>
Totals	<u>\$251,771</u>	<u>\$967,300</u>	<u>\$1,293,480</u>	<u>\$(74,409)</u>

