

J O U R N A L

One Hundred Seventy-Sixth

ANNUAL COUNCIL

The Episcopal Diocese of Texas

Volume I

Fort Worth, TX

February 7-8, 2025

THE EPISCOPAL DIOCESE OF TEXAS VISION DOCUMENT

MISSION STATEMENT

We are one Church reconciled by Jesus Christ, empowered by the Holy Spirit, called by God through worship, witness, and ministry, building the Kingdom of God together.

CORE VALUES

Grounded in our response to the Baptismal Covenant and Great Commission, the Churches, Schools, and Institutions of the Episcopal Diocese of Texas passionately hold these values:

Missionary Emphasis

Making Jesus Christ known with a missionary spirit that honors our heritage of growth and expansion

Education and Leadership

Forming disciples, both lay and clergy, to be effective agents of transformation

Meeting Human Needs

Bringing the love of Christ to a hurting world

Responsive Stewardship

Caring for and dedication of our abundant resources to support the mission of the Church

Excellence

Setting a standard for ministry driven by miraculous expectation

VISION

As followers of Jesus Christ, we are One Church within the Anglican Communion and The Episcopal Church. All are sought and embraced in worship, mission, and ministry in a spirit of mutual love and respect.

We are:

Youthful: Our congregations and institutions are continually renewed and revitalized through the infusion and inclusion of younger members. Children, youth, young adults, their friends and families, find in our diocese significant and engaging programs and ministries that inspire, inform, and support them on their Christian journey.

Multicultural: Our diocese is enriched through intentional efforts to reflect the communities in which we live. People of diverse ethnic, cultural, and socioeconomic backgrounds find respect, dignity, and opportunity in the life and ministry of the church.

Forming and Growing: Those seeking a deeper relationship with Jesus are nurtured and equipped to share the love of Christ in the world. They find lifelong opportunities for spiritual formation and servant leadership grounded in scripture and our historic catholic faith.

Reaching out to Serve: Those who serve and are served are transformed. People who are in need and who struggle, find hope, care, and restoration through the outreach and justice ministries provided by the people of the Episcopal Diocese of Texas.

One Church: We are a united, vibrant, healthy, and growing community of faith. The world will recognize us as Jesus' disciples because we love one another as Christ loves us.

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VOLUME I – REPORTS TO COUNCIL

FROM THE 175th COUNCIL

UNFINISHED BUSINESS & CERTIFICATION OF MINUTES

I certify that there are no items of unfinished business remaining from the 175th Annual Council of the Episcopal Diocese of Texas. I also certify that the minutes (as contained in Volume II, *Journal of the 175th Council*) are a true and accurate account of the proceedings of that Council.

Marcea Paul, Secretary

REGULAR COMMITTEES FOR THE 176TH COUNCIL (2025)

CONSTITUTION & CANONS

The Rev. Stanford Adams, Good Shepherd, Austin
Maria Boyce, St. Martin's, Houston (Chair)
The Rev. Mary Ann Huston, Grace, Georgetown
Mr. Robert Sumners, St. David's, Austin
Ex-officio: David Harvin, St. Martin's, Houston (Chancellor)

COUNCIL MANAGEMENT

Chair: The Rev. Cn. Christine M. Faulstich, Diocese of Texas, Houston
Diocesan Council Coordinator: Mary Cloud, Trinity, Houston
Chancellor: David Harvin, St. Martin's, Houston (Ex Officio)
Chair of Committee for Dispatch of Business: The Rev. William "Bill" Fowler, St. Mary's,
Lampasas (Ex Officio)
The Rev. Jeremy Bradley, St. Mark's, Richmond
Ken Jones, St. James', Houston
Susan Polk, Trinity, Galveston

DISPATCH OF BUSINESS

Oliver Chapin-Eiserloh, St. David's, Austin
The Rev. William "Bill" Fowler, St. Mary's, Lampasas (Chair)
Roger Smith, St. Thomas', College Station
Tammy Tiner, St. Thomas', College Station

NOMINATIONS

Chair: The Rev. Jason Ingalls, Holy Spirit, Waco
Clergy Standing Committee Representative: The Rev. Cn. Simón Bautista Betances, Christ
Church Cathedral, Houston
Lay Executive Board Representative: Mark Duncan
Ex-officio: David Harvin, St. Martin's, Houston (Chancellor)

To Council 2025

Judy Black, St. Mark's, Beaumont
Karen Dobson, Holy Spirit, Waco
The Rev. Jason Ingalls, Holy Spirit, Waco (Chair)
The Rev. Marcia Sadberry, St. Luke the Evangelist, Houston

To Council 2026

Henry "Ki" Allen, St. Michael's Episcopal Church, Austin
The Rev. Alan Bentrup, St. Martin's, Keller
The Rev. Jim Liberatore, St. Stephen's, Beaumont
Jackie Meeks, St. Christopher's, Fort Worth

To Council 2027

Judy Guthrie, St. John's, Carthage
The Rev. Daryl Hay, St. Andrew's, Bryan
Aurora Ramirez, San Mateo, Bellaire
The Rev. Joseph Yoo, Mosaic Episcopal Church, Pearland

RESOLUTIONS

The Rev. Patrick Hall, Epiphany, Houston (Chair)
The Rev. Janice Krause, Non-Parochial
Andrew "Andy" Wisely, St. Alban's, Waco
Trey Yarbrough, Christ Church, Tyler

SUPERVISORS AND TELLERS

The Rev. Andrew Ellison, St. Catherine's, Siena
Anna Stevenson, St. Aidan's, Cypress
Sandra Ward, St. John's, Austin
Ed Woodward, St. Andrew's, Pearland
The Rev. Korey Wright, St. Thomas', College Station (Chair)

BUDGET

John Akard, St. Mary's, Cypress
Nancy Bradley, Good Shepherd, Friendswood
Bette Lehmborg, Diocesan Finance Committee Chair
The Rev. Pedro López, San Pedro, Pasadena
Linda Riley Mitchell, Diocesan Treasurer

STANDING COMMITTEES OF THE COUNCIL

***Pre-Council Report of the
COMMITTEE FOR CONSTITUTION AND CANONS
to the 176th Council***

| (Type of Proposal) | (No. of Proposals) |
|---|---------------------------|
| A - Constitutional proposals, 2nd reading: | 0 |
| B - Constitutional proposals, 1st reading: | 1 |
| C - Canonical proposals: | 22 |

A. CONSTITUTIONAL AMENDMENTS

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

No proposals

B. CONSTITUTIONAL AMENDMENTS

(Presented for publication on first reading)

ARTICLE 9 PROPERTY

EXISTING:

Section 9.1 Title to Real Property

The title to all real estate acquired for use of the Church in this diocese, including Parishes and Missions, as well as institutions of a diocesan character, shall be held subject to control of the Church in the Diocese of Texas acting by and through the Church Corporation known as "Protestant Episcopal Church Council of the Diocese of Texas"; provided, that (a) with consent of the Bishop, the Episcopal Foundation of Texas, The Bishop Quin Foundation, the Episcopal Health Foundation, and the Great Commission Foundation may each hold title to real property and may control, convey, and encumber such property without the consent, approval, or joinder of the Church Corporation, and (b) title to certain real property and related improvements, fixtures, appurtenances, and contract rights, as determined by the Church Corporation with the consent of the Bishop, may be held by and subject to the control of one or more separate Texas nonprofit corporations to be formed by the Diocese of Texas. Subject to the foregoing, all such property hereafter acquired for use of the Church in the Diocese, including Parishes and Missions, shall be vested in the Protestant Episcopal Church Council of the Diocese of Texas.

PROPOSED:

Section 9.1 Title to Real Property

The title to all real estate acquired for use of the Church in this diocese, including Parishes and Missions, as well as institutions of a diocesan character, shall be held subject to control of the Church in the Diocese of Texas acting by and through the Church Corporation known as “Protestant Episcopal Church Council of the Diocese of Texas”; provided, that (a) with consent of the Bishop, the Episcopal Foundation of Texas, The Bishop Quin Foundation, the Episcopal Health Foundation, and the Great Commission Foundation may each hold title to real property and may control, convey, and encumber such property without the consent, approval, or joinder of the Church Corporation, and (b) title to certain real property and related improvements, fixtures, appurtenances, and contract rights, as determined by the Church Corporation with the consent of the Bishop, may be held by and subject to the control of one or more separate Texas nonprofit corporations to be formed by the Diocese of Texas. Subject to the foregoing, all such property hereafter acquired for use of the Church in the Diocese, including Parishes and Missions, shall be vested in the Protestant Episcopal Church Council of the Diocese of Texas and is to be held in an irrevocable trust for The Episcopal Church and the Diocese of Texas. The existence of this trust, however, shall in no way limit the power and authority of the Parish, Mission, or institution existing over such property so long as the particular Parish, Mission, or diocesan institution remains a part of The Episcopal Church and the Diocese of Texas, and subject to their respective Constitution and Canons.

IF AMENDED:

Section 9.1 Title to Real Property

The title to all real estate acquired for use of the Church in this diocese, including Parishes and Missions, as well as institutions of a diocesan character, shall be held subject to control of the Church in the Diocese of Texas acting by and through the Church Corporation known as “Protestant Episcopal Church Council of the Diocese of Texas”; provided, that (a) with consent of the Bishop, the Episcopal Foundation of Texas, The Bishop Quin Foundation, the Episcopal Health Foundation, and the Great Commission Foundation may each hold title to real property and may control, convey, and encumber such property without the consent, approval, or joinder of the Church Corporation, and (b) title to certain real property and related improvements, fixtures, appurtenances, and contract rights, as determined by the Church Corporation with the consent of the Bishop, may be held by and subject to the control of one or more separate Texas nonprofit corporations to be formed by the Diocese of Texas. Subject to the foregoing, all such property hereafter acquired for use of the Church in the Diocese, including Parishes and Missions, shall be vested in the Protestant Episcopal Church Council of the Diocese of Texas and is to be held in an irrevocable trust for The Episcopal Church and the Diocese of Texas. The existence of this trust, however, shall in no way limit the power and authority of the Parish, Mission, or institution existing over such property so long as the particular Parish, Mission, or diocesan institution remains a part of The Episcopal Church and the Diocese of Texas, and subject to their respective Constitution and Canon.

SUBMITTED BY: The Bishop of Texas, the Trustees of the Church Corporation, and the

Governance Committee of the Executive Board

RATIONALE (by the Submitters): Our Diocesan Constitution and Canons require that, with a few exceptions, title to all real estate and other property acquired for the use of the Church in this Diocese, including Parishes and Missions, as well as institutions of a Diocesan character, be vested in the Church Corporation. Canon I.7.4 of the Episcopal Church (“the Dennis Canon”) provides that all real estate held by or for the benefit of any Parish, Mission or Congregation is held in trust for the Episcopal Church and the Diocese thereof in which such Parish, Mission or Congregation is located. In the litigation involving the property of the churches of the former Fort Worth Diocese, the Texas Supreme Court held that under Texas law the Dennis Canon was insufficient by itself to create a trust in favor of the Episcopal Church or the Diocese and did not prevent the breakaway faction from taking control of the Episcopal church real estate.

To effectuate in this Diocese the trust intended by the Dennis Canon, we are taking two steps. First, we are submitting for Council’s approval this proposed constitutional amendment and its parallel canonical amendment, the purpose of which is to direct the Church Corporation to hold all church property to which it has title in an irrevocable trust for the Episcopal Church and the Diocese.

Second, the Board of Trustees of the Church Corporation has amended its articles of incorporation and its bylaws to include language similar to the Dennis Canon creating an irrevocable trust in favor of the Episcopal Church and the Diocese over the real estate to which it holds title.

It is important to note that so long as a Parish, Mission, or Congregation remains an Episcopal church, the existence of this trust will not interfere with the church’s ability to use, improve, or manage its property as it sees fit—subject of course to other Diocesan requirements. That is made clear by the last sentence of the proposed amendment to Section 9.1—which is taken from the Dennis Canon itself. The purpose of the trust is merely to protect and preserve the real estate for the use of Episcopal Church, the Diocese, and its Parishes, Missions, Congregations, and other Diocesan institutions.

THE COMMITTEE RECOMMENDS THIS PROPOSAL FOR A FIRST READING.

C. CANONICAL AMENDMENTS

TITLE III

DIOCESAN OFFICERS AND BOARDS

CANON 2 THE VESTRY

EXISTING:

Section 2.1 Election at Parish Meetings

In each Parish shall be chosen from the qualified voters not less than three nor more than eighteen communicants to serve as members of the vestry. The number and the manner of electing the same shall be determined from time to time by the Parish at the annual Parish Meeting. The Parish Meeting at which the election takes place may be held no earlier than October 1st nor later than the annual Parish Meeting, as the vestry may determine, public notice of such election in any case to be given during the stated services the two (2) Sundays preceding; provided that, except to fill vacancies, the vestry members so elected shall not take office until the adjournment of the annual Parish Meeting, which shall be held on the first Monday in January or as soon thereafter as convenient, public notice of such annual Parish Meeting in any case to be given during the stated services the Sunday preceding.

Members of the vestry shall regularly be elected to serve for three years, and shall hold office until their successors are elected and qualified, and their terms shall be so arranged that one- third shall go out of office each year. In new Parishes, when the Vestry is first chosen, one-third of the Vestry shall be chosen for one year, one-third for two years, and one-third for three years, the full term thereafter to be three years.

No person shall serve as member of the Vestry until he or she shall have subscribed to the following declaration:

“I am persuaded that the Holy Scriptures contain all doctrine required as necessary for eternal salvation through faith in Jesus Christ; and I accede to the Doctrine, Discipline, and Worship of the Protestant Episcopal Church.”

In case a vacancy shall occur, the Vestry shall fill the vacancy until the next annual election by electing a communicant from the qualified voters of the Parish, and the Congregation shall then fill the unexpired term. Members of the Vestry chosen to fill unexpired terms, shall, like those elected for full terms, be communicants and qualified voters of the Parish.

No retiring member of the Vestry elected by the Congregation for a full term, shall be eligible for re-election until a period of one year shall have elapsed, unless approved in writing by the Bishop.

PROPOSED:

Section 2.1 Election at Parish Meetings

In each Parish shall be chosen from the qualified voters not less than three nor more than eighteen communicants to serve as members of the vestry. The number and the manner of electing the same shall be determined from time to time by the Parish at the annual Parish Meeting. The Parish Meeting at which the election takes place may be held no earlier than October 1st nor later than the annual Parish Meeting, as the vestry may determine, public notice of such election in any case to be given during the stated services

the two (2) Sundays preceding; provided that, except to fill vacancies, the vestry members so elected shall not take office until the adjournment of the annual Parish Meeting, which shall be held on the first Monday in January or as soon thereafter as convenient, public notice of such annual Parish Meeting in any case to be given during the stated services the Sunday preceding.

- (a) Members of the ~~v~~-Vestry shall regularly be elected to serve for three years, and shall hold office until their successors are elected and qualified, and their terms shall be so arranged that one-third shall go out of office each year. In new Parishes, when the Vestry is first chosen, one-third of the Vestry shall be chosen for one year, one-third for two years, and one-third for three years, the full term thereafter to be three years.
- (b) No person shall serve as member of the Vestry until ~~he or she~~ that person shall have subscribed to the following declaration:

“I am persuaded that the Holy Scriptures contain all doctrine required as necessary for eternal salvation through faith in Jesus Christ; and I accede to the Doctrine, Discipline, and Worship of the Protestant Episcopal Church.”

In case a vacancy shall occur, the Vestry shall fill the vacancy until the next annual election by electing a communicant from the qualified voters of the Parish, and the Congregation shall then fill the unexpired term. Members of the Vestry chosen to fill unexpired terms, shall, like those elected for full terms, be communicants and qualified voters of the Parish.

No retiring member of the Vestry elected by the Congregation for a full term, shall be eligible for re-election until a period of one year shall have elapsed, unless approved in writing by the Bishop.

IF AMENDED:

Section 2.1 Election at Parish Meetings

In each Parish shall be chosen from the qualified voters not less than three nor more than eighteen communicants to serve as members of the vestry. The number and the manner of electing the same shall be determined from time to time by the Parish at the annual Parish Meeting. The Parish Meeting at which the election takes place may be held no earlier than October 1st nor later than the annual Parish Meeting, as the vestry may determine, public notice of such election in any case to be given during the stated services the two (2) Sundays preceding; provided that, except to fill vacancies, the vestry members so elected shall not take office until the adjournment of the annual Parish Meeting, which shall be held on the first Monday in January or as soon thereafter as convenient, public notice of such annual Parish Meeting in any case to be given during the stated services the Sunday preceding.

- (a) Members of the Vestry shall regularly be elected to serve for three years, and shall hold office until their successors are elected and qualified, and their terms shall be so arranged that one-third shall go out of office each year. In new Parishes, when the Vestry is first chosen, one-third of the Vestry shall be chosen for one year, one-third for two years, and

one-third for three years, the full term thereafter to be three years.

- (b) No person shall serve as member of the Vestry until that person shall have subscribed to the following declaration:

“I am persuaded that the Holy Scriptures contain all doctrine required as necessary for eternal salvation through faith in Jesus Christ; and I accede to the Doctrine, Discipline, and Worship of the Protestant Episcopal Church.”

- (c) In case a vacancy shall occur, the Vestry shall fill the vacancy until the next annual election by electing a communicant from the qualified voters of the Parish, and the Congregation shall then fill the unexpired term. Members of the Vestry chosen to fill unexpired terms, shall, like those elected for full terms, be communicants and qualified voters of the Parish.
- (d) No retiring member of the Vestry elected by the Congregation for a full term, shall be eligible for re-election until a period of one year shall have elapsed, unless approved in writing by the Bishop.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 2.5 Regular and Special Meetings

The Vestry shall meet as may be required by Parochial regulations, and whenever called by the Rector; if the office of Rector is vacant, by the Senior Warden; or by a majority of the members of the Vestry.

PROPOSED:

Section 2.5 Regular and Special Meetings

The Vestry shall meet as may be required by Parochial regulations, and whenever called by the Rector; if the office of Rector is vacant, by the Senior Warden; or by a majority of the members of the Vestry. The Vestry may not meet without notifying the rector unless they are pursuing a process according to Title III.9 Section 14 and have notified the Bishop's office.

IF AMENDED:

Section 2.5 Regular and Special Meetings

The Vestry shall meet as may be required by Parochial regulations, and whenever called by the Rector; if the office of Rector is vacant, by the Senior Warden; or by a majority of the members of the Vestry. The Vestry may not meet without notifying the rector unless

they are pursuing a process according to Title III.9 Section 14 and have notified the Bishop's office.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): To clarify that the Vestry must not meet without the Rector unless pursuing a Title III process through the Diocese.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

CANON 3 THE WARDENS

EXISTING:

Section 3.1 Care and Use of Church Building

The Wardens shall have a care that the Church building(s) be opened for all service, rites, ceremonies, or other purposes, either authorized or approved by the Protestant Episcopal Church in the United State of America and in this Diocese and be kept in good repair.

PROPOSED:

Section 3.1 Care and Use of Church Building

The Wardens shall have a ~~duty to ensure care~~ that the Church building(s) be opened for all service, rites, ceremonies, or other purposes, either authorized or approved by the Protestant Episcopal Church in the United State of America and in this Diocese and be kept in good repair.

IF AMENDED:

Section 3.1 Care and Use of Church Building

The Wardens shall have a duty to ensure that the Church building(s) be opened for all service, rites, ceremonies, or other purposes, either authorized or approved by the Protestant Episcopal Church in the United State of America and in this Diocese and be kept in good repair.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated for clarity.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

CANON 4 PARISH REGISTER AND PAROCHIAL REPORTS

EXISTING:

Section 4.1 Parish Register

- (a) In the Parish Register required by the Canons of the Episcopal Church to be kept in every Parish and Mission, there shall be recorded by the Head of Congregation of such Parish or Mission the name and date of birth of all persons baptized, with the names of the sponsors and parents; the names of all parties married and two or more witnesses present, and the place where the marriage was solemnized; the names of all persons buried, place of interment, and the date and time when each rite was performed.
- (b) The Register shall embrace a list of all communicants in the Parish or Mission as nearly as can be ascertained, a list of all families and adult persons within the Parish or Mission, and the names of persons confirmed, and dates of confirmation by the Bishop.
- (c) The Register shall be kept by the Head of Congregation and shall be preserved by the Vestry or Bishop's Committee, as the case may be, as a part of the Records of the Church, and in the absence of a Head of Congregation it shall be kept by the Senior Warden or Bishop's Warden and the Vestry or Bishop's Committee, as applicable.
- (d) Old Registers, filled up or no longer in current use, shall be deposited with the Archivist of the Diocese, who shall provide the Parish or Mission with a copy thereof; provided that, should the Parish or Mission desire to retain the old Registers, they shall be microfilmed and the film deposited with the Archivist. The same procedure shall be followed with the Minutes Books of the Vestry or Bishop's Committee and Registers of Services.

PROPOSED:

Section 4.1 Parish Register

- (a) In the Parish Register required by the Canons of the Episcopal Church to be kept in every Parish and Mission, there shall be recorded by the Head of Congregation of such Parish or Mission the name and date of birth of all persons baptized, with the names of the sponsors and parents; the names of all parties married and two or more witnesses present, and the place where the marriage was solemnized; the names of all persons buried, place of interment, and the date and time when each rite was performed.
- (b) The Register shall embrace a list of all communicants in the Parish or Mission as nearly as can be ascertained, a list of all families and adult persons within the Parish or Mission, and the names of persons confirmed, and dates of confirmation by the Bishop.

- (c) The Register shall be kept by the Head of Congregation and shall be preserved by the Vestry or Bishop's Committee, as the case may be, as a part of the Records of the Church, and in the absence of a Head of Congregation it shall be kept by the Senior Warden or Bishop's Warden and the Vestry or Bishop's Committee, as applicable.
- (d) Old Registers, filled up or no longer in current use, shall be deposited with the Archivist of the Diocese, who shall provide the Parish or Mission with a true copy thereof; provided that, should the Parish or Mission desire to retain the old Registers, ~~they shall be microfilmed and the film deposited with the~~ Archivist will make and retain a copy. The same procedure shall be followed with the Minutes Books of the Vestry or Bishop's Committee and Registers of Services.

IF AMENDED:

Section 4.1 Parish Register

- (a) In the Parish Register required by the Canons of the Episcopal Church to be kept in every Parish and Mission, there shall be recorded by the Head of Congregation of such Parish or Mission the name and date of birth of all persons baptized, with the names of the sponsors and parents; the names of all parties married and two or more witnesses present, and the place where the marriage was solemnized; the names of all persons buried, place of interment, and the date and time when each rite was performed.
- (b) The Register shall embrace a list of all communicants in the Parish or Mission as nearly as can be ascertained, a list of all families and adult persons within the Parish or Mission, and the names of persons confirmed, and dates of confirmation by the Bishop.
- (c) The Register shall be kept by the Head of Congregation and shall be preserved by the Vestry or Bishop's Committee, as the case may be, as a part of the Records of the Church, and in the absence of a Head of Congregation it shall be kept by the Senior Warden or Bishop's Warden and the Vestry or Bishop's Committee, as applicable.
- (d) Old Registers, filled up or no longer in current use, shall be deposited with the Archivist of the Diocese, who shall provide the Parish or Mission with a true copy thereof; provided that, should the Parish or Mission desire to retain the old Registers, the Archivist will make and retain a copy. The same procedure shall be followed with the Minutes Books of the Vestry or Bishop's Committee and Registers of Services.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to reflect current practice and changes in technology.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

CANON 5 DIOCESAN MISSIONS

EXISTING:

Section 5.4 Organization, Appointments and Elections

- (a) Should the Bishop, or in the Bishop's absence, the Standing Committee approve of such organization, the Bishop shall appoint a Bishop's Committee to include a Warden, a Clerk, and a Treasurer, who shall hold their offices until the first Monday in January, or until such day thereafter as shall be convenient for an election. The Treasurer need not be a member of the Bishop's Committee.
- (b) Annually on the first Monday in January, or as soon thereafter as convenient, there shall be held a congregational meeting and election for which public notice shall be given during the stated services the Sunday preceding. All members of the Mission shall be eligible to vote who are at least 16 years of age and are confirmed communicants in good standing.
- (c) Beginning with the first annual election, or in the event there is no Bishop's Committee, the Clerk and the Treasurer shall be elected by the members of the Mission; and the Warden shall be appointed, subject to the approval of the Bishop, by the Head of Congregation. The Head of Congregation shall have the right to appoint persons to such other positions as are desired. But if there be no Head of Congregation, the Warden shall be appointed by the Bishop; or, if the Bishop makes no appointment, the Warden shall be elected by the members of the Mission; and the other appointments shall rest with the Warden.
- (d) Upon approval of the Bishop, or in the Bishop's absence, the Standing Committee, any Mission at its annual election may elect up to fifteen persons to the Bishop's Committee, the number to be determined by Congregational meeting; provided that the terms of office of the Committee members shall be such that one-third of the members shall be elected annually after the first election. After such an election the Warden shall be appointed from those in the Committee, subject to the approval of the Bishop, by the Head of Congregation; and the remaining officers shall be elected by the members of the Mission from those in the Committee, or by the Committee from its own membership, as the members of the Mission may direct by vote at the meeting.
- (e) No person shall serve as a member of the Bishop's Committee until that person shall have subscribed to the declaration required of members of a Vestry in Title III.2.1(b).
- (f) When the Mission petitions to become a Parish,
 - (1) the members of the Bishop's Committee elected in accordance with Section 5.4(d) above, shall continue to serve until their respective terms expire;
 - (2) it shall comply with the requirements set out in Title III.1 above.
- (g) At the annual election the members of the Mission shall elect also one delegate

and one alternate delegate to the Council of the Diocese as provided in the Constitution (Section 2.2, 2.3, and 2.5), unless, as provided therein, the members of the Mission direct the Bishop's Committee to make suitable choice. However, the delegate and alternate may be elected at a special congregational meeting called for the purpose, if the Bishop's Committee determines that election at the annual meeting will not allow adequate time to prepare for participation in the Council. Public notice of any special meeting must be given during the stated services the Sunday preceding.

- (h) Except at the time of the Bishop's initial appointment of officers, the members of the Bishop's Committee shall be at least 18 years and confirmed communicants of the Church in good standing.

PROPOSED:

Section 5.4 Organization, Appointments and Elections

- (a) Should the ~~Ecclesiastical Authority Bishop, or in the Bishop's absence, the Standing Committee~~, approve of such organization, the Ecclesiastical Authority Bishop shall appoint a Bishop's Committee to include a Warden, a Clerk, and a Treasurer, who shall hold their offices until the first Monday in January, or until such day thereafter as shall be convenient for an election. The Treasurer need not be a member of the Bishop's Committee.
- (b) Annually on the first Monday in January, or as soon thereafter as convenient, there shall be held a congregational meeting and election for which public notice shall be given during the stated services the Sunday preceding. All members of the Mission shall be eligible to vote who are at least 16 years of age and are confirmed communicants in good standing.
- (c) Beginning with the first annual election, or in the event there is no Bishop's Committee, the Clerk and the Treasurer shall be elected by the members of the Mission; and the Warden shall be appointed, subject to the approval of the Bishop, by the Head of Congregation. The Head of Congregation shall have the right to appoint persons to such other positions as are desired. But if there be no Head of Congregation, the Warden shall be appointed by the Bishop; or, if the Bishop makes no appointment, the Warden shall be elected by the members of the Mission; and the other appointments shall rest with the Warden.
- (d) Upon approval of the ~~Ecclesiastical Authority, Bishop, or in the Bishop's absence, the Standing Committee~~, any Mission at its annual election may elect up to fifteen persons to the Bishop's Committee, the number to be determined by Congregational meeting; provided that the terms of office of the Committee members shall be such that one-third of the members shall be elected annually after the first election. After such an election the Warden shall be appointed from those in the Committee, subject to the approval of the Bishop, by the Head of Congregation; and the remaining officers shall be elected by the members of the Mission from those in the Committee, or by the Committee from its own membership, as the members of the Mission may direct by vote at the meeting.

- (e) No person shall serve as a member of the Bishop's Committee until that person shall have subscribed to the declaration required of members of a Vestry in Title III.2.1(b).
- (f) When the Mission petitions to become a Parish,
 - (1) the members of the Bishop's Committee elected in accordance with Section 5.4(d) above, shall continue to serve until their respective terms expire;
 - (2) it shall comply with the requirements set out in Title III.1 above.
- (g) At the annual election the members of the Mission shall elect also one delegate and one alternate delegate to the Council of the Diocese as provided in the Constitution (Section 2.2, 2.3, and 2.5), unless, as provided therein, the members of the Mission direct the Bishop's Committee to make suitable choice. However, the delegate and alternate may be elected at a special congregational meeting called for the purpose, if the Bishop's Committee determines that election at the annual meeting will not allow adequate time to prepare for participation in the Council. Public notice of any special meeting must be given during the stated services the Sunday preceding.
- (h) Except at the time of the Bishop's initial appointment of officers, the members of the Bishop's Committee shall be at least 18 years and confirmed communicants of the Church in good standing.

IF AMENDED:

Section 5.4 Organization, Appointments and Elections

- (a) Should the Ecclesiastical Authority approve of such organization, the Ecclesiastical Authority shall appoint a Bishop's Committee to include a Warden, a Clerk, and a Treasurer, who shall hold their offices until the first Monday in January, or until such day thereafter as shall be convenient for an election. The Treasurer need not be a member of the Bishop's Committee.
- (b) Annually on the first Monday in January, or as soon thereafter as convenient, there shall be held a congregational meeting and election for which public notice shall be given during the stated services the Sunday preceding. All members of the Mission shall be eligible to vote who are at least 16 years of age and are confirmed communicants in good standing.
- (c) Beginning with the first annual election, or in the event there is no Bishop's Committee, the Clerk and the Treasurer shall be elected by the members of the Mission; and the Warden shall be appointed, subject to the approval of the Bishop, by the Head of Congregation. The Head of Congregation shall have the right to appoint persons to such other positions as are desired. But if there be no Head of Congregation, the Warden shall be appointed by the Bishop; or, if the Bishop makes no appointment, the Warden shall be elected by the members of the Mission; and the other appointments shall rest with the Warden.

- (d) Upon approval of the Ecclesiastical Authority, any Mission at its annual election may elect up to fifteen persons to the Bishop's Committee, the number to be determined by Congregational meeting; provided that the terms of office of the Committee members shall be such that one-third of the members shall be elected annually after the first election. After such an election the Warden shall be appointed from those in the Committee, subject to the approval of the Bishop, by the Head of Congregation; and the remaining officers shall be elected by the members of the Mission from those in the Committee, or by the Committee from its own membership, as the members of the Mission may direct by vote at the meeting.
- (e) No person shall serve as a member of the Bishop's Committee until that person shall have subscribed to the declaration required of members of a Vestry in Title III.2.1(b).
- (f) When the Mission petitions to become a Parish,
 - (1) the members of the Bishop's Committee elected in accordance with Section 5.4(d) above, shall continue to serve until their respective terms expire;
 - (2) it shall comply with the requirements set out in Title III.1 above.
- (g) At the annual election the members of the Mission shall elect also one delegate and one alternate delegate to the Council of the Diocese as provided in the Constitution (Section 2.2, 2.3, and 2.5), unless, as provided therein, the members of the Mission direct the Bishop's Committee to make suitable choice. However, the delegate and alternate may be elected at a special congregational meeting called for the purpose, if the Bishop's Committee determines that election at the annual meeting will not allow adequate time to prepare for participation in the Council. Public notice of any special meeting must be given during the stated services the Sunday preceding.
- (h) Except at the time of the Bishop's initial appointment of officers, the members of the Bishop's Committee shall be at least 18 years and confirmed communicants of the Church in good standing.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Updated to simplify language.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 5.5 Council to Approve Application

At the first Annual Council of the Diocese following the organization of the Mission, the application as prescribed in Section 5.1, 5.2, and 5.3 shall be submitted to the Council,

together with the certificate of approval by the Bishop, or if there be no Bishop, by the Standing Committee. The Council may act, giving or withholding its consent to the union of the said Mission with the Council as may seem best for the interests of the Church.

PROPOSED:

Section 5.5 Council to Approve Application

At the first Annual Council of the Diocese following the organization of the Mission, the application as prescribed in Section 5.1, 5.2, and 5.3 shall be submitted to the Council, together with the certificate of approval by the ~~Ecclesiastical Authority Bishop, or if there be no Bishop, by the Standing Committee~~. The Council may act, giving or withholding its consent to the union of the said Mission with the Council as may seem best for the interests of the Church.

IF AMENDED:

Section 5.5 Council to Approve Application

At the first Annual Council of the Diocese following the organization of the Mission, the application as prescribed in Section 5.1, 5.2, and 5.3 shall be submitted to the Council, together with the certificate of approval by the Ecclesiastical Authority. The Council may act, giving or withholding its consent to the union of the said Mission with the Council as may seem best for the interests of the Church.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Updated to simplify language.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 5.6 The Bishop's Committee

- (a) At all meetings of the congregation or of the Bishop's Committee, the Head of Congregation, the Warden, the Clerk, or the Treasurer, taking precedence in the order named, shall have the right to preside.
- (b) A majority of the Committee members, the whole having been duly cited to meet, shall constitute a quorum; and a majority of the quorum so convened shall be competent to act. If a quorum should repeatedly fail to meet, having been duly cited, so that the affairs of the Church go unattended, the Head of Congregation as chair, may declare a representative group of the Committee members competent to act.
- (c) The Bishop's Committee shall establish rules for and keep a record of its

proceedings. It shall meet as required by its own rules, or whenever called by the Bishop, the Head of Congregation, or a majority of its members. It shall be the duty of the Bishop's Committee to administer the temporal concerns of the Church, to collect necessary moneys, to provide for prompt payment of all liabilities incurred and assessments levied by Diocesan Council, to attend to all matters pertaining to Church properties and their maintenance, to provide the Head of Congregation a discretionary fund as required by General Canon, to contribute to the Head of Congregation's salary, to take part in special offerings such as that requested for Theological Education and for other purposes, and, in general, to assist the Head of Congregation in carrying on the work of the Church.

- (d) By two-thirds vote of the whole membership, approved by the Head of Congregation of the Mission and the Bishop, the Bishop's Committee may remove any member of the Bishop's Committee whose conduct may tend to bring reproach on the Church.

PROPOSED:

- (a) At all meetings of the congregation or of the Bishop's Committee, the Head of Congregation, the Warden, the Clerk, or the Treasurer, taking precedence in the order named, shall have the right to preside.
- (b) A majority of the Committee members, the whole having been notified duly cited to meet, shall constitute a quorum; and a majority of the quorum so convened shall be competent to act. If a quorum should repeatedly fail to meet, having been notified duly cited, so that the affairs of the Church go unattended, the Head of Congregation as chair, may declare a representative group of the Committee members competent to act.
- (c) The Bishop's Committee shall establish rules for and keep a record of its proceedings. It shall meet as required by its own rules, or whenever called by the Bishop, the Head of Congregation, or a majority of its members. It shall be the duty of the Bishop's Committee to administer the temporal concerns of the Church, to collect necessary moneys, to provide for prompt payment of all liabilities incurred and assessments levied by Diocesan Council, to attend to all matters pertaining to Church properties and their maintenance, to provide the Head of Congregation a discretionary fund as required by General Canon, to contribute to the Head of Congregation's salary, to take part in special offerings such as that requested for Theological Education and for other purposes, and, in general, to assist the Head of Congregation in carrying on the work of the Church.
- (d) By two-thirds vote of the whole membership, approved by the Head of Congregation of the Mission and the Bishop, the Bishop's Committee may remove any member of the Bishop's Committee whose conduct may tend to bring reproach on the Church.

IF AMENDED:

- (a) At all meetings of the congregation or of the Bishop's Committee, the Head of Congregation, the Warden, the Clerk, or the Treasurer, taking precedence in the order named, shall have the right to preside.
- (b) A majority of the Committee members, the whole having been notified to meet, shall constitute a quorum; and a majority of the quorum so convened shall be competent to act. If a quorum should repeatedly fail to meet, having been notified, so that the affairs of the Church go unattended, the Head of Congregation as chair, may declare a representative group of the Committee members competent to act.
- (c) The Bishop's Committee shall establish rules for and keep a record of its proceedings. It shall meet as required by its own rules, or whenever called by the Bishop, the Head of Congregation, or a majority of its members. It shall be the duty of the Bishop's Committee to administer the temporal concerns of the Church, to collect necessary moneys, to provide for prompt payment of all liabilities incurred and assessments levied by Diocesan Council, to attend to all matters pertaining to Church properties and their maintenance, to provide the Head of Congregation a discretionary fund as required by General Canon, to contribute to the Head of Congregation's salary, to take part in special offerings such as that requested for Theological Education and for other purposes, and, in general, to assist the Head of Congregation in carrying on the work of the Church.
- (d) By two-thirds vote of the whole membership, approved by the Head of Congregation of the Mission and the Bishop, the Bishop's Committee may remove any member of the Bishop's Committee whose conduct may tend to bring reproach on the Church.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated for clarity.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 5.7 Duties of Warden

- (a) It shall be the duty of the Warden to secure some room or house to be used as a place of worship, and with the advice of the Head of Congregation, to provide all things necessary for conducting the service decently and in order, and to make provision for the bread and wine of the Holy Communion. The Warden shall have a care that the offerings are collected at each service and paid over to the Treasurer of the Mission. It shall also be the Warden's duty to supervise the

Bishop's Committee in collecting and forwarding to the proper officers all assessments levied by the Council. With the assistance of the Bishop's Committee, the Warden shall in general carry out the functions of a parish Warden as specified in Title III.3.

- (b) In the absence of a resident Head of Congregation, the Warden shall take care of the altarware, also of any linen, service books, or other property belonging to the Mission; and it shall be the Warden's duty, if possible, to provide continuing services of worship. It also shall be the Warden's duty, in the absence of a Head of Congregation, to make for the Mission such reports as the Bishop, Council, or the diocesan officers may from time to time require.

PROPOSED:

Section 5.7 Duties of Warden

- (a) It shall be the duty of the Warden to secure some room or house to be used as a place of worship, and with the advice of the Head of Congregation, to provide all things necessary for conducting the service decently and in order, and to make provision for the bread and wine of the Holy Communion. The Warden shall have a duty to ensure ~~-care~~ that the offerings are collected at each service and paid over to the Treasurer of the Mission. It shall also be the Warden's duty to supervise the Bishop's Committee in collecting and forwarding to the proper officers all assessments levied by the Council. With the assistance of the Bishop's Committee, the Warden shall in general carry out the functions of a parish Warden as specified in Title III.3.
- (b) In the absence of a resident Head of Congregation, the Warden shall take care of the altarware, also of any linen, service books, or other property belonging to the Mission; and it shall be the Warden's duty, if possible, to provide continuing services of worship. It also shall be the Warden's duty, in the absence of a Head of Congregation, to make for the Mission such reports as the Bishop, Council, or the diocesan officers may from time to time require.

IF AMENDED:

Section 5.7 Duties of Warden

- (a) It shall be the duty of the Warden to secure some room or house to be used as a place of worship, and with the advice of the Head of Congregation, to provide all things necessary for conducting the service decently and in order, and to make provision for the bread and wine of the Holy Communion. The Warden shall have a duty to ensure that the offerings are collected at each service and paid over to the Treasurer of the Mission. It shall also be the Warden's duty to supervise the Bishop's Committee in collecting and forwarding to the proper officers all assessments levied by the Council. With the assistance of the Bishop's Committee, the Warden shall in general carry out the functions of a parish

Warden as specified in Title III.3.

- (b) In the absence of a resident Head of Congregation, the Warden shall take care of the altarware, also of any linen, service books, or other property belonging to the Mission; and it shall be the Warden's duty, if possible, to provide continuing services of worship. It also shall be the Warden's duty, in the absence of a Head of Congregation, to make for the Mission such reports as the Bishop, Council, or the diocesan officers may from time to time require.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated for clarity.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

CANON 8 PROPERTY

EXISTING:

Section 8.1 Title to Property

The title to all real estate and other property acquired for the use of the Church in this Diocese, as well as to property conveyed to institutions of a Diocesan character or for their use, shall be vested as provided in Article 9 of the Constitution.

PROPOSED:

Section 8.1 Title to Property

Except as permitted by Section 9.1 of the Constitution, ¶ the title to all real estate and other property acquired for the use of the Church in this Diocese, including Parishes and Missions, as well as to property conveyed to institutions of a Diocesan character or for their use, shall be vested as provided in Article 9 of the Constitution in the Protestant Episcopal Church Council of the Diocese of Texas, known as the Church Corporation, to be held in an irrevocable trust for The Episcopal Church and the Diocese of Texas. The existence of this trust, however, shall in no way limit the power and authority of the Parish, Mission or institution existing over the property so long as the particular Parish, Mission, or Diocesan institution remains a part of The Episcopal Church and the Diocese of Texas, and subject to their respective Constitution and Canons.

IF AMENDED:

Section 8.1 Title to Property

Except as permitted by Section 9.1 of the Constitution, the title to all real estate and

other property acquired for the use of the Church in this Diocese, including Parishes and Missions, as well as institutions of a Diocesan character, shall be vested in the Protestant Episcopal Church Council of the Diocese of Texas, known as the Church Corporation, to be held in an irrevocable trust for The Episcopal Church and the Diocese of Texas. The existence of this trust, however, shall in no way limit the power and authority of the Parish, Mission or institution existing over the property so long as the particular Parish, Mission, or Diocesan institution remains a part of The Episcopal Church and the Diocese of Texas, and subject to their respective Constitution and Canons.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Our Diocesan Constitution and Canons currently require that, with a few exceptions, title to all real estate and other property acquired for the use of the Church in this Diocese, including Parishes and Missions, as well as institutions of a Diocesan character, be vested in the Church Corporation. Canon I.7.4 of the Episcopal Church (“the Dennis Canon”) provides that all real estate held by or for the benefit of any Parish, Mission or Congregation is held in trust for the Episcopal Church and the Diocese thereof in which such Parish, Mission or Congregation is located. In the litigation involving the property of the churches of the former Fort Worth Diocese, the Texas Supreme Court held that under Texas law the Dennis Canon was insufficient by itself to create a trust in favor of the Episcopal Church or the Diocese and did not prevent the breakaway faction from taking control of the Episcopal church real estate.

To effectuate in this Diocese the trust intended by the Dennis Canon, we are taking two steps. First, we are submitting for Council’s approval this proposed canonical amendment and its parallel constitutional amendment, the purpose of which is to direct the Church Corporation to hold all church property to which it has title in an irrevocable trust for the Episcopal Church and the Diocese.

Second, the Board of Trustees of the Church Corporation has amended its articles of incorporation and its bylaws to include language similar to the Dennis Canon creating an irrevocable trust in favor of the Episcopal Church and the Diocese over the real estate to which it holds title.

It is important to note that so long as a Parish, Mission, or Congregation remains an Episcopal church, the existence of this trust will not interfere with the church’s ability to use, improve, or manage its property as it sees fit—subject of course to other Diocesan requirements. That is made clear by the last sentence of the proposed amendment to Section 8.1—which is taken from the Dennis Canon itself. The purpose of the trust is merely to protect and preserve the real estate for the use of Episcopal Church, the Diocese, and its Parishes, Missions, Congregations, and other Diocesan institutions.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 8.2 Sale, Lease, or Other Disposition

If a particular use for which such property has been conveyed or the purpose of the trust fails and it becomes necessary to sell or lease the property, or otherwise dispose of it, the Church Corporation, known as the Protestant Episcopal Church Council of the Diocese of Texas, with the consent of the Bishop or the Standing Committee or a majority of the members of that body, if there by no Bishop, is hereby authorized to execute such legal instruments as may be necessary to convey, lease, or effect such other disposition as is herein authorized.

PROPOSED:

Section 8.2 Sale, Lease, or Other Disposition

If a particular use for which such property has been conveyed or the purpose of the trust fails and it becomes necessary to sell or lease the property, or otherwise dispose of it, the Church Corporation, ~~known as the Protestant Episcopal Church Council of the Diocese of Texas,~~ with the consent of the Bishop or the Standing Committee or a majority of the members of that body, if there by no Bishop, is hereby authorized to execute such legal instruments as may be necessary to convey, lease, or effect such other disposition as is herein authorized.

IF AMENDED:

Section 8.2 Sale, Lease, or Other Disposition

If a particular use for which such property has been conveyed or the purpose of the trust fails and it becomes necessary to sell or lease the property, or otherwise dispose of it, the Church Corporation with the consent of the Bishop or the Standing Committee or a majority of the members of that body, if there by no Bishop, is hereby authorized to execute such legal instruments as may be necessary to convey, lease, or effect such other disposition as is herein authorized.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated for clarity.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 9.1 Authority to Incorporate

Any Diocesan entity, as defined herein, may incorporate or exist in any corporate form upon and subject to the terms and conditions of the Constitution and Canons.

For the purpose of this Canon, the following terms shall have the meanings set forth below. The term "Diocesan entity" shall mean the Protestant Episcopal Church in the Diocese of Texas (the "Diocese"), any Parish or Mission of the Diocese, any Episcopal school of the Diocese, as defined in the Canons, and any other entity expressly identified, singularly or by category, in the Constitution and Canons as an instrumentality or entity of

the Diocese. The terms “Constitution” or “Canons” shall mean the existing Constitution or Canons, respectively, of the Diocese, and any amendment thereof. The term “Act” shall mean the Texas Nonprofit Corporation Act and any amendment thereof.

PROPOSED:

Section 9.1 Authority to Incorporate

Any Diocesan entity, as defined herein, may incorporate or exist in any corporate form upon and subject to the terms and conditions of the Constitution and Canons.

For the purpose of this Canon, the following terms shall have the meanings set forth below. The term “Diocesan entity” shall mean the Protestant Episcopal Church in the Diocese of Texas (the “Diocese”), any Parish or Mission of the Diocese, any Episcopal school of the Diocese, as defined in the Canons, any supporting organization of any Parish, Mission, or Episcopal school, and any other entity expressly identified, singularly or by category, in the Constitution and Canons as an instrumentality or entity of the Diocese. The terms “Constitution” or “Canons” shall mean the existing Constitution or Canons, respectively, of the Diocese, and any amendment thereof. The term “Act” shall mean the Texas Nonprofit Corporation Act and any amendment thereof.

IF AMENDED:

Section 9.1 Authority to Incorporate

Any Diocesan entity, as defined herein, may incorporate or exist in any corporate form upon and subject to the terms and conditions of the Constitution and Canons.

For the purpose of this Canon, the following terms shall have the meanings set forth below. The term “Diocesan entity” shall mean the Protestant Episcopal Church in the Diocese of Texas (the “Diocese”), any Parish or Mission of the Diocese, any Episcopal school of the Diocese, as defined in the Canons, any supporting organization of any Parish, Mission, or Episcopal school, and any other entity expressly identified, singularly or by category, in the Constitution and Canons as an instrumentality or entity of the Diocese. The terms “Constitution” or “Canons” shall mean the existing Constitution or Canons, respectively, of the Diocese, and any amendment thereof. The term “Act” shall mean the Texas Nonprofit Corporation Act and any amendment thereof.

SUBMITTED BY: David T. Harvin, Diocesan Chancellor

RATIONALE (by Chancellor Harvin): The purpose of this amendment is to explicitly include in Canon III.9.1 supporting organizations, such as endowments, food pantries, thrift shops, etc., among the Diocesan entities that may incorporate. It has long been Diocesan policy to encourage such supporting organizations to incorporate. The effect of the amendment is also to include such organizations among those incorporated entities whose organizational documents, and any amendments thereto, are required by Canon III.9.2 to

be approved in writing by the Bishop. Such prior written consent has also long been Diocesan policy and practice.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

**TITLE IV
ECCLESIASTICAL DISCIPLINE**

CANON 1 DISCIPLINARY PROCEDURES

EXISTING:

Section 1.2 Disciplinary Board

There shall be within and for the Diocese a Disciplinary Board consisting of seven members, four Priests or Deacons, whose actual residence and canonical residence is within this Diocese, and three lay adult confirmed communicants in good standing of the Church in this Diocese. A member of the Standing Committee may serve on the Disciplinary Board. Annually, within two months following each Annual Diocesan Council, the members of the Disciplinary Board shall elect a President from its members. The President shall serve for a term of one year and until his or her successor is hereby elected and qualified.

PROPOSED:

Section 1.2 Disciplinary Board

There shall be within and for the Diocese a Disciplinary Board consisting of seven members, four Priests or Deacons, whose actual residence and canonical residence is within this Diocese, and three lay adult confirmed communicants in good standing of the Church in this Diocese. A member of the Standing Committee may serve on the Disciplinary Board. Annually, within two months following each Annual Diocesan Council, the members of the Disciplinary Board shall elect a President from its members. The President shall serve for a term of one year and until ~~a his or her~~ successor is hereby elected and qualified.

IF AMENDED:

Section 1.2 Disciplinary Board

There shall be within and for the Diocese a Disciplinary Board consisting of seven members, four Priests or Deacons, whose actual residence and canonical residence is within this Diocese, and three lay adult confirmed communicants in good standing of the Church in this Diocese. A member of the Standing Committee may serve on the Disciplinary Board. Annually, within two months following each Annual Diocesan Council, the members of the Disciplinary Board shall elect a President from its members. The President shall serve for a term of one year and until a successor is hereby elected and qualified.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 1.3 Members

Members of the Disciplinary Board shall be divided into three classes and elected on nomination of the Bishop at the Annual Council of the Diocese. The composition of each class shall be as follows:

Class 1 shall be composed of two Priests or Deacons and one qualified layperson; Class 2 shall be composed of one Priest or Deacon and one qualified layperson; and Class 3 shall be composed of one Priest or Deacon and one qualified layperson.

At the Annual Council of the Diocese held in 2011, the members of all classes shall be elected on nomination of the Bishop for the following terms:

Class 1 – 3 years

Class 2 – 2 years

Class 3 – 1 year

In each subsequent Annual Council, the member or members of each class whose terms expire shall be elected for a three-year term. No member of the Disciplinary Board who has served a full three-year term shall succeed himself or herself after the expiration of his or her full term, but he or she shall be eligible for reelection after the lapse of one year from the expiration of such full term.

PROPOSED:

Section 1.3 Members

Members of the Disciplinary Board shall be divided into three classes and elected on nomination of the Bishop at the Annual Council of the Diocese. The composition of each class shall be as follows:

Class 1 shall be composed of two Priests or Deacons and one qualified layperson; Class 2 shall be composed of one Priest or Deacon and one qualified layperson; and Class 3 shall be composed of one Priest or Deacon and one qualified layperson.

At the Annual Council of the Diocese held in 2011, the members of all classes shall be elected on nomination of the Bishop for the following terms:

Class 1 – 3 years

Class 2 – 2 years

Class 3 – 1 year

In each subsequent Annual Council, the member or members of each class whose terms expire shall be elected for a three-year term. No member of the Disciplinary Board who has served a full three-year term ~~shall succeed himself or herself after the expiration of his or her full term, but he or she~~ shall be eligible for reelection until ~~after~~ the lapse of one year from the expiration of such full term.

IF AMENDED:

Section 1.3 Members

Members of the Disciplinary Board shall be divided into three classes and elected on nomination of the Bishop at the Annual Council of the Diocese. The composition of each class shall be as follows:

Class 1 shall be composed of two Priests or Deacons and one qualified layperson; Class 2 shall be composed of one Priest or Deacon and one qualified layperson; and Class 3 shall be composed of one Priest or Deacon and one qualified layperson.

At the Annual Council of the Diocese held in 2011, the members of all classes shall be elected on nomination of the Bishop for the following terms:

Class 1 – 3 years

Class 2 – 2 years

Class 3 – 1 year

In each subsequent Annual Council, the member or members of each class whose terms expire shall be elected for a three-year term. No member of the Disciplinary Board who has served a full three-year term shall be eligible for reelection until the lapse of one year from the expiration of such full term.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive and for clarity.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 1.7 Filling A Vacancy

Vacancies occurring in the Disciplinary Board, other than for cause under Section 8 of this Canon, shall be filled by a qualified person from the same order elected on nomination of the Bishop by majority vote of the persons present at the Annual Council meeting immediately following the date on which the vacancy occurred. The person so elected shall serve for the remainder of the term of the person whose vacancy he or she fills and shall be eligible for reelection when such term expires. A vacancy may be filled temporarily until the next Annual Council by a qualified person of the same order elected on nomination of the Bishop by majority vote of the persons present at a regular or special meeting of the Executive Board following the creation of the vacancy.

PROPOSED:

Section 1.7 Filling A Vacancy

Vacancies occurring in the Disciplinary Board, other than for cause under Section 8 of this Canon, shall be filled by a qualified person from the same order elected on nomination of the Bishop by majority vote of the persons present at the Annual Council meeting immediately following the date on which the vacancy occurred. The person so elected shall serve for the remainder of the **unexpired** term ~~of the person whose vacancy he or she fills~~ and shall be eligible for reelection when such term expires. A vacancy may be filled temporarily until the next Annual Council by a qualified person of the same order elected on nomination of the Bishop by majority vote of the persons present at a regular or special meeting of the Executive Board following the creation of the vacancy.

IF AMENDED:

Section 1.7 Filling A Vacancy

Vacancies occurring in the Disciplinary Board, other than for cause under Section 8 of this Canon, shall be filled by a qualified person from the same order elected on nomination of the Bishop by majority vote of the persons present at the Annual Council meeting immediately following the date on which the vacancy occurred. The person so elected shall serve for the remainder of the unexpired term and shall be eligible for reelection when such term expires. A vacancy may be filled temporarily until the next Annual Council by a qualified person of the same order elected on nomination of the Bishop by majority vote of the persons present at a regular or special meeting of the Executive Board following the creation of the vacancy.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive and for clarity.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 1.12 Church Attorney

Within two months after each Annual Diocesan Council, the Bishop, in consultation with the President of the Disciplinary Board, shall appoint a Church Attorney to serve for a term of one year and until his or her successor is duly appointed and qualified. In the event of a vacancy in the office of Church Attorney, the Bishop, in consultation with the President of the Board, shall appoint a successor to serve the unexpired term of his or her predecessor in office. The Bishop may remove the Church Attorney for any good and sufficient reason, as determined by the Bishop after consultation with the President of the Board. If, in any particular proceeding, the Church Attorney is unable to represent the Church for any reason, the Bishop, in consultation with the President of the Board, may appoint a substitute Church Attorney for that particular proceeding. The Church Attorney and any successor or substitute must be an adult confirmed communicant in good standing of the Church in this Diocese and a duly licensed attorney

PROPOSED:

Section 1.12 Church Attorney

Within two months after each Annual Diocesan Council, the Bishop, in consultation with the President of the Disciplinary Board, shall appoint a Church Attorney to serve for a term of one year and until ~~his or her~~ a successor is duly appointed and qualified. In the event of a vacancy in the office of Church Attorney, the Bishop, in consultation with the President of the Board, shall appoint a successor to serve the unexpired term of ~~his or her~~ the predecessor in office. The Bishop may remove the Church Attorney for any good and sufficient reason, as determined by the Bishop after consultation with the President of the Board. If, in any particular proceeding, the Church Attorney is unable to represent the Church for any reason, the Bishop, in consultation with the President of the Board, may appoint a substitute Church Attorney for that particular proceeding. The Church Attorney and any successor or substitute must be an adult confirmed communicant in good standing of the Church in this Diocese and a duly licensed attorney by the State of Texas.

IF AMENDED:

Section 1.12 Church Attorney

Within two months after each Annual Diocesan Council, the Bishop, in consultation with the President of the Disciplinary Board, shall appoint a Church Attorney to serve for a term of one year and until a successor is duly appointed and qualified. In the event of a vacancy in the office of Church Attorney, the Bishop, in consultation with the President of the Board, shall appoint a successor to serve the unexpired term of the predecessor in office. The Bishop may remove the Church Attorney for any good and sufficient reason, as determined by the Bishop after consultation with the President of the Board. If, in any particular proceeding, the Church Attorney is unable to represent the Church for any reason, the Bishop, in consultation with the President of the Board, may appoint a substitute Church Attorney for that particular proceeding. The Church Attorney and any successor or substitute must be an adult confirmed communicant in good standing of the Church in this Diocese and a duly licensed attorney by the State of Texas.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive and to clarify that the Church Attorney must be licensed in the State of Texas.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

**TITLE V
ENDOWMENTS, INSTITUTIONS, AND FOUNDATIONS**

CANON 2 THE BISHOP QUIN FOUNDATION

EXISTING:

Section 2.2 Revolving and Permanent Funds

The sum of \$9,000.00 of the funds originally contributed, together with Twenty-five

Per Cent of all contributions subsequently made, shall be placed in the revolving fund. The balance of the funds originally contributed, together with Seventy-five Per Cent of all subsequent contributions, shall be placed in the permanent fund. However, any donor may specify the fund or funds in which his or her contribution shall be placed.

PROPOSED:

Section 2.2 Revolving and Permanent Funds

The sum of \$9,000.00 of the funds originally contributed, together with Twenty-five Per Cent of all contributions subsequently made, shall be placed in the revolving fund. The balance of the funds originally contributed, together with Seventy-five Per Cent of all subsequent contributions, shall be placed in the permanent fund. However, any donor may specify the fund or funds in which ~~his or her~~ the contribution shall be placed.

IF AMENDED:

Section 2.2 Revolving and Permanent Funds

The sum of \$9,000.00 of the funds originally contributed, together with Twenty-five Per Cent of all contributions subsequently made, shall be placed in the revolving fund. The balance of the funds originally contributed, together with Seventy-five Per Cent of all subsequent contributions, shall be placed in the permanent fund. However, any donor may specify the fund or funds in which the contribution shall be placed.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

CANON 3 ST. STEPHEN'S SCHOOL

EXISTING:

Section 3.2 Trustees and Powers

The management of the affairs of the school shall be conducted by a Board of Trustees consisting of elected members and the following: The Bishop, Bishop Coadjutor, if there be one, any Suffragan Bishop of the Diocese designated by the Bishop, any Assistant Bishop of the Diocese designated by the Bishop, the Head of the school, the President of the Alumni Association, the President of the Parent's Association, and the Chancellor of the school, who shall be ex-officio members. Each of the elected and ex-officio members shall be entitled to one vote on all matters to be decided by the Board of Trustees; provided, that any person serving as Chancellor of the school shall not be entitled to vote on any matter unless he or she is an elected member of the Board of Trustees. The Board of Trustees shall have power on its own authority to acquire, erect, equip, manage, and operate the school on its own financial responsibility, in accordance with its Charter and bylaws and in accordance with the Canons of the Diocese from time to time adopted.

PROPOSED:

Section 3.2 Trustees and Powers

The management of the affairs of the school shall be conducted by a Board of Trustees consisting of elected members and the following: The Bishop, Bishop Coadjutor, if there be one, any Suffragan Bishop of the Diocese designated by the Bishop, any Assistant Bishop of the Diocese designated by the Bishop, the Head of the school, the President of the Alumni Association, the President of the Parent's Association, and the Chancellor of the school, who shall be ex-officio members. Each of the elected and ex-officio members shall be entitled to one vote on all matters to be decided by the Board of Trustees; provided, that any person serving as Chancellor of the school shall not be entitled to vote on any matter unless ~~he or she~~ the Chancellor is an elected member of the Board of Trustees. The Board of Trustees shall have power on its own authority to acquire, erect, equip, manage, and operate the school on its own financial responsibility, in accordance with its Charter and bylaws and in accordance with the Canons of the Diocese from time to time adopted.

IF AMENDED:

Section 3.2 Trustees and Powers

The management of the affairs of the school shall be conducted by a Board of Trustees consisting of elected members and the following: The Bishop, Bishop Coadjutor, if there be one, any Suffragan Bishop of the Diocese designated by the Bishop, any Assistant Bishop of the Diocese designated by the Bishop, the Head of the school, the President of the Alumni Association, the President of the Parent's Association, and the Chancellor of the school, who shall be ex-officio members. Each of the elected and ex-officio members shall be entitled to one vote on all matters to be decided by the Board of Trustees; provided, that any person serving as Chancellor of the school shall not be entitled to vote on any matter unless the Chancellor is an elected member of the Board of Trustees. The Board of Trustees shall have power on its own authority to acquire, erect, equip, manage, and operate the school on its own financial responsibility, in accordance with its Charter and bylaws and in accordance with the Canons of the Diocese from time to time adopted.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 3.3 Elections – Vacancies

The elected members of the Board of Trustees shall consist of up to twenty-four (24) persons, each elected by the Annual Council on nomination of the Bishop, for initial terms of one (1), two (2), or three (3) years beginning with the commencement of the next fiscal year of the school following such election or to complete the unexpired term of any

elected Trustee who has ceased to serve for any reason (with the term of any person elected to complete the unexpired term of a Trustee who has ceased to serve commencing immediately upon the election of such person). Persons shall be eligible for election though they reside outside the Diocese of Texas or are not communicant members of the Episcopal Church. Persons elected to an initial term of one (1) year or two (2) years, or to complete the unexpired term of an elected Trustee who has ceased to serve for any reason, upon renomination by the Bishop, may be elected to serve up to two (2) consecutive additional terms of three (3) years, after which such person may not be renominated for at least one (1) year. Persons elected to an initial term of three (3) years, upon renomination by the Bishop, may be elected to serve one (1) additional term of three (3) years, after which such person may not be renominated for at least one (1) year. Notwithstanding the above, (a) a Trustee may be removed from his or her position at any time by a two-thirds vote of the Board of Trustees with the consent of the Bishop of Texas, or (b) shall be removed automatically in the event such removal is provided for in the by-laws of the school with respect to the failure of a Trustee to attend meetings or to contribute to the financial support of the school. Any vacancy occurring on the Board may be filled by the Board until the next Annual Council, at which time a Trustee shall be elected on nomination of the Bishop to serve the unexpired term.

PROPOSED:

Section 3.3 Elections – Vacancies

The elected members of the Board of Trustees shall consist of up to twenty-four (24) persons, each elected by the Annual Council on nomination of the Bishop, for initial terms of one (1), two (2), or three (3) years beginning with the commencement of the next fiscal year of the school following such election or to complete the unexpired term of any elected Trustee who has ceased to serve for any reason (with the term of any person elected to complete the unexpired term of a Trustee who has ceased to serve commencing immediately upon the election of such person). Persons shall be eligible for election though they reside outside the Diocese of Texas or are not communicant members of the Episcopal Church. Persons elected to an initial term of one (1) year or two (2) years, or to complete the unexpired term of an elected Trustee who has ceased to serve for any reason, upon renomination by the Bishop, may be elected to serve up to two (2) consecutive additional terms of three (3) years, after which such person may not be renominated for at least one (1) year. Persons elected to an initial term of three (3) years, upon renomination by the Bishop, may be elected to serve one (1) additional term of three (3) years, after which such person may not be renominated for at least one (1) year. Notwithstanding the above, (a) a Trustee may be removed ~~from his or her position~~ at any time by a two-thirds vote of the Board of Trustees with the consent of the Bishop of Texas, or (b) shall be removed automatically in the event such removal is provided for in the by-laws of the school with respect to the failure of a Trustee to attend meetings or to contribute to the financial support of the school. Any vacancy occurring on the Board may be filled by the Board until the next Annual Council, at which time a Trustee shall be elected on nomination of the Bishop to serve the unexpired term.

IF AMENDED:

Section 3.3 Elections – Vacancies

The elected members of the Board of Trustees shall consist of up to twenty-four

(24) persons, each elected by the Annual Council on nomination of the Bishop, for initial terms of one (1), two (2), or three (3) years beginning with the commencement of the next fiscal year of the school following such election or to complete the unexpired term of any elected Trustee who has ceased to serve for any reason (with the term of any person elected to complete the unexpired term of a Trustee who has ceased to serve commencing immediately upon the election of such person). Persons shall be eligible for election though they reside outside the Diocese of Texas or are not communicant members of the Episcopal Church. Persons elected to an initial term of one (1) year or two (2) years, or to complete the unexpired term of an elected Trustee who has ceased to serve for any reason, upon renomination by the Bishop, may be elected to serve up to two (2) consecutive additional terms of three (3) years, after which such person may not be renominated for at least one (1) year. Persons elected to an initial term of three (3) years, upon renomination by the Bishop, may be elected to serve one (1) additional term of three (3) years, after which such person may not be renominated for at least one (1) year. Notwithstanding the above, (a) a Trustee may be removed at any time by a two-thirds vote of the Board of Trustees with the consent of the Bishop of Texas, or (b) shall be removed automatically in the event such removal is provided for in the by-laws of the school with respect to the failure of a Trustee to attend meetings or to contribute to the financial support of the school. Any vacancy occurring on the Board may be filled by the Board until the next Annual Council, at which time a Trustee shall be elected on nomination of the Bishop to serve the unexpired term.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 3.4 By-Laws and Officers

The Board of Trustees shall adopt its own by-laws. The Bishop of the Diocese shall be Chair of the Board or in the Bishop's absence or, at the Bishop's request, the Bishop Coadjutor or any Suffragan Bishop shall serve as Chair. The Board shall elect an Executive Chair (who shall be nominated by the Chair), a Vice- Chair, a Secretary, a Treasurer, and such other officers and assistants as the by-laws may provide. The officers, other than the Chair, shall be elected by and from the Board of Trustees. Each officer shall hold office for one (1) year or, if earlier, until the expiration of his or her term of office as a Trustee, provided that any officer other than the Chair may be removed from office at any time by a two-thirds vote of the Board of Trustees. The Board of Trustees, from time to time, may elect a Chancellor, who need not be an elected member of the Board of Trustees.

PROPOSED:

Section 3.4 By-Laws and Officers

The Board of Trustees shall adopt its own by-laws. The Bishop of the Diocese shall be Chair of the Board or in the Bishop's absence or, at the Bishop's request, the Bishop Coadjutor or any Suffragan Bishop shall serve as Chair. The Board shall elect an Executive

Chair (who shall be nominated by the Chair), a Vice- Chair, a Secretary, a Treasurer, and such other officers and assistants as the by-laws may provide. The officers, other than the Chair, shall be elected by and from the Board of Trustees. Each officer shall hold office for one (1) year or, if earlier, until the expiration of ~~his or her~~ the term of office as a Trustee, provided that any officer other than the Chair may be removed from office at any time by a two-thirds vote of the Board of Trustees. The Board of Trustees, from time to time, may elect a Chancellor, who need not be an elected member of the Board of Trustees.

IF AMENDED:

Section 3.4 By-Laws and Officers

The Board of Trustees shall adopt its own by-laws. The Bishop of the Diocese shall be Chair of the Board or in the Bishop's absence or, at the Bishop's request, the Bishop Coadjutor or any Suffragan Bishop shall serve as Chair. The Board shall elect an Executive Chair (who shall be nominated by the Chair), a Vice- Chair, a Secretary, a Treasurer, and such other officers and assistants as the by-laws may provide. The officers, other than the Chair, shall be elected by and from the Board of Trustees. Each officer shall hold office for one (1) year or, if earlier, until the expiration of the term of office as a Trustee, provided that any officer other than the Chair may be removed from office at any time by a two-thirds vote of the Board of Trustees. The Board of Trustees, from time to time, may elect a Chancellor, who need not be an elected member of the Board of Trustees.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

EXISTING:

Section 3.6 St. Stephen's School Chapel

The Board of Trustees shall establish a chapel for St. Stephen's School, which shall be in union with the Council and under the authority of the Bishop. The Head, from time to time, and with the consent of the Bishop, may appoint a person to serve as the Chaplain of the school and the chapel. The Chaplain shall be responsible for the conduct of religious services in the chapel in addition to any other duties that may be assigned to him or her by the Head. The chapel shall maintain such records and shall make such reports as are requested by the Bishop. The chapel shall be represented in the Council by the Head of the school and/or the Chaplain, or by a delegate chosen by the Bishop. The chapel shall accept such financial responsibility toward the work of the Diocese as may be designated by Council.

PROPOSED:

Section 3.6 St. Stephen's School Chapel

The Board of Trustees shall establish a chapel for St. Stephen's School, which shall be in union with the Council and under the authority of the Bishop. The Head, from time to time, and with the consent of the Bishop, may appoint a person to serve as the Chaplain of the school and the chapel. The Chaplain shall be responsible for the

conduct of religious services in the chapel in addition to any other duties that may be assigned ~~to him or her~~ by the Head. The chapel shall maintain such records and shall make such reports as are requested by the Bishop. The chapel shall be represented in the Council by the Head of the school and/or the Chaplain, or by a delegate chosen by the Bishop. The chapel shall accept such financial responsibility toward the work of the Diocese as may be designated by Council.

IF AMENDED:

Section 3.6 St. Stephen's School Chapel

The Board of Trustees shall establish a chapel for St. Stephen's School, which shall be in union with the Council and under the authority of the Bishop. The Head, from time to time, and with the consent of the Bishop, may appoint a person to serve as the Chaplain of the school and the chapel. The Chaplain shall be responsible for the conduct of religious services in the chapel in addition to any other duties that may be assigned by the Head. The chapel shall maintain such records and shall make such reports as are requested by the Bishop. The chapel shall be represented in the Council by the Head of the school and/or the Chaplain, or by a delegate chosen by the Bishop. The chapel shall accept such financial responsibility toward the work of the Diocese as may be designated by Council.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

CANON 4 THE EPISCOPAL THEOLOGICAL SEMINARY OF THE SOUTHWEST

EXISTING:

Section 4.3 Board of Trustees

The Board of Trustees shall consist of not more than twenty-five (25) members, including the Bishop of the Diocese of Texas. Six (6) members, exclusive of the Bishop of the Diocese of Texas, shall be at least 18 years of age, confirmed communicants in good standing, and actually or canonically resident in the Diocese of Texas. Such six (6) members shall be elected by the Annual Diocesan Council, upon nomination of the Bishop, for a term of three (3) years. Two members shall be elected at the Annual Diocesan Council each year. A member of the Board of Trustees may be elected to up to three (3) consecutive three-year terms, in addition to any unexpired term to which he or she may have been first elected, after which such member may not be renominated for at least one (1) year. All such terms shall begin June 1 of the year of election. The Board of Trustees may fill any vacancy, which occurs on the Board among the elected members from the Diocese of Texas until the next Annual Diocesan Council, when such vacancy shall be filled by election for the remainder of the unexpired term.

PROPOSED:

Section 4.3 Board of Trustees

The Board of Trustees shall consist of not more than twenty-five (25) members, including the Bishop of the Diocese of Texas. Six (6) members, exclusive of the Bishop of the Diocese of Texas, shall be at least 18 years of age, confirmed communicants in good standing, and actually or canonically resident in the Diocese of Texas. Such six (6) members shall be elected by the Annual Diocesan Council, upon nomination of the Bishop, for a term of three (3) years. Two members shall be elected at the Annual Diocesan Council each year. A member of the Board of Trustees may be elected to ~~up to~~ no more than three (3) consecutive three-year terms, in addition to any unexpired term to which ~~he or she~~ the member may have been first elected, after which such member may not be renominated for at least one (1) year. All such terms shall begin June 1 of the year of election. The Board of Trustees may fill any vacancy, which occurs on the Board among the elected members from the Diocese of Texas until the next Annual Diocesan Council, when such vacancy shall be filled by election for the remainder of the unexpired term.

IF AMENDED:

Section 4.3 Board of Trustees

The Board of Trustees shall consist of not more than twenty-five (25) members, including the Bishop of the Diocese of Texas. Six (6) members, exclusive of the Bishop of the Diocese of Texas, shall be at least 18 years of age, confirmed communicants in good standing, and actually or canonically resident in the Diocese of Texas. Such six (6) members shall be elected by the Annual Diocesan Council, upon nomination of the Bishop, for a term of three (3) years. Two members shall be elected at the Annual Diocesan Council each year. A member of the Board of Trustees may be elected to no more than three (3) consecutive three-year terms, in addition to any unexpired term to which the member may have been first elected, after which such member may not be renominated for at least one (1) year. All such terms shall begin June 1 of the year of election. The Board of Trustees may fill any vacancy, which occurs on the Board among the elected members from the Diocese of Texas until the next Annual Diocesan Council, when such vacancy shall be filled by election for the remainder of the unexpired term.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive and for clarity.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

CANON 10 CAMP ALLEN

EXISTING:

Section 10.3 Selection, Election, and Vacancies

The elective membership of the Board of Trustees shall consist of up to 24 persons, each elected by the Annual Council on nomination of the Bishop, for four-year terms. Up to six elective members shall be elected by the Annual Council each year on nomination of the Bishop. A trustee may be elected to serve a second consecutive four-year term, after which such trustee may not be renominated for at least one year. If a person is elected to

complete a trustee's unexpired term, such service shall not count toward the above limitations on the number of consecutive terms such person may serve or toward the limitation on the annual number of members to be elected each year. Notwithstanding the above, a trustee may be removed from his or her position at any time by a two-thirds vote of the Board of Trustees with the consent of the Bishop of Texas. Any vacancy occurring in the Board may be filled by the Board until the next Annual Council, at which time a trustee shall be elected on nomination of the Bishop to serve the unexpired term.

PROPOSED:

Section 10.3 Selection, Election, and Vacancies

The elective membership of the Board of Trustees shall consist of up to 24 persons, each elected by the Annual Council on nomination of the Bishop, for four-year terms. Up to six elective members shall be elected by the Annual Council each year on nomination of the Bishop. A trustee may be elected to serve a second consecutive four-year term, after which such trustee may not be renominated for at least one year. If a person is elected to complete a trustee's unexpired term, such service shall not count toward the above limitations on the number of consecutive terms such person may serve or toward the limitation on the annual number of members to be elected each year. Notwithstanding the above, a trustee may be removed ~~from his or her position~~ at any time by a two-thirds vote of the Board of Trustees with the consent of the Bishop of Texas. Any vacancy occurring in the Board may be filled by the Board until the next Annual Council, at which time a trustee shall be elected on nomination of the Bishop to serve the unexpired term.

IF AMENDED:

Section 10.3 Selection, Election, and Vacancies

The elective membership of the Board of Trustees shall consist of up to 24 persons, each elected by the Annual Council on nomination of the Bishop, for four-year terms. Up to six elective members shall be elected by the Annual Council each year on nomination of the Bishop. A trustee may be elected to serve a second consecutive four-year term, after which such trustee may not be renominated for at least one year. If a person is elected to complete a trustee's unexpired term, such service shall not count toward the above limitations on the number of consecutive terms such person may serve or toward the limitation on the annual number of members to be elected each year. Notwithstanding the above, a trustee may be removed at any time by a two-thirds vote of the Board of Trustees with the consent of the Bishop of Texas. Any vacancy occurring in the Board may be filled by the Board until the next Annual Council, at which time a trustee shall be elected on nomination of the Bishop to serve the unexpired term.

SUBMITTED BY: The Executive Board

RATIONALE (by The Executive Board): Language updated to be inclusive.

THE COMMITTEE RECOMMENDS THE ADOPTION OF THIS PROPOSAL.

Maria Boyce, Chair

COMMITTEE ON NOMINATIONS

Nominations for Diocesan Council 2025

Executive Board (Nominate at least 6 lay & 4 clergy, elect 3 lay & 2 clergy)

Clergy

Jeremy Bradley, St Mark's, Fort Bend
County

Justin Briggie, Good Shepherd,
Friendswood

David Faulkner, St. Cyprian's, Lufkin

Karl Griswold-Kuhn, Texas A&M
University, College Station

Bradley Sullivan, Lord of the Streets,
Houston

Bradley Varnell, Christ Church
Cathedral

Rohani Weger, Holy Trinity, Port
Neches

Lay

Debbie Allensworth, St. Andrew's,
Pearland

Abe Campos, St. Joseph's, Salado

Michael Holder, St. James, Taylor

Jim Johnson, St. Stephen's, Beaumont

Nandini Kandolha, St. John the Divine,
Houston

John Pitts, Jr., Good Shepherd, Austin

Standing Committee (Nominate at least 2 lay & 2 clergy, elect 1 lay & 1 clergy)

Clergy

Alan Bentrup, St. Martin's in the Fields,
Keller

Whitney Kirby, St. Andrew's School,
Austin

Mike Stone, St. Thomas the Apostle,
Nassau Bay

Lay

James Black, St. Mark's, Beaumont

Robert McDonald, All Saints', Austin

Trustee of the Church Corporation (Nominate at least 2, elect 1)

Mark Browning, St. Andrew's, Bryan

The Rev. Lisa Burns, Diocese of Texas

Mike Hughes, Trinity, Galveston

Jay Wilson, St. John's, Silsbee

Trustee of the University of the South (Nominate at least 2, elect 1 lay)

Mary Beth Butler, St. Martin in the Fields, Keller

Alice Nezzar, All Saints', Austin

Jason Ingalls, *chair*

Bios

Executive Board (Nominate at least 6 lay & 4 clergy, elect 3 lay & 2 clergy)

Clergy

Jeremy Bradley, St Mark's, Fort Bend County

I serve as the eighth rector of St. Mark's in Richmond, Texas. I was born and raised in Spring, where my faith journey began in high school through a local Episcopal church's youth group. Before being ordained as a priest, I served the church through various ministries, gaining a breadth of experience in the ministry and mission of the church—including ministries in children, youth, young adults, music, camp, liturgy, and local and international missions. I am passionate about forming relationships with individuals in the communities where I live and work to create long-lasting connections, empowering the laity to represent Christ in the world through their gifts, and loving others as Christ loved us. Currently, I serve the broader church as a campsite director for Camp Allen Summer Camp, as the Liturgist for the Diocese of Texas for Diocesan Council, Clergy Conference, and Deacon Ordination, and on the Alumni Association Executive Committee for Virginia Theological Seminary.

Justin Briggie, Good Shepherd, Friendswood

Having served within the Diocese for nearly 9 years as rector of two congregations and as a curate, discerning my call within the diocese following an 8-year career as a chemistry professor, I would be honored to apply my growing experience, administrative skills, and attention to detail as a clergy member of the Executive Board. I would value the opportunity to represent you and to broaden my own understanding of the larger role and ministry of the diocese with this important and needful work. I appreciate your vote for the Executive Board.

David Faulkner, St. Cyprian's, Lufkin

Over the last fifteen years of ordained ministry, I have been blessed to serve a variety of sized churches both in and outside of major metropolitan areas. In my former diocese I served on the Executive Council, Commission on Ministry, and as a convocation chair. My wide range of experience has fostered in me administrative and strategic planning skills that I would be honored to contribute to the work of the Executive Board in our diocese, if elected. I believe my experience in growing parishes outside of the main EDOT metro areas would be an asset as the Executive Board conducts its work, so that there is good and balanced representation from across the diverse regions of our diocese. We are truly blessed to be a part of The Diocese of Texas and I would be delighted to serve and contribute to a vision of Christian life and discipleship that pushes our members to engage in the wider life of our diocesan family.

Karl Griswold-Kuhn, Texas A&M University, College Station

I am humbled to have been nominated as a clergy representative to the Executive Board of the Diocese of Texas. Ordained in 2011, I was in parish ministry until 2023 when I became Campus Missioner at Texas A & M. Previous service includes the Cathedral Chapter in the Diocese of Albany, where I also taught in the Deacon's School; and in EDOT, on the Episcopal Foundation of Texas and the Strategic Mission Grant committee. I have deep desire and passion to see our diocese continue to be a leader in the larger church while still helping our local congregations continue to carry out the great commission. I believe that God has strategically placed our diocese to be

innovators in the future work of the church while we continue to steward the gifts that have been entrusted to us from the past. I think I have gifts that could benefit the diocese continue in that remarkable work and would be honored to do so if elected.

Bradley Sullivan, Lord of the Streets, Houston

I would be pleased to serve on the Executive Board: listening, learning, offering what insights I have, and doing the work needed for the good of the people. With 19 years of ordained ministry in the Diocese of Texas, serving congregations as associate rector, rector, and now vicar of Lord of the Streets, I have a good understanding of the mission and ministry of our church, both in supporting congregations and in reaching out to our communities in ways other than traditional congregational ministry. I'm currently chairing the diocesan commission on recovery, and I previously served on the board of Community of the Streets, led diocesan youth retreats, been a session director at Camp Allen, and have taught a ministry class at Iona. I believe in the unity of our church, striving together for the mission of Jesus and the healing he brings us. My approach in working with others is to listen, give my input when needed, and support the decisions made.

Bradley Varnell, Christ Church Cathedral

The entirety of my ordained career has been in EDOT, and it's been inspiring to be a part of a diocese so committed to sharing the Gospel in word and deed outside of the walls of the church. As the minister to young adults at our Cathedral, I've had the opportunity to nurture a community of people with varying degrees of connection to (and comfort with) the institutional church who share a spiritual hunger for, intellectual curiosity about, and desire for connection with God. Our church has much to offer millennials, Gen-Z, and the generations after them, and I see the work of the Executive Board - stewarding the missional, formational, and outreach ministries of the church - as key to reaching and engaging these generations. As a member of the Executive Board, I look forward to bringing my experience in young adult ministry to bear on the good work the Board is doing to share the Good News of Jesus in creative and impactful ways.

Rohani Weger, Holy Trinity, Port Neches

I have been a priest for 15 years. I have worked in multi-cultural ministry in several churches in the Diocese. Currently, I am the rector of Holy Trinity in Port Neches. Having worked as an interim in several very different congregations, I have seen how working in partnership with the Diocese can really benefit the local parishes. I would like to be involved in visioning what the Diocese can do, especially for smaller churches.

Lay

Debbie Allensworth, St. Andrew's, Pearland

I have a passion for outreach, lay ministry, and connecting people with opportunities to serve in the community and I believe I can bring useful gifts and experience to the Executive Board. I am the Executive Director and a Co-Founder of Mosaic in Action (MiA), a non-profit which repairs homes after disasters and works to increase the weather resiliency of homes in our coastal communities. I have 26 years' experience as a lay leader at St. Andrew's Pearland, most recently as the Associate and

Community Pastor. While serving at St. Andrew's, I attended Wesley Seminary at Indiana Wesleyan University and received a Master's of Arts in Ministerial Leadership. I have served previously on the Executive Board, served on a Diocesan Search Committee, have been a speaker at Council breakout sessions and Diocesan training events, and have assisted with the development of training materials, including the Church's Discovery Series.

Abe Campos, St. Joseph's, Salado

A retired U.S. Army veteran and former Sheriff's Officer, and Deputy to the House of Deputies I bring a wealth of experience to the Executive Council of the Episcopal Diocese of Texas. At St. Joseph's Episcopal Church in Salado, I serve as Junior Warden and I regularly read the Gospel in Spanish during Sunday Eucharist, which has significantly increased our Hispanic membership. Recognizing the tremendous potential in Hispanic outreach, I have been instrumental in organizing our annual bilingual Posada, a traditional Advent celebration that attracts hundreds of participants from Central Texas and has led to notable congregational growth. My background in military service, law enforcement, and private business equips me with unique skills to support and expand the church's mission. I am committed to fostering inclusivity and growth within our diocese, particularly through bilingual outreach initiatives

Michael Holder, St. James, Taylor

I came into the Episcopal church from another faith tradition and became a member of St. James in Taylor, TX 14 years ago. I attended the IONA School for Ministry on the three year Lay Theological Track and completed that in June 2022 I currently serve at St. James as a Verger, Lay Preacher, Lay Eucharistic Minister, Bishop Committee member, Acolyte, and previously served as Bishop's Warden, I am a member of the Vergers Guild. This summer, I will be Facilities Manager at St. David's in downtown Austin for eight years. Being a Lay minister at St. James and on staff at St. David's. I have an understanding of the workings of, and the complexities that a small church and a large church both have.

Jim Johnson, St. Stephen's, Beaumont

I have been active at St. Stephen's in Beaumont since I was received into the Episcopal Church almost forty years ago. I have served several positions at St. Stephen's including senior warden and delegate to council many times. I was mentor for Education for Ministry 14 years which deepened my faith and introduced me to people in the greater Church. I am able and willing to work with people of different backgrounds on the Executive Board for the benefit of the Diocese of Texas. Thank you for considering my nomination.

Nandini Kandolha, St. John the Divine, Houston

Born into the Tamil Brahmin Iyer community, I began my faith journey with Christ at the age of three after losing my father; the kindness and joy I found among Christians in India led me to accept Christ as God, culminating in my baptism as a teenager in Hyderabad. I hold bachelor's degrees in Sociology and Accounting, a master's in International Studies, and I am a Certified Public Accountant. My professional experience includes working at Deloitte and in the oil and gas industry, specializing in internal audit, forecasting, budgeting, project management, accounting, audits, and contract negotiations. I founded a consulting company working with early-stage life

science companies, contributing to the largest IPO in this space in 2019, and currently serve as CFO and COO of a clinical-stage oncology company leading strategic initiatives. My education, experience, gifts, faith journey, belief in the mission of the Episcopal Church, and willingness to serve the Lord through the Diocese make me well-suited to serve on the Executive Board of the Episcopal Diocese of Texas.

John Pitts, Jr., Good Shepherd, Austin

I grew up in the Episcopal church as the son of an Episcopal priest. I served in leadership roles in one of the largest Episcopal youth groups in the Diocese of Texas when I was in high school and served as a counselor at Camp Allen during that same time. As an adult, I have been a member of Good Shepherd in Austin since 2006; since then, I have served as a youth Sunday School teacher, served on the Vestry for three years—including one year as Junior Warden and one year as Senior Warden—and I currently lead the church usher program. Professionally, I work as a government affairs consultant and have represented the Episcopal Health Foundation in the past on health care matters. I am married to Lesley Pitts and have three children.

Standing Committee (Nominate at least 2 lay & 2 clergy, elect 1 lay & 1 clergy) Clergy

Alan Bentrup, St. Martin's in the Fields, Keller

I would be honored to serve on the Standing Committee of the Diocese of Texas, helping continue our shared work of following Jesus and loving our communities. I currently serve on the Council of Advice for Episcopal Relief & Development, the leadership team of the Health & Justice Advocacy Network in the Diocese of Texas, and previously served on the Board of Trustees for Voorhees University (an Episcopal-affiliated HBCU), which has given me insight into the many ways that Episcopal institutions are facing a changing world. I believe my experience would allow me to offer faithful, wise counsel to our Bishop.

Whitney Kirby, St. Andrew's School, Austin

I currently serve in Austin as the Upper School Chaplain at St. Andrew's Episcopal School and as Assisting Clergy at the Episcopal Church of the Good Shepherd, positions I have held for nine and six years, respectively. Previously, I served at Trinity Episcopal Cathedral in Phoenix, AZ, as the Canon for Formation, and at Church of the Holy Comforter in Vienna, VA, as the Associate for Students & Outreach. Within the Diocese of Texas, I have supported the Curate Cohort Year 1 programming since 2019, addressing priestly authority and relationships. I am passionate about discerning the call of the Holy Spirit with those seeking to grow more into Christ, thereby building up the Body of Christ in love. Serving in Episcopal education, urban settings, multicultural ministries, and working alongside disciples of all ages has led me to a deeply humbling understanding of the Church's abundant harvest, and I remain committed to clergy formation for a missional church as I seek election to the Standing Committee.

Mike Stone, St. Thomas the Apostle, Nassau Bay

I have been especially blessed in my spiritual journey by the ministries of dedicated standing committees that have supported postulants and ordinands with grace and

dignity. Inspired by these experiences, I have had the privilege of mentoring a curate and a bi-vocational priest, serving on the Foundations and Strategic Mission Grants Boards, and leading pilgrimage trips for both lay and clergy. I would be grateful for the opportunity to serve the diocese in these and other capacities. Beyond my experience, I believe I can contribute my gifts of honesty, integrity, curiosity, creativity, discernment, and the ability to say "No" with both dignity and conviction to the Standing Committee. It would be an honor to serve on the Standing Committee and continue supporting our diocese's mission.

Lay

James Black, St. Mark's, Beaumont

I'm a lawyer and member of St. Mark's, Beaumont. In the past, I've served on the Vestry and as Senior Warden of both St. George's, Port Arthur, and St. Mark's, and am currently the Chancellor at St. Mark's. Through the years I've been a delegate to many Councils, both from St. George's, years ago, and thereafter, St. Mark's. I'm familiar with the structure and workings of the Diocese and have also been involved in real property transactions with both St. George's and St. Mark's and the Diocese. I think that my past experience with the Diocese and interaction with many priests, curates and deacons, especially as a lay eucharistic minister and friend, gives me a perspective which would qualify me for the Standing Committee. I also believe that geographical diversity is important for the committees of the Diocese. If selected as a nominee, and ultimately elected by Council, I will gladly serve.

Robert McDonald, All Saints', Austin

I was raised in the Baptist Church, but I was confirmed at St. David's Episcopal Church Austin in 1982, while attending the University of Texas. I have served at various churches in the Episcopal Diocese of Texas and the Episcopal Diocese of West Texas as a Vestry member, Bishop's Committee member, Treasurer, Stewardship Chairman, Council Delegate and EYC Sponsor. In 2022 I was elected to the Executive Board of the Episcopal Diocese of West Texas. I am a CPA, licensed in the State of Texas and I have 40 years of experience in Accounting, Finance, Management, Banking, and Risk Management. I currently serve as the Chief Financial Officer of the Port of Harlingen Authority. I am married to the Rev. Kendrah McDonald, the Associate Rector at All Saints' Episcopal Church Austin; I have four children and four grandchildren.

Trustee of the Church Corporation (Nominate at least 2, elect 1)

Mark Browning, St. Andrew's, Bryan

As a prior Trustee of the Church Corporation, I have been able to bring my 35 years' management experience working with fiduciary matters in trust banking and a higher education foundation, to benefit managing the assets of the Episcopal Diocese of Texas. I would be honored to serve again, if elected. At the Parish level, I have been active as a lay Eucharistic minister, Vestry member, Council delegate and endowment committee member of St. Andrews. My family has been active in churches both in the Diocese of West Texas and the Diocese of Texas, where I joined the Church in Beaumont as a youngster. My wife of 35 years, Nancy, works as a Development Director at Voices for Children (C.A.S.A. of the Brazos Valley). She and I have three adult children and two grandchildren.

Lisa Burns, Diocese of Texas

I have a BA from the University of the South, a JD from the University of Texas School of Law, and an MDiv from Seminary of the Southwest. Long before seminary, I practiced law, then spent years as an administrator and teacher in Good Shepherd Episcopal School, Austin. After ordination in 2007, I served as curate and *locum tenens* at St. Thomas Episcopal Church, College Station, and rector of Calvary Episcopal Church, Bastrop, before joining the diocesan staff as Canon for Wellness and Care from 2018 until late 2024. I have served on the boards of El Buen Samaritano and the Episcopal Health Foundation, was elected to the diocesan Executive Board (twice) and, and to the Disciplinary Board, where I served as president. I am now retired and living with my husband in the country, reengaging with art, poetry, and the earth, and curious about God's call in this new season.

Mike Hughes, Trinity, Galveston

You asked for a note stating my qualifications for such an appointment: 1) I am a lifelong Episcopalian and member of Trinity Church, having served on the vestry, including as senior warden on several occasions and on the school board of Trinity Episcopal school for several terms. In addition, I have been elected to the school board of GISD for several terms (also serving as President of that board) and currently serve on the Board of Regents of Galveston College. I have had a 45 year career as an attorney in Galveston, and for the past 20 years have served as one of the general counsel to the Moody Foundation, a \$2.2 Billion dollar foundation which I am sure faces many of the same issues the Church Corporation has. 2) I am willing to present myself for election to the position. If you need any additional information let me know.

Jay Wilson, St. John's, Silsbee

My name is Jay Wilson and I am a lifelong Episcopalian, having been baptized in the faith as a child and attending many Episcopal churches throughout my life. I believe that I should serve as a witness to others by serving my church and my community in whatever capacity is needed. I sang in the church choir, served as a lector, an usher, and an acolyte. More recently, I served as a delegate to the diocesan council, as well as the Treasurer at Saint Paul's Episcopal church in Orange, Texas. While there, I also served on the stewardship committee. Currently I serve as the Bishop's Warden on the Bishop's Committee at St. John's Episcopal Church in Silsbee, Texas. I am a faithful student of the Bible and work with the congregation at St. John's to develop outreach opportunities to raise the visibility of our church while witnessing to our community. I appreciate your consideration of my nomination.

Trustee of the University of the South (Nominate at least 2, elect 1 lay)

Mary Beth Butler, St. Martin in the Fields, Keller

I am a lifelong Episcopalian with experience on Vestries in three parishes, as a Diocesan delegate, and in many roles in my local parishes. I was raised in the Diocese of Texas and I'm thrilled that my Fort Worth-area congregation's return there offers this nomination opportunity to serve Sewanee: The University of the South. I enjoyed a 30-year career in international education at Texas A&M and the University of North Texas, specifically as a Director of Study Abroad programs and Fulbright Program Advisor,

and I served across campus on a variety of committees. My degrees in English Language and Literature give me a great appreciation for Sewanee's robust curriculum offerings. It would be an honor and a blessing to serve the Diocese and Sewanee as a Trustee.

Alice Nezza, All Saints', Austin

Serving as a trustee will allow me to participate in the continued growth and success of my alma mater. With over 30 years of experience as a teacher and administrator in Episcopal schools, I understand the unique role these institutions play in nurturing the mind, body, and spirit of their students. As Associate Head of School at St. Andrew's Episcopal School, I work closely with faculty, staff, students, board members, alumni, parents, and community members, and have served on the Community Access and Belonging Committee. Active in All Saints parish as a lay reader and chalice bearer, I also co-chair the 125th anniversary committee and serve on the Columbarium Committee. The communication, leadership, and problem-solving skills I use daily will transfer to the duties and responsibilities needed to be a successful trustee at Sewanee.

COMMITTEE ON RESOLUTIONS

The Resolutions Committee received three resolutions for consideration at the 176th Council of the Episcopal Diocese of Texas.

Resolution Approving Amended and Restated Certificate of Formation of the Protestant Episcopal Church Council of the Diocese of Texas

WHEREAS, by unanimous vote the Board of Trustees of the Protestant Episcopal Church Corporation of the Diocese of Texas (“Church Corporation”) has adopted the Amended and Restated Certificate of Formation attached hereto as Exhibit A (“Restated Certificate”);

WHEREAS, the Bishop of the Episcopal Diocese of Texas has approved in writing the Restated Certificate;

WHEREAS, the Governance Committee of the Executive Board has endorsed the Restated Certificate;

WHEREAS, the existing Amended and Restated Articles of Incorporation of the Church Corporation require that any amendment or restatement thereof be approved by at least a two-thirds vote of the Diocesan Council; therefore, be it

RESOLVED that the 176th Annual Council of the Episcopal Diocese of Texas hereby approves the Restated Certificate attached hereto as Exhibit A.

Exhibit A follows the conclusion of resolutions committee report.

Submitted by:

The Bishop of Texas, the Trustees of the Church Corporation, and the Executive Board

Rationale:

Our Diocesan Constitution and Canons require that, with a few exceptions, title to all real estate acquired for the use of the Church in this Diocese, including Parishes and Missions, as well as institutions of a Diocesan character, be vested in the Church Corporation.

Canon I.7.4 of the Episcopal Church (“the Dennis Canon”) provides that all real estate held by or for the benefit of any Parish, Mission, or Congregation is held in trust for the Episcopal Church and the Diocese thereof in which such Parish, Mission, or Congregation is located. In the litigation involving the property of the churches of the former Fort Worth diocese, the Texas Supreme Court held that under Texas law the Dennis Canon was insufficient by itself to create a trust in favor of the Episcopal Church or the Diocese and did not prevent the breakaway faction from taking control of the Episcopal Church real estate.

To effectuate in this Diocese the trust intended by the Dennis Canon, the Board of Trustees of the Church Corporation has amended its articles of incorporation to include in Article IV language similar to the Dennis Canon, creating an irrevocable trust in favor of the Episcopal Church and the Diocese of Texas over the real estate to which it holds title.

So long as a Parish, Mission, or Congregation remains an Episcopal church, the existence of this trust will not interfere with the church's ability to use, improve, or manage its property as it sees fit—subject, of course, to other Diocesan requirements.

That is made clear by the last sentence of Article IV—which is taken from the Dennis Canon itself.

The purpose of the trust is merely to protect and preserve the real estate for the use of the Episcopal Church, the Diocese, and its Parishes, Missions, Congregations, and other Diocesan institutions.

The Resolutions Committee recommends adoption of this resolution.

Resolution of Concurrence with 81st General Convention Resolution 2024-C031 “Migration with Dignity”

RESOLVED, that the 176th Council of the Episcopal Diocese of Texas recognizes the adoption of Resolution 2024-C031 “Migration with Dignity” by the 81st General Convention of the Episcopal Church; and be it further

RESOLVED, that as people of faith who believe that all people are created in the image of God, the 176th Council of the Episcopal Diocese of Texas advocates the “Migration with Dignity” framework, a statement of specific principles about migration that resonate with the teachings of Jesus and our baptismal promise to “respect the dignity of every human being,” including all migrants, whether refugees, **asylum seekers, displaced persons, or those who cross borders in search of better opportunity**; and be it further

RESOLVED, that the 176th Council of the Episcopal Diocese of Texas affirms “Migration with Dignity” as a framework to guide our ministry to, with, and for migrants, calling upon all parishioners, congregations, and diocesan institutions (1) to join ongoing efforts through direct action to support the immediate basic needs of our migrant neighbors and (2) to advocate for these principles of dignity in our local communities so that migrants might experience God's loving welcome within our diocese.

Submitted by:

The Rev. Alyssa Stebbing, St. Christopher's, Austin

The Rev. Dr. Joshua Kulak, St. Michael's, Austin

The Resolutions Committee makes no recommendation on adoption of this resolution.

Resolution Concerning the Care of Creation

WHEREAS, the 79th General Convention in keeping with the House of Bishops' 2011 commitment to combat climate change urged that the members of The Episcopal Church strive to transform our individual and communal lives towards sustainability; and *General Convention, Journal of the General Convention of... The Episcopal Church, Austin, 2018 (New York: General Convention, 2018), pp. 404-405.*

WHEREAS, the 79th General Convention affirmed the President of the House Deputies' and the Presiding Bishop's call to the Church to recognize Care of Creation as an integral part of The Jesus Movement; and
General Convention, Journal of the General Convention of...The Episcopal Church, Austin, 2018 (New York: General Convention, 2018), p. 375.

WHEREAS, Bishop Andy Doyle formed a task force on Creation Care that included the following persons: Rebecca Andrews (St. Thomas the Apostle, Nassau Bay), Robin Bullington (Christ Church Cathedral, Houston), Catherine Lee Doar (St. David's, Austin), Kayla Garrett (Holy Spirit, Waco), Alan Jackson (Christ Church Cathedral, Houston), and The Rev. Joel McAlister, Chair (Fort Worth Church Plant, Fort Worth); and

WHEREAS, the EDOT Creation Care Task force produced a report that analyzed the topics of High Carbon Dependence, Mitigation for Natural Disasters, Sea Level Rise, Disruptions to Water Supply, Creation Care Formation, and Incentives; therefore, be it

RESOLVED, that the 176th Council of the Episcopal Diocese of Texas gives thanks for the thorough and thoughtful report of the EDOT Creation Care Task Force; and therefore, be it further

RESOLVED, that all members of the Diocese are encouraged to read the Creation Care Task Force Report and consider what steps they might take at a personal, congregational, and diocesan level to better care for creation.

Submitted by

Greyson Page, St. Stephen's Huntsville

The Resolutions Committee recommends adoption of this resolution.

Respectfully submitted by The Rev. Patrick Hall, Resolutions Committee Chair

EXHIBIT A PURSUANT TO RESOLUTION ON RESTATED CERTIFICATE OF FORMATION SHOULD FOLLOW HERE

Patrick Hall, Chair

Exhibit A

AMENDED AND RESTATED CERTIFICATE OF FORMATION

of the

PROTESTANT EPISCOPAL CHURCH COUNCIL OF THE DIOCESE OF TEXAS

The Protestant Episcopal Church Council of the Diocese of Texas (the "Church Corporation") hereby adopts this Amended and Restated Certificate of Formation (the "Restated Certificate"), which restates in its entirety the Amended and Restated Articles of Incorporation of the Corporation as previously issued by the Secretary of State on March 17, 1989 (the "Amended and Restated Articles").

One: The Amended and Restated Articles are hereby replaced in their entirety by this Restated Certificate.

TWO: The amendments made by this Restated Certificate have been effected in accordance with the Texas Business Organizations Code, as amended (the "Code"), and this Restated Certificate has been properly approved in the manner prescribed by the Code and by the Church Corporation's governing documents. Further, (i) each new amendment has been made in accordance with the Code; (ii) each amendment has been approved in the manner required by the Code and the Church Corporation's governing documents; (iii) this Restated Certificate accurately states the text of the Amended and Restated Articles being restated and each amendment to the Amended and Restated Articles that is in effect, as further amended by this Restated Certificate; and (iv) this Restated Certificate does not contain any other change in the Amended and Restated Articles other than omissions allowed by Section 3.059 of the Code.

THREE: The Amended and Restated Articles are hereby amended and restated to read in its entirety as follows:

ARTICLE I

The name of the Church Corporation is the Protestant Episcopal Church Council of the Diocese of Texas.

ARTICLE II

The Church Corporation is a non-profit corporation.

ARTICLE III

The period of the Church Corporation's duration is perpetual.

ARTICLE IV

The Church Corporation is organized and shall be operated exclusively for the religious, charitable, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding provisions of subsequent federal tax laws (the "IRC") and may undertake any act or action permitted by the Texas Business Organizations Code. In the accomplishment of these purposes, the Church Corporation, an instrumentality of the Episcopal Diocese of Texas (the "Diocese") hereby accedes to, recognizes the authority of, and agrees to comply with the Constitution and Canons of the Protestant Episcopal Church and the Diocese, as they now exist or as the same may be amended from time to time.

One of the purposes of the Church Corporation is to receive, manage, and administer any property or fund which may have been or may hereafter be acquired, created or established by donation, bequest or otherwise, for the use and benefit of the Diocese in the maintenance of its organization, the prosecution of its benevolent and charitable enterprises, the aid and support of Missionaries laboring in preaching the Gospel under the direction and control of the Bishop of the Diocese (the "Bishop") and the Diocesan Council (the "Diocesan Council"), and generally in the maintenance of the doctrine, discipline and worship of the Protestant Episcopal Church in the Diocese, and the managing and administering of its secular affairs within the Diocese; and also for the purpose of receiving, managing, and administering the funds of Parishes, Missions and other organizations within the Diocese and funds created for their use and benefit.

Another of the purposes of the Church Corporation is to hold title to all real estate acquired for the use of the Church in this Diocese, including Parishes, Missions, Congregations, and institutions of a Diocesan character. The Church Corporation hereby acknowledges and declares that such real estate is held in an irrevocable trust for the Protestant Episcopal Church and the Diocese. The existence of this trust, however, shall in no way limit the power and authority of the Parish, Mission, Congregation, or Diocesan institution otherwise existing over such real estate so long as the Parish, Mission, Congregation, or Diocesan institution remains a part of, and subject to, the Protestant Episcopal Church and its Constitution and Canons.

ARTICLE V

The street address of the registered office of the Church Corporation is

The Diocesan Center, 1225 Texas Avenue, Houston, Texas 77002.

The name of its registered agent at such address is:

Treasurer, Episcopal Diocese of Texas.

ARTICLE VI

The Church Corporation shall have one "Member," as that term is used in the Code, which Member shall be the Diocesan Council.

ARTICLE VII

The affairs of the Church Corporation shall be managed by a Board of Directors. who shall be designated as the Board of Trustees, composed of the Bishop and five other Trustees, who shall be elected by the Diocesan Council, in accordance with the Constitution and Canons of the Diocese, and their successors. If the office of Bishop is vacant, a representative of the Ecclesiastical Authority of the Diocese, as defined in Article 1 of the Constitution of the Diocese (the "Bishop's Representative"), shall be a member of the Board of Trustees, and serve until his or her successor is designated or elected and is qualified. All references herein to the "Bishop" shall also be deemed to mean the Bishop's Representative, if applicable.

The Bishop shall be ex-officio Chairman of the Board of Trustees; provided, that the Bishop may designate the President, or other officer of the Church Corporation, to serve in such capacity. Subject to the Constitution and Canons of the Diocese, the Board of Trustees shall have full power to establish its own procedure and to adopt by-laws for the management of the affairs of the Church Corporation through said Board of Trustees.

A majority of the members of the Board of Trustees shall constitute a quorum for the transaction of

business.

The location of the principal office of the Church Corporation where its ordinary business shall be transacted shall be in the City of Houston in Harris County, Texas. However, the Church Corporation may have such other offices, either within or without the State of Texas, as the Board of Trustees may determine or as the affairs of the Church Corporation may require from time to time.

ARTICLE VIII

The names and street addresses of the persons who are now serving as the Board of Trustees are:

| <u>Name</u> | <u>Address</u> |
|------------------------------|---|
| The Rt. Rev. C. Andrew Doyle | 1225 Texas Avenue Houston, Texas 77002 |
| Samuel A. Dodson | 1225 Texas Avenue Houston, Texas 77002 |
| The Rev. Sharron Cox | 1225 Texas Avenue Houston, Texas 77002 |
| Steve Fallon | 1225 Texas Avenue Houston, Texas 77002 |
| The Rev. Sean Steele | 1225 Texas Avenue Houston, Texas 77002 |
| Gloria Rose | 1225 Texas Avenue Houston, Texas 77002 |

ARTICLE IX

The power to amend, modify, restate or repeal this Restated Certificate of the Church Corporation, or any provision thereof, or to adopt a new Amended and Restated Certificate of Formation at any time and from time to time hereafter, shall be vested in the Board of Trustees of the Church Corporation; provided no such amendment, modification, restatement or repeal of the Restated Certificate of the Church Corporation shall become effective unless and until unconditionally (a) approved by the affirmative vote of two-thirds of the members of the Board of Trustees, (b) approved in writing by the Bishop, and (c) approved by at least the affirmative two-thirds (2/3) vote of the members present and voting at a regular or special meeting of the Diocesan Council.

ARTICLE X

No Trustee of the Church Corporation shall be liable to the Church Corporation for monetary damages for an act or omission in the Trustee's capacity as a Trustee, except that this Article does not eliminate or limit the liability of a Trustee for:

- (a) A breach of the Trustee's duty of loyalty to the Church Corporation;
- (b) An act or omission not in good faith that (i) involves intentional misconduct or a knowing violation of the law or (ii) constitutes a breach of duty of the Trustee to the Church Corporation;
- (c) A transaction from which a Trustee received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Trustee's office; or
- (d) An act or omission for which the liability of a Trustee is expressly provided for by statute.

If it is determined that the law of the State of Texas (including, without limitation, the Code) authorizes or if such law is amended to authorize, action further eliminating or limiting the personal liability of directors of corporations, then the liability of the Trustees shall be eliminated or limited by this Article X (without the need of any formal amendment) to the fullest extent permitted by such statutes as so amended. Any repeal or amendment of such statutes or of the foregoing paragraph shall be prospective only and shall not adversely affect any right of protection of a Trustee existing at the time of such repeal or modification.

ARTICLE XI

Each member of the Board of Trustees and each officer of the Church Corporation and each former member of the Board and each former officer of the Church Corporation and other persons while serving at the request of the Church Corporation may be indemnified by the Church Corporation for any act or omission in such person's capacity as a Trustee or officer of the Church Corporation as the case may be, or as a person while serving at the request of the Church Corporation in the manner and to the maximum extent provided for in the Code. The Board shall have the power in the Bylaws to define the requirements and limitations for the Church Corporation to indemnify Trustees, officers, and others related to the Corporation.

ARTICLE XII

The Church Corporation shall not engage, participate, or intervene in any activity or transaction that would result in the loss by the Church Corporation of its status as an exempt organization under section 501(c)(3) of the IRC; and the use, directly or indirectly, of any part of the Corporation's assets in any such activity or transaction is hereby expressly prohibited.

Regardless of any other provisions of this Restated Certificate or the laws of the State of Texas, the Church Corporation shall not:

- (1) Permit any part of the net earnings of the Church Corporation to inure to the benefit of any private individual unless such benefit is incidental to and in accomplishment of the Church Corporation's purposes as expressed in Article IV of this Restated Certificate; provided, however, that reasonable compensation may be paid for personal services rendered to or for the Church Corporation affecting one or more of its purposes:
- (2) Devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise; or
- (3) Participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; or

ARTICLE XIII

Upon the dissolution of the Church Corporation, the Church Corporation's assets remaining after payment or provision for payment of the Church Corporation's liabilities shall be distributed exclusively to the following in the stated order of priority: (a) the Diocese, acting by and through the Bishop with the consent of the Diocesan Council, if it accepts the same; (b) one or more organizations designated in writing by the Diocese, acting by and through the Bishop with the consent of the Diocesan Council, and that qualifies as an organization described in Section 501(c)(3) of the IRC, if it accepts the same; or (c) if the Diocese fails or refuses to act pursuant to subsection (a) or (b) within a reasonable time (which shall never be less than one hundred eighty

(180) calendar days), one or more organizations designated in writing by The Protestant Episcopal Church, acting by and through the Presiding Bishop of The Protestant Episcopal Church, that qualifies as an organization described in Section 501(c)(3) of the IRC, if it accepts the same; or (d) if neither the Diocese or The Protestant Episcopal Church nor an organization designated in writing by either accepts the same pursuant to subsections (a) (b) or (c) above, an organization, which qualifies as an organization described in Section 501(c)(3) of the IRC and is designated or approved (after due notice and hearing), by a court of competent jurisdiction.

ARTICLE XIV

This Certificate of Formation becomes effective when the document is filed by the Secretary of State.

IN WITNESS WHEREOF, the undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the corporation to execute this amendment.

By: David N. Fisher

Name: David N. Fisher

Title: Assistant Secretary

APPROVAL OF THE BISHOP

Approved on the 3 day of September, 2024.

By: + C. Andrew Doyle
The Right Reverend C. Andrew Doyle,
Bishop of the Episcopal Diocese of Texas

REPORTS OF BISHOPS

REPORT OF BISHOP JEFF W. FISHER

During 2024, one of the many things accomplished by our diocesan staff, was that we composed our own personal mission statements; these statements reflect the ministry that we offer to you, the people of the Diocese of Texas. After we shared our statements with others on the diocesan staff, we were encouraged to include our mission statement in our on-line signature, for when we send out emails.

My mission statement, which is now included at the end of each email I send, is this:

Inspiring people with the great news: that everyone is loved equally by God through Jesus Christ.

It is my joy to participate in the mission of Jesus Christ with you, and to proclaim the great news, that everyone is loved equally by God through Jesus Christ. In all that I do, I am grateful to share in this work with a fantastic team of bishops: Bishop Doyle, Bishop Ryan, and Bishop Monterroso.

In my ministry, Sundays are my favorite day of the week, because I get to be with you in your congregations. In addition to Sunday visitations, over the last year, I had the joy of ordaining 2 priests: Eric Bumgardner and Leesa Lewis. In addition to ordinations, I presided at the installation of 2 new rectors: the Rev. Kurt Unangst at St. Mary's in Cypress, and the Rev. Brandon McGinnis at St. Stephen's in Liberty.

As the Executive for Pastoral Ministries, I walk beside clergy and their families, through all sorts of pastoral needs and celebrations. In our large community of retired clergy and spouses, we provide care and support for those who, over many years, have given so much to the mission of Jesus Christ.

Working with me and our retired clergy is an excellent team of Chaplains to the Retired Clergy. These faithful chaplains (with the convocations that they serve) are: The Rev. Janne Osborne (Austin, Northwest, Central convocations), Pam and the Rev. John Bentley (West Harris and East Harris convocations), Christine and the Rev. Jim Liberatore (Galveston and Southwest convocations), the Rev. Nancy and the Rev. Bill DeForest (San Jacinto and Southeast convocations), and the Rev. Bill Stanford (Fort Worth and Northeast convocations). In 2024, Sam and the Rev. Nan Doerr stepped down from this ministry; we give thanks for them!

The Retired Clergy and Spouses Conference, held each fall at Camp Allen, is a rich experience of learning and fellowship. In 2024, our theme was "I Love to Tell the Story." The keynote speaker for our conference was the Rev. Scott Gunn, who is the Executive Director of Forward Movement, based in Cincinnati, Ohio. Forward Movement is most well-known for publishing the daily devotion: *Forward Day by Day*. Through his speech and workshop, Scott Gunn inspired us to share our stories with each other. Dr. Kathy Culmer, professional storyteller, presented as well, bringing the stories of our faith alive. A practical workshop was offered for retired clergy who serve as interim rectors or supply clergy, to share best practices.

In addition, we shared in worship, free time, activities, and an update from me regarding life in the wider Church. The next Retired Clergy and Spouses Conference is scheduled for Monday evening through Wednesday noon, October 6-8, 2025.

The Small Church Network is for laity and clergy in congregations with an average Sunday attendance of 50 or fewer, gathering twice a year at Camp Allen. In the spring of 2024, the theme of the gathering was: "Putting your Best Foot Forward" as we learned best practices regarding social media, web presence, property management, signage, and making our church campuses more welcoming. In the fall, the Rev. Scott Gunn, Executive Director of Forward Movement, presented "Evangelism: Practical Wisdom," where we learned how to share our own testimonies, and discovered new Christian formation resources. From our Small Church Network gatherings, everyone comes away with practical knowledge and inspiration for their own congregations. For our 2025 gatherings at Camp Allen, please mark your calendars: Sunday evening through Monday noon, March 30-31, and October 5-6.

The Daughters of the King is an order for women, focused on evangelism, service, and prayer. I serve as the bishop liaison to this group of women, who are led by Tory Arnold as the President. I presided and preached at the opening Eucharist for their diocesan Fall Assembly, which was held at Camp Allen.

Altar Guild is a ministry for both men and women. The diocesan Altar Guild held their Annual Retreat in late May, where I presided and preached at the closing Eucharist. At that worship service, I installed Rebecca Robertson as the new diocesan Altar Guild director, while also saying goodbye to the outgoing director, Kate Canby. Together with their director, it is my pleasure to support these folks who faithfully work behind the scenes in our congregations.

I am the chair of the Vera Gang Scott Scholarship Committee, which administers the Vera Gang Scott Scholarship program, awarding scholarships to young women who are pursuing higher education. This June, we awarded scholarships to 4 inspiring women in our diocese.

During 2024, the Episcopal Seniors Foundation awarded grants to churches and organizations who share our goal of fostering healthy living for seniors. I serve as chair of the board of the Episcopal Seniors Foundation; Pam Nolting serves as president. In June, we had a successful board retreat: getting to know each other better, reviewing our policies, and recounting our history.

Our diocese has global companion relationships with three dioceses: Costa Rica, North Dakota, and Southern Malawi. We award grants to ministries, not only in these dioceses, but all around the world. The Rev. Meredith Crigler and I share leadership of the Diocese of Texas Global Partnerships in Mission, where we oversee a wide array of mission trips, ministry conferences, and international friendships. In April of 2024, at Camp Allen, we hosted a churchwide conference from those involved in global partnerships from all around The Episcopal Church; I celebrated and preached at the conference Eucharist. In 2025, we are looking for more congregations who want to take up new initiatives in global mission.

At Bishop Doyle's request, I serve as the chair of our Diocesan Liturgical Commission. During 2024, I reinvigorated the work of the commission, which consists of priests and lay persons,

including church musicians. In the fall, members of our commission reviewed various liturgies from the wider Church, and they provided written feedback regarding usage. In 2025, we plan to utilize this feedback to provide resources and guidance to our clergy regarding trial use and other liturgies.

In 2024, at All Saints' Episcopal School in Tyler, I was honored to participate in the Ash Wednesday services, the Baccalaureate service for graduating seniors in the spring, and the Opening Chapel service in the fall. The Tyler Diocesan Office is on the campus of the school, where I serve on the Board of Trustees.

In May, I was invited to preach at the Baccalaureate service at Episcopal High School in Houston, where we also celebrated their Chaplain, the Rev. Beth Holden, who was retiring after many years of faithful service.

The General Convention meets every 3 years and is the governing body of The Episcopal Church. In July, the General Convention was held in Louisville, Kentucky. At that convention, the House of Bishops elected Bishop Sean Rowe as our next Presiding Bishop. We also celebrated the significant ministry of Presiding Bishop Michael Curry, who completed his 9-year term as Presiding Bishop.

For the General Convention, I served as the House of Bishops Chair of the Governance and Structure Committee. This involved quite a bit of work, coordinating on-line hearings and meetings before Convention, as well as reviewing and analyzing proposed resolutions. One of the rewarding pieces of work included presenting resolutions for the creation or reunification of several dioceses: Navajoland (as a Missionary Diocese), the Diocese of the Great Lakes (formerly the Dioceses of Eastern Michigan and Western Michigan), and the Diocese of Milwaukee (formerly the Dioceses of Fond du Lac, Eau Claire, and Milwaukee).

For the Episcopal Church, I also served on the Joint Budget Committee, developing the budget for 2024-2027, which was then approved by the General Convention. It was my honor at the convention to present the budget in a joint session of the House of Bishops and the House of Deputies.

In addition to our time together at the General Convention, the House of Bishops met twice during 2024: in March at Camp Allen, and in December in Minneapolis, for a special one-day meeting with our new Presiding Bishop, where we imagined and discussed improvements in the structure and priorities of the churchwide staff and the wider Church.

The Episcopal Church is divided into 9 provinces, and I serve as the Vice President of Province 7. In our province, the Vice President is a bishop, and the President is a deputy (layperson). Because he was ill at the time, Presiding Bishop Michael Curry invited me, as Vice President of the province, to serve as the Chief Consecrator for the Ordination and Consecration of the new Bishop of Arkansas, John Harmon, on January 6, 2024. In November, bishops and spouses from Province 7 gathered in retreat at St. Crispin's Conference Center, hosted by the Diocese of Oklahoma, where I led discussions on our life together as a province. In my role as Vice President of Province 7, I was invited to attend the

scaled-back Investiture service for Presiding Bishop Sean Rowe in November in New York City.

The Brotherhood of St. Andrew is an order for men, devoted to prayer, the study of scripture, and service to others. At the National Convention of the Brotherhood in Baltimore in February, I was installed as their National Chaplain. In April, I presented a Webinar to the Brotherhood, discussing positive ways for men to communicate with one other. Throughout the year, in a pastoral capacity, I support the men on the Board, including the National President and National Executive Director.

It is my joy to serve Jesus Christ with you in this diocese, in the wider Episcopal Church, and in the world.

Inspiring people with the great news: that everyone is loved equally by God through Jesus Christ.

Jeff W. Fisher, Bishop Suffragan

REPORT OF BISHOP KATHRYN “KAI” RYAN

2024 presented several unusual challenges. General Convention and the election of a new Presiding Bishop added a heavier load of committee meetings and House of Bishops work than normal. The search for a new Dean and President for Seminary of the Southwest and for a Canon for Formation required significant attention and time. And my family responded to the unexpected death of my niece, Penelope, on December 1, 2023, with gatherings to lay her to rest and celebrate her life. In such a year, I have been humbled and grateful for the support of my assistant, Haley Townsend Trujillo, and the other members of the Bishop's staff who serve on my Austin-based team: Ana Gonzales and Laura McAlister and Josh Ritter.

I continued, in this 5th full year of my episcopacy, to find deep meaning in parochial visits. I made 42 regularly scheduled visitations in 2024, mostly in the west region. I confirmed, received, and prayed for those formally reaffirming their faith at nearly every visitation. As I met with the confirmation classes, young people and adults told me about how being a part of their parish church and the Episcopal Church has already impacted their lives. I experienced with joy the robust growth of St. Cecilia's, Round Top, Jubilee, Austin, and San Esteban, Bryan.

I also participated in congregations' and institutions' special events:

- El Buen Samaritano 35th Anniversary Celebration
- Women's Retreat (St. Mark's, Beaumont)
- 50 Years of Women's Ordinations celebrations and Philadelphia 11 screenings
- Groundbreaking at new school for Calvary, Bastrop
- Groundbreaking for the natatorium at St. Stephen's Episcopal School
- Graduations at St. Stephen's Episcopal School, Seminary of the Southwest, and Iona School of Texas
- John Hines Day at Seminary of the Southwest
- Dedication of the Diocese of Texas Reading Room and renovated Hamilton Hall at the School of Theology at Sewanee
- The secularization of St. Peter's, Lago Vista

I preached at the funeral of George McGonigle, noted layman in the Diocese and the Episcopal Church, at St. David's, Austin, presided at the funeral of the Rev. Charlie Sumner at St. Stephen's Episcopal School, at the funeral for Ms. Vashti Thompson, wife of the Rev. Ed Thompson, at St. James, Austin, at the funeral for Mr. Bob Carver, son of The Rev. Deacon Sue Ross, at Grace, Georgetown, and at the funeral for the Rev. John Loving at St. David's.

Any ordination or installation points to the courage and hard work of the candidate, who has said “yes” to God and the Church. But no ordination or installation ever comes to be without the support, efforts, and prayers of dozens of persons, gifted in their own ways as callers and guides and teachers. Such collective effort – a desire to partner with God for the life of the Church – perhaps explains why I never cease to feel the Spirit's movement at ordinations and installations. In early 2024, I presided at the ordinations to the priesthood of Sarah Mast, Laura Warner Gilmer, and Steven Tomlinson. In addition, over the course of the year, I presided at

4 installations:

- The Rev. Kathy Pfister, Rector, St. Luke's on the Lake, Austin
- The Rev. Alyssa Stebbing, Rector, St. Christopher's, Austin
- The Rev. Jeremy Bradley, Rector, St. Mark's, Richmond
- The Rev. Joy Walker-Miller, St. Christopher's, Killeen

They, and our other priests and deacons, serve vibrant and diverse congregations helping God's people come to know, love, and serve Christ, each other, and God's people in the world.

In 2024, Bishop Doyle established a new structure for Formation in the Diocese and assigned oversight to me. A search for a new Canon for Formation led to the call of Dr. Josh Ritter. Josh began work in August 2024 and has already made a significant difference for the work of Formation, establishing a digital resource page (www.edotformation.org), supportive relationships with people working in formation, and convening a new Formation Committee.

At Bishop Doyle's direction, I serve the Diocese as the Executive for Ministry, with oversight of the ordination process, post-ordination formation, and the Iona School for Ministry. The Commission on Ministry, led by Chair, the Rev. John Newton, and supported by the Secretary for the COM, Ana Gonzales, is central to this work, and I am grateful for the faithful discernment of the members. The Committee for the Diaconate, led by the Rev. Jan Halstead, and the Examining Chaplains, led by the Rev. Patrick Hall, also handle aspects of diocese's work in shepherding aspirants, postulants, and candidates through the ordination process.

The complete report of the COM is included separately in this Journal. I want to highlight a couple of aspects of the COM's work.

For those discerning God's call to ministry, whether lay or ordained, we offer the Discovery Weekend program. Participants come to Camp Allen for a weekend to learn and practice habits to identify God's call, reflecting in small groups and alone, and consulting with a member of the faculty. All adult members of the Diocese are welcome to attend a Discovery Weekend. In 2024, we held three weekends, with a total of 64 participants. Retreat leaders, table leaders, chaplains, and musicians supported the seekers in their discernment. Our first Discovery Weekend specifically for youth and young adults, ages 16-22 was well enrolled and encouraged young adults to consider their vocational future with an intent to serve God by living fully into the gifts God bestows upon them, whatever their professional and personal paths. Three weekends are planned for 2025, with the first the weekend for young people in February. Registration is accessible through the Camp Allen website.

In January 2024, we held our third in-person Vocations Conference at Camp Allen. The spirited event brings together the diocese's students in the ordination process from seminaries and the Iona School with the bishops, COM, CFD, Examining Chaplains, and Standing Committee for formation, relationship building, and interviews. 36 students, all preparing for ordination to the priesthood or the diaconate, participated in the gathering.

Once ordained, both stipendiary and bivocational priests take part in formation designed to

help build collegial relationships, provide continuing education and support development of priestly identity, and offer mentoring by senior clergy. The Curate Cohort and First Time in Charge for stipendiary clergy in curacies met at Camp Allen, as did Beginning Well, two separate programs for bivocational priests and for priests new to the Diocese. Each cohort provided significant relationships and encouragement to the participating clergy. Mentor-facilitators this year were: the Revs. Daryl Hay, Les Carpenter, James Pevehouse, Andrew Ellison, Sam Smith, and Eileen O'Brien, Trawin Malone, Angela Cortiñas, Terry Pierce, and John Johnson. Post-seminary formation is coordinated by my talented Executive Assistant, Haley Townsend Trujillo.

Continuing to help address the diocese's need for more clergy and lay leaders, the Iona School for Ministry, our diocesan school of local formation, forms those studying for the diaconate and bivocational priesthood and offers programs for lay formation for ministry. The Rev. Francene Young (Dean of Administration) and the Rev. Dr. Andrew Benko (Dean of Formation) are in their fourth year of service. This fall, the enrollment of lay students has increased. The Deans are assisted by Chaplain, the Rev. Trawin Malone, the faculty and instructors, as well as Iona Administrator, Laura McAlister. Each of the bishops teaches one or more courses at Iona School over the course of the year.

I serve as Chair of the Boards of three diocesan institutions, relying extensively on three dedicated and skillful Executive Chairs. At Seminary of the Southwest, Clarke Heidrick serves as Executive Chair and the Dr. Scott Bader-Saye serves as Dean and President. The Board called Dr. Bader-Saye as Dean and President following an open search to replace retiring Dean and President, the Rev. Dr. Cynthia Kittredge. Dr. Bader-Saye will be installed January 21, 2025 at a service with the Most Rev. Michael Curry preaching.

El Buen Samaritano, an outreach ministry of the Episcopal Diocese of Texas serving the Latino community of Central Texas, is committed to recognizing the dignity of all by ensuring access to healthcare, education and essential needs that lead to healthy, productive, and secure lives. Gustavo Hernandez serves as Executive Chair. Dr. Rosamaria Murillo, the Executive Director, continued to build up the staff and lead the organization toward its next strategic campaign. El Buen celebrated its 35th anniversary in April 2024. The Board has been working through 2024 on a new strategic plan that will be launched in the summer of 2025.

Jennifer Stayton, serves as Executive Chair of the Board of St. Stephen's Episcopal School. Chris Gunnin serves as Headmaster. In 2024, the capital campaign continued to gain traction. The expansion and climate-control of the beloved chapel is a key initiative of the campaign. I serve as the Honorary Chair of the Capital Campaign Committee and am working specifically on the fundraising for the chapel project.

For the Episcopal Church, I am a member of the Court of Review, which hears appeals of clergy discipline (Title IV) judgments and challenges to episcopal elections. The Court had a busy year. My term ends in 2027. I also served as a member of the House of Bishops planning committee and the Task Force on LGBTQ+ Inclusion. I served as the Chair of the HOB Committee on Constitution and Canons for the 2024 General Convention. For this triennium, 2024-27, I have been appointed to the Standing Commission on Structure, Governance, Constitution, and Canons.

Outside, but related to the Diocese, I continue service as a Regent for Sewanee.

I participated in the Bishops' Summit on the College for Congregational Development in Healdsburg, CA in January 2024, learning with other bishops about this resource to strengthen Episcopal congregations. I have continued working with a group of bishops and the CCD facilitators to utilize CCD practices in my work as a bishop.

In March, I presented a workshop at the Episcopal Parish Network Conference in Houston for Senior Associates on second chair leadership. In April, I spoke at the Diocese of Texas Deacons Spring Retreat.

What a privilege it is to serve with Bishops Doyle, Fisher, and Monterroso, and with the other members of the Executive Team and the diocesan staff, and the people and clergy of the Diocese. Tim and I give thanks that God has called us to serve the Diocese of Texas!

Kathryn "Kai" McCrossen Ryan, Bishop Suffragan

REPORT OF BISHOP HECTOR F. MONTERROSO

Dear Council Members,

It is with great respect that I present to you a thorough report outlining the activities and milestones within the South Region of the Diocese of Texas throughout the impactful year of 2024.

Introduction:

Over the course of this year, my commitment to serving within the Diocese has continued to grow, and I have found increasing fulfillment in my work. The opportunity to visit our Churches, programs, and ministries has been a powerful reminder of the hope, growth, and positive change we bring to the communities we serve. These experiences remain a constant source of encouragement.

The year 2024 was marked by significant change and adaptation within our ministry. Our clergy and leaders faced new challenges, requiring them to innovate and adjust to meet the ever-evolving needs of our congregations. This report seeks to capture the diverse challenges encountered and the inspiring progress that has unfolded across our region during this period.

Challenges and Opportunities for the Growth and Vitality of Our Churches in the Region

Observations and Current Context

Through my visits to various churches, I have had the wonderful opportunity to closely observe the work being done within each community. In these churches, a variety of ministries continue to significantly contribute to helping people find the path toward a full spiritual life. The experiences differ based on the location, context, and leadership of each church, but it is clear that in many cases, well-coordinated efforts and a willingness to explore new ways of doing ministry and mission are producing positive results.

However, we have also observed that for some churches, Sunday attendance has stagnated or even decreased, particularly after the pandemic, and many have not been able to recover their membership. This has led to a sense of frustration and, in some cases, desperation, as they struggle to find a clear path to attract new members.

During my visits, I make it a priority to encourage hope and collaboration, especially between geographically close churches that have the potential to learn from one another and support each other in their efforts.

Key Challenges

One of the main challenges facing our churches is the decline in attendance and the difficulty in attracting new members. This phenomenon has been particularly noticeable after the

pandemic, which changed the social and cultural dynamics of our communities. Many leaders feel lost and unable to connect with a society that is increasingly distant from religious traditions.

The Key Role of Creativity and Willingness to Take Risks

An essential element for the growth and vitality of our churches is creativity and the willingness to take risks. Not everyone is ready to make substantial changes, but it is important to recognize that the process of adaptation, creation, and renewal is a core part of any faith community.

Some churches attempt to replicate practices that were successful in the past but no longer resonate in the present context. Often, these churches fail to recognize their own significant potential. Many of our churches have valuable resources, such as well-located buildings, leaders with deep spirituality and training, and a rich liturgy, including music and open spaces adjacent to growing neighborhoods.

As a bishop, I have the advantage of being able to see, from an external perspective, the many possibilities our churches possess. During my visits, I share with leaders diverse experiences—both those that have been useful and those that have not been as effective. An inspiring example of creativity in action is Palmer Memorial Church in Houston, where innovative actions were taken to attract new members. One person who recently joined the community shared their testimony: after seeing priests blessing runners, they felt drawn to the church, which led to their decision to join the community. This testimony illustrates how creativity and visibility can spark the interest of people who otherwise might not have considered approaching the church.

Recommendations for Growth and Vitality

To address the challenges and seize the opportunities for growth, the following recommendations are provided, which include specific actionable steps for churches to implement.

1. Foster Innovation and Adaptation to the Current Context

Explore New Forms of Ministry:

Implement workshops and training on new methodologies, such as online ministry, intergenerational events, and ministries focused on specific groups (youth, seniors, families). For instance, churches can create virtual Bible studies or host online prayer groups.

Listen to the Community:

Conduct surveys or focus groups to understand the needs and expectations of both current members and potential visitors. This information can be used to create programs that are more relevant and engaging. Churches can also organize open forums where community members can share their needs and suggestions.

2. Increase Visibility and Promote the Church

Strengthen Community Presence:

Continue organizing events that bring the church into the public sphere, similar to Palmer Memorial Church's example of priests blessing runners. Additionally, churches can host community activities such as fairs, concerts, volunteer events, and outreach projects. This approach not only raises visibility but also helps to build relationships with the local community.

Strategic Use of Social Media:

Invest in a stronger digital presence through social media platforms, mobile apps, and an interactive website. This will help engage new generations, especially younger individuals, and promote the church in a more inclusive manner. Consider creating content such as live-streamed services, video devotionals, and behind-the-scenes church activities to connect with a wider audience.

3. Optimize the Potential of Churches

Flexible Use of Church Spaces:

Churches with strategic locations and ample spaces should consider hosting events like concerts, community talks, flea markets, or other gatherings that attract individuals from the local community who might not attend traditional worship services. These activities can also serve as entry points for those unfamiliar with the church.

Leadership Development:

Train church leaders in areas such as community leadership, project management, and inclusive pastoral care. By equipping leaders with these skills, they will be better positioned to adapt to changing times and create dynamic and effective ministries that meet the needs of their congregations.

4. Strengthen Regional Collaborations

Expand Alliances Among Nearby Churches:

Encourage further collaboration between churches located in close proximity, such as the churches in Galveston (Trinity, Grace, and St. Augustine of Hippo), which have worked together on local initiatives. These partnerships can lead to joint projects that increase available resources and extend the reach of the churches.

Develop Inter-Congregational Projects:

Launch more initiatives like the support of St. Vincent's House, which benefits both the local community and church members. These types of projects can serve as models for how churches can work together in areas of social service and ministry.

5. Focus on Inclusivity and Diversity

Ministries in Spanish and Other Languages:

Consider creating Spanish-language services and programs that cater to the growing Hispanic population in many areas. Additionally, explore offering services or ministries in other languages or with approaches that resonate with various cultural groups.

Intergenerational Spaces:

Develop programs that foster interaction between different generations. Intergenerational activities, such as youth mentorship programs or senior care initiatives, can enrich the life of the church and strengthen community bonds.

6. Holistic Pastoral Care

Develop an Integrated Pastoral Care Program:

Continue training church leaders in holistic pastoral care that addresses both the spiritual and emotional needs of church members. It is vital to offer support to those going through difficult times, whether through counseling, prayer, or community involvement.

Integrating Mental Health and Spirituality:

Consider partnerships with mental health professionals to provide more comprehensive care for members. By addressing both emotional and spiritual well-being, the church can offer a truly holistic support system.

Despite the challenges that our churches face, it is evident that they have great potential for revitalization and growth. By embracing creativity, collaborating with neighboring churches, and strategically using available resources, our churches can continue to be a place of encounter with Christ and a community where people can follow Him as disciples.

The willingness to innovate, take risks, and adapt to changing times will be key to ensuring that our churches not only survive but thrive in the future. The implementation of the recommendations above—along with continuous evaluation and adjustment—will help guide our churches toward a vibrant, inclusive, and sustainable future.

St. Vincent's House

This year marks the 70th anniversary of St. Vincent's House (SVH), a milestone that reflects its unwavering commitment to providing essential, holistic services to the vulnerable individuals in our community. Over the decades, SVH has grown into the leading social service organization in Galveston County, continually expanding its impact while adapting to the evolving needs of the population. Below is an overview of the significant accomplishments achieved by SVH in 2024.

Throughout the year, St. Vincent's House and its clinics provided services to a total of 114,726 duplicated individuals and 11,258 distinct individuals, highlighting the reach and importance of our programs.

Financial Investment: SVH invested a total of \$879,421 in programming year-to-date, with an average monthly expenditure of \$76,471. This financial commitment demonstrates our ongoing dedication to delivering comprehensive services across a wide variety of programs that meet the community's diverse needs.

Core Services: One of SVH's most vital services is our Food & Hygiene Pantry, which has become a critical resource for the community. The pantry provides a wide array of essential items, including cleaning and hygiene supplies, diapers for children and adults, as well as fresh fruits and vegetables. In 2024, the pantry served 7,017 distinct individuals and 21,057 duplicated individuals. Each month, an average of 130 new households registered for pantry services, illustrating the increasing demand for this resource. Additionally, we served 903 unsheltered individuals by distributing 8,335 snack packs, Monday through Friday. We also provided 7,565 homebound deliveries to 547 unduplicated individuals, bringing food and hygiene supplies to families, seniors, and individuals facing mobility or transportation challenges.

Thanksgiving Outreach: For the Thanksgiving holiday, SVH distributed 250 food boxes to families in need. These boxes, which included options like turkey, spiral ham, or rotisserie chicken, helped to provide meals for over 1,600 individuals in our community.

Opioid Crisis Response: In response to the opioid crisis, SVH distributed 627 units of Narcan across two distribution sites. This life-saving intervention highlights our ongoing commitment to addressing pressing public health issues.

Diaper Distribution: SVH strengthened its collaboration with the Galveston County Diaper Bank in 2024. Through this partnership, we distributed a total of 2,002,998 diapers to an estimated 1,300 duplicated individuals, benefiting over 40 community partners. At St. Vincent's House alone, we distributed 11,938 diaper supplies to 878 duplicated individuals, helping meet a significant need in the community.

Homelessness Prevention: SVH provided essential financial assistance to families at risk of homelessness. Our Homelessness Prevention Program helped 678 families with rental assistance to avoid eviction, while 786 families received utility assistance to maintain essential services. The Case Management team processed over 2,000 applications by October, ensuring timely support for those in need.

Christmas HOPE Tree: The annual Christmas HOPE Tree event, in collaboration with The Clericus of the Southern Convocation Episcopal Churches, brought joy to 180 children, who received Christmas gifts. Additionally, SVH continued its support for

individuals pursuing citizenship through the Pathway to Citizenship program, providing guidance and resources.

Community Outreach: SVH staff represented the organization at over 80 community events throughout the year, helping raise awareness of our services and engaging with the broader community to foster support and collaboration.

Looking Ahead: As we look to the future, we are preparing for the next exciting chapter in SVH's history. One of our primary goals for the next three years is to secure a new space for our services. This process will begin with purchasing suitable land for a new location, while continuing to maintain our strategic presence at our current site. We are also exploring the possibility of negotiating or selling small adjacent lots to help fund the new property and facilitate construction.

Collaborating with other foundations in Galveston will be vital for the success of this campaign. A contribution from the Diocese of Texas will also demonstrate our shared commitment to excellence in serving those with limited opportunities in Galveston.

Leadership: I am delighted to welcome Linda Rutherford as the new president of the Board. Linda is a seasoned lawyer and resident of Galveston Island. We are also grateful to have two evangelical pastors and a deacon from the Catholic Church among our distinguished board members.

Acknowledgments: I want to express my heartfelt gratitude to Mrs. Linda Rutherford, president of the Board of Directors, and the entire board for their steadfast leadership and dedication. A special thanks goes to Paula Tobon Stevens, our Executive Director, whose vision and stewardship have been instrumental in driving our success. Finally, my deepest appreciation goes to the entire SVH staff. Their tireless efforts, passion, and commitment to service are the driving forces behind our continued impact. Together, their contributions play a pivotal role in the ongoing success and enduring strength of St. Vincent's House.

The Commission on Latino-Hispanic Ministries

In 2024, the Commission on Latino-Hispanic Ministries has continued to play an essential role in the Diocese of Texas, supporting the growth and inclusion of Hispanic communities. This report highlights key achievements and ongoing efforts aimed at strengthening leadership, supporting immigrant communities, and fostering greater engagement within Hispanic ministries across the Diocese.

The Hispanic Lay Leadership Conference:

The Hispanic Lay Leadership Conference took place in 2024, bringing together approximately 250 representatives from churches with active Hispanic ministries. Held at Camp Allen, the conference focused on the theme of Intentional Discipleship,

emphasizing the importance of intentional, ongoing formation for leaders within our congregations.

This conference is more than just an annual event—it is a cornerstone in the Diocese’s efforts to foster leadership and growth within Latino-Hispanic ministries. Through this event and associated efforts, we have witnessed a marked increase in the number of Hispanic missions and the development of new, committed lay leaders. The conference’s impact is far-reaching, contributing directly to the expansion of Hispanic ministry across our churches.

Churches with Hispanic Ministries:

Currently, 18 churches within the Diocese offer dedicated Hispanic ministries. These churches include:

Christ Church Cathedral

Northside

Bryan Plantation

Santiago Project

San Francisco de Asís

San Albano

San Esteban

San Juan

San Mateo

San Pablo

San Pedro

San Romero

Santa María Virgen

Santa María Magdalena

San Dunstan

Grace

San Isidoro

Emanuel

In addition, several other churches have expressed a strong interest in establishing or expanding their Hispanic ministries. These congregations are currently in the preparation

phase, working toward launching vibrant ministries that will further enrich the Diocese's outreach to Hispanic communities.

Inspiring Lay Leadership:

A core mission of the Latino-Hispanic Ministries Commission is to inspire and equip lay leaders to embark on a path of deep and committed formation. As the Diocese of Texas grows, so too does the need for well-trained, devoted lay leaders, particularly among Spanish-speaking and bilingual communities.

As part of our ongoing efforts, we emphasize leadership formation that extends beyond basic theological education to include pastoral skills, cultural competency, and practical training in multicultural contexts. The continued growth of our Diocese underscores the importance of developing a pool of leaders who can serve effectively in our diverse, multilingual congregations.

Challenges and Opportunities in Leadership Formation:

With the Diocese's continued growth, the need for more trained leaders becomes ever more apparent. A key challenge is providing sufficient resources for the development of lay leadership in the context of Hispanic communities. This includes ensuring that leaders possess not only pastoral knowledge but also the skills required to lead in multilingual and multicultural settings.

There is a significant opportunity to strengthen the identity and mission of the Hispanic ministries within the Diocese through targeted leadership training programs. By addressing these needs, we can ensure a sustainable and thriving leadership pipeline that will support the ongoing expansion of Hispanic ministries.

Advocacy and Immigration:

The Commission has remained steadfast in its commitment to advocacy and immigration support. As migration continues to be a central issue in our communities, many immigrants turn to churches for support as they seek to regularize their immigration status or gain assistance with their legal processes. The Church is often one of the first places where they find a compassionate, guiding hand.

In response, the Commission has worked on a variety of educational and support initiatives focused on assisting immigrants. These efforts include:

- Hosting informational programs on immigration processes

- Offering asylum assistance and legal guidance

- Providing support to individuals in need of work permits or assistance with legal status regularization

Through these initiatives, we have been able to support vulnerable individuals and families, helping them navigate the complex and often overwhelming immigration

system. These programs have taken place across the Diocese, reaffirming our commitment to social justice and the care of the immigrant community.

Educational and Support Projects:

Our educational initiatives have been essential in spreading crucial information about immigration procedures and providing guidance for individuals seeking to regularize their status. By delivering these resources, we help alleviate some of the burdens that immigrants face during their journeys.

Additionally, the Commission has partnered with local legal and community organizations to ensure that individuals seeking asylum or other legal relief have access to the proper resources and support.

These efforts reflect our ongoing commitment to advocacy for immigrant rights and the tangible support that the Church can provide in a time of great need.

The Latino-Hispanic Ministries Commission continues to be a cornerstone of the Diocese of Texas's broader mission. Through key initiatives like the Hispanic Leadership Conference, the development of lay leadership, and our advocacy for immigrant communities, the Commission is helping to shape a more inclusive future.

The work we have accomplished thus far is just the beginning. With the continued engagement and leadership of our churches, we will build a stronger, more vibrant Hispanic ministry that serves the spiritual and practical needs of our community. Our efforts to provide ongoing leadership formation, promote justice, and advocate for those in need will remain central to our mission as we move forward in the coming years.

Next Steps and Recommendations for Continued Growth:

Increase Collaboration: Strengthen collaborations between diocesan ministries, local churches, and community organizations to maximize support for Hispanic leaders and immigrants. This could include creating partnerships with legal and social service organizations to offer more comprehensive resources to immigrants.

Develop Leadership Pipelines: Further invest in leadership development programs tailored to Spanish-speaking and bilingual leaders. Explore opportunities for mentorship and coaching that will equip new leaders with both spiritual and practical tools for ministry.

Expand Educational Outreach: Build on the success of immigration education programs by expanding to include more language-specific resources and outreach efforts in areas with higher concentrations of Spanish-speaking residents. This will ensure that immigrants and their families receive the support they need to navigate legal processes and integrate into local communities.

Focus on Data and Impact Measurement: Implement regular surveys and feedback mechanisms to assess the effectiveness of the Commission's programs. Gathering

data on the outcomes of leadership development and immigration support initiatives will help refine strategies and demonstrate tangible results.

By implementing these steps, the Latino-Hispanic Ministries Commission can continue to build on its success and ensure that Hispanic communities in the Diocese of Texas are well-supported, empowered, and equipped for the future.

Following in the Footsteps of St. Paul: Pilgrimage.

In April 2024, I had the privilege of leading a pilgrimage with 13 clergy from across the Diocese of Texas, retracing the steps of St. Paul. This initiative, organized by the Diocese, aimed to provide a unique spiritual experience, strengthen bonds between clergy from different regions, and foster intercultural connections. The pilgrimage allowed us to visit key locations tied to St. Paul's travels and evangelistic ministry, offering rich learning and deep spiritual reflection.

The Pilgrimage Experience: Our journey included visits to significant cities such as Ephesus, Thessalonica, Philippi, Corinth, and Athens in Greece, as well as several locations in Turkey. These cities, central to St. Paul's ministry, provided a backdrop for our prayers, daily Eucharist celebrations, and the celebration of the Daily Office in public spaces, including the ship's halls, which carried us to many of these historical landmarks.

One highlight was our renewal of ordination vows in Smyrna (modern-day Izmir), where it is believed that St. Paul baptized Lydia, a key figure in his ministry. The experience was not just a historical tour but a deeply spiritual one, marked by continuous prayer, reflection, and shared learning.

Leadership in Organizing the Pilgrimage: The success of this pilgrimage owes much to the leadership and organizational skills of the Reverend Mike Stone, who guided us throughout the process. Under his direction, we were able to achieve the pilgrimage's primary objectives: fostering a sense of unity among our clergy, deepening spiritual formation, and encouraging intercultural dialogue.

The Diocese of Texas supported this pilgrimage, and we look forward to the possibility of including more clergy and lay leaders in future events, ensuring the continued growth of this transformative journey.

Strategic Reflection and Learning: One of my personal highlights was visiting the Thermopylae Pass, where the legendary Spartan King Leonidas and his 300 warriors faced the massive Persian army led by Xerxes. While the film 300 may romanticize the battle, I was inspired by Leonidas' strategic foresight in selecting the most effective location to confront a superior force. This lesson in strategic thinking is highly relevant to the growth of our Diocese.

Just as Leonidas used his knowledge of strengths, terrain, and resources to his advantage, we must apply similar strategic planning to our diocesan ministry efforts.

Knowing our strengths, anticipating future challenges, and developing comprehensive strategic plans will allow us to better serve the spiritual and community needs of our growing, diverse congregation.

Recommendations for Future Pilgrimages and Activities:

Impact Assessment:

To better understand the impact of the pilgrimage on participants, we recommend conducting structured evaluations after each event. This could include post-pilgrimage surveys, group reflections, and one-on-one interviews with clergy. The feedback collected will help assess the spiritual and pastoral benefits and provide insights to enhance future pilgrimages.

The pilgrimage following the footsteps of St. Paul was not only a spiritual journey but also a call to action for our Diocese. It has reaffirmed the importance of leadership, strategic thinking, and community-building in our mission. By implementing the recommendations outlined above, we can enhance the pilgrimage experience for future participants, broaden its reach, and deepen its impact on our diocesan community.

We are committed to continuing this valuable tradition, strengthening the bonds among our clergy, and preparing lay leaders for a more inclusive and impactful ministry in the Diocese of Texas.

Other responsibilities within the broader Episcopal Church community include my active involvement in several significant roles:

Board Member, Episcopal Relief and Development (ERD):

As a committed member of the ERD Board, I engage in meetings three times annually. ERD plays a vital role within the Episcopal Church, responding swiftly to natural disasters and global crises. Beyond emergency relief, the organization focuses heavily on community development, especially in the areas of Women, Children, and the Climate.

Board Member, College for Bishops:

I serve on the Board of Directors for the College for Bishops, an institution dedicated to fostering a supportive environment for newly consecrated bishops. The College provides ongoing education and formation, ensuring that bishops are well-equipped to lead effectively and serve God's mission with wisdom and clarity.

Coach for Bishop Juan Carlos Quiñónez, Diocese of Central Ecuador:

In addition to my Board commitments, I work closely with Bishop Juan Carlos Quiñónez from the Diocese of Central Ecuador as a leadership coach. This role involves providing mentorship and guidance to strengthen his leadership skills and enhance his effectiveness within the Diocese.

Leader, CREDO Program for Latin America:

Another significant role I hold is serving as the director of the CREDO program for Latin America, which is sponsored by the Church Pension Group. The program's focus is on revitalizing the spiritual and physical well-being of clergy members, ensuring they have the necessary resources to flourish in their vocations.

I am profoundly grateful for the opportunity to serve as one of the bishops of this Diocese, which has allowed me to grow in ministry in ways beyond what I could have ever imagined. Partnering with Andy, Jeff, and Kai is both a privilege and a profound responsibility in this sacred work. Together, we are dedicated to living out our calling. I pray that the Holy Spirit continues to guide us, illuminating the path of mission, evangelism, and service, and that these pillars remain at the heart of all that we do.

Héctor Monterroso, Bishop Assistant

REPORT OF BISHOP RAYFORD B. HIGH

“As the eighth Bishop Suffragan of the Diocese of Texas, resigned, it is my honor, privilege, and joy to serve in the Diocese and beyond. The Rev. Canon Ann D. Normand, my wife, joined me when I made three visitations for confirmation and reception: St. Mark’s, Houston; St. John the Devine, Houston; and St. Jame’s, La Grange. Together we were chaplains at St. George’s Chapel, Tenants Harbor, Maine, where Ann was celebrant and I, the preacher. I officiated at two funerals. It was our privilege to sponsor a Rice University student intern at Plaza de Paz, the Immigration and Migration Respite Center under the direction of Executive Director, Flor Salvidar, Diocese of West Texas. In October, I attended the Compass Rose Society Annual General Meeting in London, with Ann, a member of the Board of Directors. Joined by a sizable delegation from the Diocese, we learned from the Archbishop of Canterbury, Justin Welby, the Secretary General, Anthony Pogo, and the Deputy Secretary General Bishop Jo Bailey Wells about current global affairs in the Anglican Communion. While we continue to live in San Antonio, Ann and I are thrilled to be active as retired clergy in EDOT

Rayford B. High, Jr.

Retired Bishop Suffragan of Texas and Retired Provisional Bishop of Fort Worth

REPORTS OF OFFICERS OF THE DIOCESE

HISTORIAN

An updated history of the Diocese of Texas that concludes with the onset of the COVID-19 pandemic in 2020 is available through the diocesan office. Historical documents relating to the reunion of the Diocese of Texas and the Episcopal Church in North Texas are also available through the archives of the diocese. As Diocesan Historian, I also mentor postulants for Holy Orders in historical studies as they prepare for ordination when requested by the Executive for Ministry.

Jimmy Abbott, Diocesan Historian

REGISTRAR

As Registrar of the Diocese of Texas, I certify that to date in 2024, all ordinations held within the Diocese and all transfers of clergy as well as clergy changes in each congregation have been duly recorded.

Millie I. M. Longoria, Registrar of the Diocese

SECRETARY

I am grateful to those who have responded to the Bishop's request for reports to the Journal and those who have responded in time to get them printed in Volume I. Again, this year, delegate registration for the 176th Council are to be filed online (do not send copies to the Diocesan Center). Forms materials for 2025 (such as the delegate certification, list of appointed/elected parochial officers) are already available on the diocesan website as a part of the Council registration forms. Please remember that Council registration and all the other requested material are to be completed online. Council registration and all required forms are due by January 24. If you need assistance completing any of these forms, please contact councilregistration@epicenter.org. Beginning January 6, you will be able to file the parochial report by going to <https://reports.dfms.org> and entering your login and password. As before, you are required to file your report online. Online filing will not begin until January 6. Please do not send a hard copy to the Diocese; we are able to access the reports once they have been filed online. We do recommend, however, that you keep a hard copy of your Parochial Report for your own records. I remind you that regardless of what the preparation handbook says, by Diocesan Canon your Parochial Report is due in the New York office of the General Convention by January 24. After January 6, we will be checking daily to see which Reports have been filed. If your Report is not on file by January 24, Diocesan Canons specify that you are not entitled to join or to vote in Council. Please make every effort to file your Parochial Report in a timely manner.

Marcea Paul, Secretary

ARCHIVIST

In 2024, I received approximately 2-3 archive inquiries per month. These inquiries varied greatly from routine requests for membership transfer letters to requests for verification of baptisms or confirmations. Some of the churches in question closed decades ago and others were more recent. No two inquiries are exactly alike and not all of them can be conclusively answered.

This year, I received three sets of new parish registers for the archive: Santa Niño, Pearland; SoCo, Austin; and All Saints', Hitchcock. These churches were closed in 2024 and the registers will be stored onsite in the Houston Diocesan center in anticipation of membership transfer requests. It is important to note that the registers from All Saints', Hitchcock include the registers for St. John's, Hitchcock and St. Mark's, Alta Loma because the two congregations were combined in 1965.

Alice Kerr, a retired EDOT staff member and the former diocesan archivist, continued in 2024 to work steadily on preparing archive materials for offsite storage. There is a great deal of materials to process. The Diocese is interested in working with trained archivists to analyze our current file system, process the backlog of information, and to make other recommendations to ensure the quality of our archive.

Kathryn L. Herman, Archivist

TREASURER

THE EPISCOPAL DIOCESE OF TEXAS

The information provided is for period January 1 - November 30, 2024

| | Year to Date Amounts | 2024 Adopted Budget |
|---|-------------------------|------------------------|
| REVENUES | | |
| Assessments | \$ 7,958,267 | \$ 8,594,929 |
| Foundation Overhead Payments | 5,057,685 | 5,134,584 |
| Other Revenues | 368,757 | 621,055 |
| TOTAL REVENUES | \$ 13,384,709 | \$ 14,350,568 |
| EXPENDITURES | | |
| OFFICE OF THE BISHOP | | |
| Clergy Compensation | \$ 1,951,501 | \$ 2,170,203 |
| Lay Staff Compensation | 738,673 | 803,896 |
| Business and Travel Expense | 477,581 | 567,023 |
| Clergy Conference | 188,371 | 180,000 |
| TOTAL OFFICE OF THE BISHOP | 3,356,125 | 3,721,122 |
| COMMUNICATION DEPARTMENT | | |
| Communication Staff Compensation | 409,469 | 511,726 |
| Other | 257,105 | 266,000 |
| TOTAL COMMUNICATIONS | 666,574 | 777,726 |
| CANONICAL EXPENSES | | |
| Diocesan Council | 370,702 | 330,000 |
| Other | 208,187 | 177,000 |
| TOTAL CANONICAL EXPENSES | 578,890 | 507,000 |
| MINISTRY EXPENSES | | |
| Ministry Staff Compensation | 652,868 | 666,659 |
| Transition Ministry | 254,683 | 152,000 |
| Wellness and Care Ministry | 50,746 | 118,100 |
| IONA School and Other Ministry Expenses | 236,652 | 314,200 |

| | | |
|--------------------------------|------------------|------------------|
| TOTAL MINISTRY EXPENSES | 1,194,950 | 1,250,959 |
|--------------------------------|------------------|------------------|

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|------------------------------|
| MISSION AMPLIFICATION |
|------------------------------|

| | | |
|---|----------------|------------------|
| Mission Amplification Compensation | 806,600 | 1,094,509 |
| Congregational Vitality | 48,172 | 77,750 |
| Youth Ministry | 31,732 | 51,000 |
| Other | 77,766 | 125,000 |
| TOTAL MISSION AMPLIFICATION EXPENSES | 964,270 | 1,348,259 |

| |
|-----------------------------|
| SERVICE AND OUTREACH |
|-----------------------------|

| | | |
|-----------------------------------|------------------|------------------|
| Support of the Episcopal Church | 1,836,514 | 1,935,591 |
| Support of the Anglican Communion | 520,000 | 600,000 |
| EDOT Global Partnership | 12,494 | 25,000 |
| Other | 155,331 | 331,750 |
| TOTAL SERVICE AND OUTREACH | 2,524,339 | 2,892,341 |

| |
|--------------------------------|
| ADMINISTRATIVE EXPENSES |
|--------------------------------|

| | | |
|--------------------------------------|------------------|------------------|
| Staff Compensation | 1,254,322 | 1,399,394 |
| Diocesan Center Operating Expense | 1,014,880 | 1,071,987 |
| General Office Expense | 250,530 | 315,589 |
| Insurance | 356,313 | 326,300 |
| Other Administrative Expenses | 561,820 | 602,810 |
| TOTAL ADMINISTRATIVE EXPENSES | 3,437,864 | 3,716,080 |

| | | |
|-----------------------|----------------------|----------------------|
| TOTAL EXPENSES | \$ 12,723,012 | \$ 14,213,487 |
|-----------------------|----------------------|----------------------|

| | | |
|---------------------------------------|-------------------|-------------------|
| REVENUES OVER (UNDER) EXPENSES | \$ 661,697 | \$ 137,081 |
|---------------------------------------|-------------------|-------------------|

| | | |
|-------------------------|---------------------|-------------|
| Special Accounts | \$ (905,241) | \$ - |
|-------------------------|---------------------|-------------|

| | | |
|-----------------------------|---------------------|-------------------|
| NET CHANGE IN ASSETS | \$ (243,544) | \$ 137,081 |
|-----------------------------|---------------------|-------------------|

Linda Riley Mitchell, CFO/Treasurer

EXECUTIVE BOARD

Saturday, February 10, 2024:

The Executive Board of the Episcopal Diocese of Texas met immediately following the adjournment of the 175th Annual Council, which was held in Chisolm Hall at The Waco Convention Center. Bishop Doyle welcomed newly elected members (Elizabeth Fraley, Dennis Itzep, Andrew Johnsen, the Rev. Noah Stansbury, and the Rev. Joy Walker-Miller) and explained the meetings schedule (three annually at Camp Allen, the first of which will be in March). The Rt. Rev. Jeff W. Fisher was re-affirmed as Vice-President of the Executive Board. Elected as Secretary was The Rev. Cn. Marcea E. Paul. Elected as Treasurer was Linda Riley Mitchell. Elected as lay representative on the 176th Council's Nominations Committee was Angela Tekell.

Wednesday, March 20, 2024:

The Executive Board conducted a hybrid meeting, with some at Camp Allen and some via Zoom. The Mission Committee met with 5 members in attendance and reflected on Mission Amplification's new strategy, "Reimagination of Mission." Bishop Monterroso informed the committee that there would be a wider scope of working with existing missional activities around the diocese. The Governance Committee's aim was to complete revisions to Title III and to bring revisions back to Executive Board in September to begin the process of presenting them for approval at Council in February. Work is being done to clean up language and meetings were planned over the next months to complete work before Council. The Finance Committee welcomed new members and reviewed grant funding focusing on their charges for the remainder of the year. The Committee reviewed current financial statements, assessments, Foundations and grants, and parochial reporting. A motion was made to approve the Housing Resolutions which included two adjustments. The motion passed with no objection. The Rt. Rev. Jeff Fisher gave a report on the work of the Small Church Network and what the wider Episcopal Church is doing with regards to small churches. He also challenged the Executive Board to attend a small church sometime before the next meeting and noted that while small churches represent 40% of the diocese, they had no representation on the Board the previous year. The Rev. Andrew Terry, Area Missioner, presented an introduction on Area Mission, its initiative, key learnings, and team members. He also highlighted the work of St. Paul's, Navasota's Rainbow Room as a success of a small church collaborating with and for the community. Canon Faulstich presented slides showing clergy transitions and churches at different stages in the search process. Allen Kight, President and CEO of Camp Allen reported on the success of Camp Allen in 2023 and shared that they were in the middle of a capital campaign to build a new hotel wing. Bishop Doyle closed by reminding people to register for the Grande Family Reunion planned for May.

Wednesday, September 11, 2024:

The Executive Board conducted a hybrid meeting. The Governance Committee met over the summer to complete changes to be passed on to Council next February. of the Canons. The committee reviewed the revisions to Title III. After much discussion, a motion was made to approve and accept the revisions with some changes. The motion passed unanimously. Davi Harvin, Chancellor of the Diocese, presented amendments to the Dennis Proposal. The amendments came about because of the unfortunate experience the Fort Worth churches

that lost their properties to a breakaway group. Amendments were made to the articles of Incorporation and the bylaws of Church Corp, which owns the title and is the record owner of the property, to expressly provide that it holds that title in trust for the Episcopal Church and the Episcopal Diocese of Texas (EDOT). There was also a suggestion to amend the Constitutions and Canons along the same lines. This would have Council direct the Church Corporation to hold that real estate in trust for the Episcopal Church and EDOT, making it harder for anyone to try to break or revoke that trust. After some questions and discussion, Bishop Doyle initiated a vote on the resolution, the Canon and the Constitutional changes. All three were taken together and came from the committee so did not need a second. All three motions carried with no opposition. The Mission Committee met and received reports from Rev. Ann Matthews of Grace Episcopal about collaboration with students at Southwestern University; and from Andrew Johnsen of All Saints, Fort Worth about his work with Global Partnership and Missions and a mission trip to Belize to visit a sponsored Anglican School and an orphanage for girls in Kenya. The Finance Committee gave reports on current financial statements and assessments. They also reviewed grant funding and Sam Dodson, Chair of Audit Committee, discussed the auditor's reports. A vote was required to accept the auditor's report as presented by the Finance Committee. The auditor's report passed unanimously. There were also reports on medical coverage and property and casualty insurance changes. disaster relief and North Texas reunification funding. Linda Riley Mitchell, CFO presented the proposed 2025 Assessments. The nearly \$9 million-dollar total assessment is a 3.7% or \$335,000 increase over 2024, and the calculation is consistent with the formula in place for a decade. The proposed 2025 Assessment Calculation passed with no objection. Insurance premiums will increase by 4% and the Finance Committee recommended that the Executive Board delegate approval of the premiums to the Insurance Task Force. A vote was held which passed unanimously. Bette Lehmborg, Chair, presented two new Housing Resolutions that the Finance Committee reviewed and approved. A vote was taken and the Housing Resolutions passed unanimously. Jennifer Mineo, Director of Evaluation of Episcopal Health Foundation (EHF), offered a detailed Institutional report on EHF impact and new strategic plan. Canon Faulstich gave a brief report on General Convention. She shared that a proposal from Katie Sherrod of Fort Worth, was brought up to change the constitution of the Episcopal Church to allow a diocese to have three suffragan bishops. Currently the limit is two. This proposal will require an additional vote in the next General Convention, 2027 and would allow EDOT to elect a suffragan bishop for the North Region. Canon Faulstich also reported on clergy transitions, and churches at different stages in the search process. Canon Paul encouraged clergy to register for clergy conference, October 21-23. Bishop Doyle reported on the work done by McKinsey and Institute for the Future (IFTF), which will set the stage for strategy design for EDOT's vision for the future.

Wednesday, December 11, 2024:

The Executive Board conducted a hybrid meeting. The Governance Committee completed their work on Title III, completed review of Title IV and began working on Title V. The Mission Committee reported on the opportunity they had to hear a report from Tamara Talasek about her missional community that ministers to expectant mothers and newborns. The Finance Committee gave reports on current financial statements, assessments, and grant funding. There was also a review of the 2025 proposed Diocesan Budget. A motion made to approve the proposed budget as presented and refer it to Diocesan Council in February 2025, passed with no objection. The Housing Allowance Resolutions were presented for 2025 and were

approved. An Institutional report was given by Josh Ritter, Canon for Formation on the Ecology of Formation and plans to strengthen some of the processes already in place. Canon Faulstich reported on clergy transitions, and churches at different stages in the search process. She also announced that Council is coming up February 7-8 in Fort Worth and plans are well underway. EDOT will be using the new Customer Relation Management (CRM) system, USHER, to register for the first time. Canon Paul reported that there is much excitement around having The Rt. Rev. Brian Seage join the diocese in the new year as halftime Assisting Bishop for the North. Allen Kight, President and CEO of Camp Allen, gave a brief update on Camp Allen. He shared that an additional 15 acres next to Camp Allen has been purchased which increases Camp Allen property to 1,200 acres. He also reported that Camp Allen is closing in on their 10.5million dollar capital campaign and are moving toward completion of the new hotel wing and a new parking lot in the new year.

Marcea Paul, Secretary

DIOCESAN FOUNDATIONS

THE BISHOP QUIN FOUNDATION

“The Mission of the Bishop Quin Foundation is to Help Build the Church!” Our Mission Statement calls for us to do this “within the Episcopal Diocese of Texas with the advice and counsel of the Bishop of Texas and working with the Diocesan staff and the other foundations of the Diocese by continuing to increase and utilize our resources effectively.

Trustees are appointed to overlapping three-year terms by the Council of the Diocese of Texas. The Bishop and Treasurer of the Diocese are *ex officio* members of the board, with voice and vote. Elected members during the past year included; Ms. Merrill Anne Shearer, Leslie Cleaver, and The Rev. Cameron Nations (terms expiring in 2025), The Rev. Bill Fowler, Robert Estrada, and Jennifer Weston (terms expiring in 2026), Marcela Donadio, and The Rev. Korey Wright (terms expiring in 2027). Officers elected by the Board were The Rev. Bill Fowler, President; Marcela Donadio, Vice-President; Ms. Linda R. Mitchell, Treasurer; Mr. David N. Fisher, Secretary; and Ms. Angela Smith, Assistant Secretary.

The Foundation established the following committees:

- Executive Committee – Conducts foundation business between meetings of the board. Members are; Bishop Doyle (Chair), Bill Fowler (President & Convener), Marcela Donadio, Linda Mitchell, and David Fisher.
- Quin / EFT Strategic Mission Grants Committee – Joint Venture which supports the missional growth of congregations within the Episcopal Diocese of Texas. Bishop Quin Foundation members of the SMG Committee are: Merrell Anne Shearer, Leslie Cleaver, Jenifer Weston, and The Rev. Korey Wright.

Again this year, grants were provided to support the Curate/Intern Placement Program. Under this program, the Bishop Quin Foundation funds one half of the salaries of Curates/Interns placed in churches throughout the Diocese of Texas. The Trustees continue to believe that attracting and maintaining high quality talent is vital to the continued growth and success of the Diocese. The Bishop Quin Foundation supports Sabbatical Grants for our clergy. The Bishop Quin Foundation has also funded initiatives from our congregations there were referred by the EDOT Collaboration Team and Mission Amplification teams over the past few years. The Bishop Qun Foundation was also active in 2024 supporting formation initiatives through its Leadership Fund as well health insurance premiums for clergy and lay diocesan staff through its Wellness & Health Fund.

The Strategic Mission Grant program is a collaborative venture with the Episcopal Foundation of Texas and the Great Commission Foundation. The Strategic Mission Grants Committee (SMG) has a dedicated website www.smgedot.org for processing grant applications from EDOT congregations and managing active grants. This interactive website includes videos, stories, and motion graphics that convey information about the grant program using multiple media formats. The site has a complete translation in Spanish. The grant focus includes encouraging congregations to engage with their surrounding

communities, focus on invitation, and the funding of missional communities.

Throughout the year, the Trustees relied on the hard work and skills of a dedicated and capable staff. We have been ably advised by Bishop Doyle and Canon Faulstich and we are grateful for and feel blessed by their guidance, advice and support. Additionally, we were ably guided throughout the year by Linda Mitchel, Diocesan Treasurer, and David Fisher, EDOT Director of Foundations. Our efforts were coordinated throughout the year with the other foundations of the Diocese. It is a privilege to work with this exceptional group of Christians with one accord.

Respectfully submitted,

The Rev. Bill Fowler, President

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

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2023
and 2022

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

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Independent Auditors' Report

To the Board of Trustees of
The Bishop Quin Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Bishop Quin Foundation (an Instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Bishop Quin Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Bishop Quin Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Bishop Quin Foundation's ability to continue as a going concern for 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 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.

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 Bishop Quin Foundation'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 Bishop Quin Foundation'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.

Blazek & Vetterling

September 4, 2024

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

Statements of Financial Position as of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|------------------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,398,392 | \$ 1,004,292 |
| Due from other Diocesan operating entities | | 241,455 |
| Notes receivable: | | |
| Church Corporation | | 501,695 |
| Other related entities, net of allowance of \$130,000 in 2023 and 2022 | 308,949 | 351,861 |
| Investments (Notes 4 and 5) | 291,241,347 | 269,663,716 |
| Land | <u>167,241</u> | <u>167,241</u> |
| TOTAL ASSETS | <u>\$ 294,115,929</u> | <u>\$ 271,930,260</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 21,944 | \$ 700 |
| Due to other Diocesan operating entities | 280,840 | |
| Grants payable (Note 6): | | |
| Other related entities, net | 1,976,345 | 938,832 |
| Diocesan operating entities | <u>2,521,292</u> | <u>1,970,681</u> |
| Total liabilities | <u>4,800,421</u> | <u>2,910,213</u> |
| Net assets without donor | | |
| restrictions: Board-designated | (1,109,307) | (224,057) |
| Board-designated permanent fund | 33,148,180 | 30,969,380 |
| Board-designated wellness and health fund | 196,724,882 | 182,303,291 |
| Board-designated leadership fund | <u>60,551,753</u> | <u>55,971,433</u> |
| Total net assets without donor restrictions | <u>289,315,508</u> | <u>269,020,047</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 294,115,929</u> | <u>\$ 271,930,260</u> |

See accompanying notes to financial statements.

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

Statements of Activities for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|------------------------|
| REVENUE: | | |
| Net investment return <i>(Note 4)</i> | \$ 32,649,658 | \$ (20,937,887) |
| Support from Diocesan operating entities: The Episcopal Health Episcopal Foundation of Texas | 1,384,632 | 260,000,000 711,712 |
| Other revenue | <u>57,947</u> | <u>34,584</u> |
| Total revenue | <u>34,092,237</u> | <u>239,808,409</u> |
| EXPENSES: | | |
| Program services: | | |
| Grants to other related entities | 3,702,888 | 1,604,140 |
| Grants to Diocesan operating entities | <u>9,716,823</u> | <u>5,388,133</u> |
| Total program services | 13,419,711 | 6,992,273 |
| Management and general: | | |
| Diocesan operating entities – administrative services | 313,415 | 456,832 |
| Other management and general | <u>63,650</u> | <u>26,690</u> |
| Total expenses | <u>13,796,776</u> | <u>7,475,795</u> |
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 20,295,461 | 232,332,614 |
| Net assets without donor restrictions, beginning of year | <u>269,020,047</u> | <u>36,687,433</u> |
| Net assets without donor restrictions, end of year | <u>\$ 289,315,508</u> | <u>\$ 269,020,047</u> |

See accompanying notes to financial statements.

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

Statements of Cash Flows for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets without donor restrictions | \$ 20,295,461 | \$ 232,332,614 |
| Adjustments to reconcile changes in net assets without donor restrictions to net cash provided (used) by operating activities: | | |
| Partnership (income) loss | 506,206 (32,087,494) | 21,834,607 |
| Changes in operating assets and liabilities: | | |
| Due to/from Diocesan operating | 522,295 | (202,334) |
| Accounts payable and accrued expenses | 21,244 | (10,337) |
| Grants payable | <u>1,588,124</u> | <u>932,927</u> |
| Net cash provided (used) by operating activities | <u>(9,154,164)</u> | <u>254,887,477</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sales of investments | 10,524,336 | 4,500,000 |
| Purchase of investments | | (260,000,000) |
| Change in money market mutual funds held as investments | (14,473) | 22,045 |
| Advances made on notes receivable | | (25,584) |
| Payments received on notes receivable | <u>38,401</u> | <u>121,300</u> |
| Net cash provided (used) by investing activities | <u>10,548,264</u> | <u>(255,382,239)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 1,394,100 | (494,762) |
| Cash and cash equivalents, beginning of year | <u>1,004,292</u> | <u>1,499,054</u> |
| Cash and cash equivalents, end of year | <u>\$ 2,398,392</u> | <u>\$ 1,004,292</u> |

See accompanying notes to financial statements.

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

Notes to Financial Statements for the years ended December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Bishop Quin Foundation (the Foundation) is a Texas nonprofit corporation created in 1943 to commemorate the 25th anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. It was incorporated in 1955 and organized under Title V, Canon 2, as amended, of the Constitution and Canons of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee. The broad objectives of the Foundation include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese. Members of the Board of Trustees are elected by the Council of the Diocese on nomination by the Bishop and include the Bishop as an ex-officio member and Chair of the Board of Trustees.

Related entities – The Executive Board of the Diocese is composed of the Bishop and fifteen members elected by the Council of the Diocese. Pursuant to various Canons, the Executive Board has certain oversight responsibilities relating to the affairs of the Foundation and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation (FSC)* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated Diocesan entities.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke’s Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the counties served by the Episcopal Diocese of Texas.

The Foundation routinely engages in transactions with Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

Basis of presentation – These financial statements include only the assets, liabilities, net assets, and activities of the Foundation. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities or other related entities. Each of these related entities is an operating entity distinct from the Foundation, maintains separate financial records, and administers its own services and programs.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Notes receivable are reported at estimated net realizable value. Allowances for notes receivable are provided when it is believed they may not be collected in full and are adjusted annually to reflect changes in the expected future cash flows from impaired notes. The amount of bad debt expense recognized each period and the resulting adequacy of the allowance at the end of each period are determined using a specific analysis of each receivable balance. It is possible that management's estimate regarding the collectability of these balances will change in the near term resulting in a change in the carrying value of receivables. At December 31, 2023, all known impaired loans have been reserved in the allowance for loan losses.

Investments are reported at fair value. Mineral interests are reported at cost less depletion and are fully depleted. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of the income is limited by donor-imposed restrictions.

Land is reported at cost.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation. The board designations are described as follows:

- *Revolving fund* receives a transfer of income from the permanent fund and interest and other income related to non-investment assets. These funds may be loaned or granted for any purposes that the Bishop and Board of Trustees (the Board) may determine to be in furtherance of the spiritual and physical welfare of the Diocese.
- *Permanent fund* receives revenue from investments and royalties after the transfer of income to the revolving fund. By the Board's action, income transfers are made from the permanent fund to the

revolving fund based on 4% of the average fair market value of the fund for the prior three years. The investment return may be used at the discretion of the Board.

- *Wellness and health fund* was created with a \$200 million grant from EHF for the benefit of clergy of EDOT, lay employees, and their families. This fund may be used to underwrite the cost of health insurance funding emergency health needs for clergy, lay employees and their families, and provide pastoral resources to the parishioners of the Diocese. Spending from the fund is limited to 4% of the average fair market value of the fund for the prior three years. The Board may modify the spending policy or use a portion of the principal at its discretion.
- *Leadership fund* was created with a \$60 million grant from EHF to help raise up new clergy and lay leaders for the Diocese. This fund may be used to provide financial support to seminarians, prepare lay and clergy for leadership in the Episcopal Church, support programs and initiatives for seminaries related to EDOT, and support for the development of new or better forms of ministry. Spending from the fund is limited to 4% of the average fair market value of the fund for the prior three years. The Board may modify the spending policy or use a portion of the principal at its discretion.

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

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program activities. All of the Foundation’s expenses are directly attributable to either program activities or management and general.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

| | <u>2023</u> | <u>2022</u> |
|--|--------------|--------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 2,398,392 | \$ 1,004,292 |
| Due from other Diocesan operating entities | | 241,455 |
| Notes receivable, net | 308,949 | 853,556 |

| | | |
|--|----------------------|----------------------|
| Investments | <u>291,241,347</u> | <u>269,663,716</u> |
| Total financial assets | 293,948,688 | 271,763,019 |
| Less: | | |
| Board-designated funds, less amounts appropriated for expenditure in the coming year | (277,691,939) | (259,768,478) |
| Notes receivable due in more than one year: | | |
| Church Corporation | | (501,695) |
| Other related entities | <u>(267,042)</u> | <u>(301,661)</u> |
| Total financial assets available for general expenditure | <u>\$ 15,989,707</u> | <u>\$ 11,191,185</u> |

For purposes of analyzing resources available to meet expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing religious, charitable, and educational activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented. The Foundation's investments are invested for long-term appreciation but remain available to be spent at the Board's discretion. Generally, 4% of the three-year average value of the Foundation's portfolio is designated by the Board as available to meet general expenditures.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|---------------------|---------------------|
| Bank deposits | \$ 2,041,495 | \$ 945,509 |
| Money market mutual funds | <u>356,897</u> | <u>58,783</u> |
| Total cash and cash equivalents | <u>\$ 2,398,392</u> | <u>\$ 1,004,292</u> |

NOTE 4 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of a partnership interest in the EH Investment Fund, L.P. (the Fund). The Fund is a

Delaware limited partnership that was created on June 1, 2014. HCP EHF Management LLC (General Partner), a U. S. Securities and Exchange Commission registered advisor and wholly owned subsidiary of Hall Capital Partners LLC, is the General Partner to the Fund. There are five limited partners in the Fund, all of which are Diocesan operating entities. As of December 31, 2023, the Foundation had a 17.52% interest in the Fund.

The Fund is a global multi-asset class fund that primarily seeks to increase its net asset value by an amount in excess of inflation (as defined by the Consumer Price Index). The Fund also seeks to maximize investment returns and to reduce portfolio volatility by investing in diversified asset classes and capital markets. The asset classes that the Fund will invest in include global equities (developed and emerging), hedge funds, hybrids, private equity, real assets, fixed-income, and cash and cash equivalents.

At any given time, 20% of the Fund's portfolio assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2023.

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

Portfolio funds:

| <u>2023</u> | <u>2022</u> | | |
|--|-------------|-------------|--|
| Private equity | 30.6% | 27.6% | |
| Equity strategies | 23.8% | 22.7% | |
| Absolute return | 10.7% | 13.4% | |
| Equity hedge | 3.3% | 3.7% | |
| Other | 0.5% | 0.6% | |
| Global stock, fixed-income and hard asset mutual funds | 14.1% | 16.1% | |
| Marketable securities: | | | |
| Common stock | 11.4% | 10.7% | |
| Depository receipts | 0.3% | 0.1% | |
| Cash and cash equivalents | <u>5.3%</u> | <u>5.1%</u> | |
| Total | <u>100%</u> | <u>100%</u> | |

Portfolio fund investments are subject to the terms of the respective portfolio fund's agreements, offering documents and other governing agreements. Additionally, most, if not all, of the portfolio funds in which the Fund invests may restrict both the transferability of the Fund's interest and the Fund's ability to withdraw. Due to these restrictions, investments in certain portfolio funds are viewed as illiquid and subject to liquidity risk.

Investments are exposed to various risks such as interest rate, market and credit risks. Alternative investments such as the Fund include additional risks because of their complex nature and limited regulations resulting in a greater risk of losing invested capital. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Legal, tax, and regulatory changes could occur during the term of the Foundation's investment in the Fund. The regulatory environment for alternative investment funds is evolving, and changes in the regulation of these funds may adversely affect the value of investments held by the Foundation. The Foundation believes that the effect of any future regulatory change in the Foundation's assets would not materially impact the value.

Investment return consists of the following:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|------------------------|
| Partnership income | \$ 32,087,494 | \$ (21,834,607) |
| Mineral royalty income | 680,646 | 1,067,012 |
| Foreign taxes and mineral interests' production expenses | (81,578) | (121,311) |
| Investment management fees | <u>(36,904)</u> | <u>(48,981)</u> |
| Net investment return | <u>\$ 32,649,658</u> | <u>\$ (20,937,887)</u> |

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

There are no investments that are categorized as Level 2 or Level 3 investments at December 31, 2023 and 2022. In accordance with Accounting Standards Update 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) (NAV-PE) using the practical expedient have not been categorized in the fair value hierarchy.

Assets measured at fair value at December 31, 2023 are as follows:

| | <u>LEVEL 1</u> | <u>NAV- PE</u> | <u>TOTAL</u> |
|--|-------------------|-----------------------------|-----------------------|
| Investments: | | | |
| EH Investment Fund, L.P. | | \$ 291,146,350 | \$ 291,146,350 |
| Money market mutual funds | <u>\$ 94,997</u> | <u> </u> | <u>94,997</u> |
| Total investments measured at fair value | 94,997 | 291,146,350 | 291,241,347 |
| Cash equivalents: | | | |
| Money market mutual funds | <u>356,897</u> | <u> </u> | <u>356,897</u> |
| Total assets measured at fair value | <u>\$ 451,894</u> | <u>\$ 291,146,350</u> | <u>\$ 291,598,244</u> |

Assets measured at fair value at December 31, 2022 are as follows:

| | <u>LEVEL 1</u> | <u>NAV- PE</u> | <u>TOTAL</u> |
|--|-------------------|-----------------------------|-----------------------|
| Investments: | | | |
| EH Investment Fund, L.P. | | \$ 269,583,192 | \$ 269,583,192 |
| Money market mutual funds | \$ 80,524 | <u> </u> | <u>80,524</u> |
| Total investments measured at fair value | 80,524 | 269,583,192 | 269,663,716 |
| Cash equivalents: | | | |
| Money market mutual funds | <u>58,783</u> | <u> </u> | <u>58,783</u> |
| Total assets measured at fair value | <u>\$ 139,307</u> | <u>\$ 269,583,192</u> | <u>\$ 269,722,499</u> |

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

- *EH Investment Fund, L.P.* is valued at the net asset value (or its equivalent) as a practical expedient to report the fair value of the investment. The fair value of the Fund is based on information provided by the General Partner of the Fund. Management takes into consideration consultation with the Fund’s investment managers and audited financial statements to determine the overall reasonableness of the recorded value.
- *Mutual funds* are valued at the reported net asset value of shares held at year end.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 6 – GRANTS PAYABLE

At December 31, 2023, grants approved and committed for future payments are payable as follows:

| | |
|----------------------|---------------------|
| 2024 | \$ 4,075,637 |
| 2025 | 262,300 |
| 2026 | <u>159,700</u> |
| Total grants payable | <u>\$ 4,497,637</u> |

The Foundation has made approximately \$564,000 in conditional grants to Diocesan operating entities and other related entities that are conditioned upon certain events occurring and have not been recognized either as payable or expense at December 31, 2023.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 4, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

CHURCH CORPORATION

The Protestant Episcopal Church Council of the Diocese of Texas, popularly known as the “Church Corporation,” serves the diocese by providing a vehicle for professional investment management to congregations and institutions throughout the diocese. This vehicle is called the Participating Fund and allows participants to pool their funds with others to achieve economies of scale and quality fiduciary management. Accounts of all sizes are accepted and invested together with the Church Corporation’s own funds in a consolidated investment pool with the other foundations in the diocese.

The Church Corporation also serves the diocese by holding title to property used by churches, day schools, outreach ministries, and other diocesan entities and by administering the Clergy Housing Trust and the Episcopal Housing Trust. The Church Corporation assists these entities in the stewardship of those properties through oversight and advice on planning, maintenance, expansion, and financing in furtherance of their mission. The financial activities of the Church Corporation are summarized in the statements that follow. The six trustees: Bishop Doyle, The Rev. Sharron Cox, Steve Fallon, The Rev. Sean Steele, Gloria Rose and I were ably assisted in 2024 by Linda R. Mitchell, Assistant Treasurer, David N. Fisher, Assistant Secretary/Treasurer, and Angela Smith, Assistant Secretary.

Questions related to the report or any other matters may be addressed to Mr. David Fisher or the undersigned.

Samuel A. Dodson, President

**Protestant Episcopal Church Council
of the Diocese of Texas**

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

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2023
and 2022

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

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Independent Auditors' Report

To the Board of Trustees of
Protestant Episcopal Church Council of the
Diocese of Texas:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Protestant Episcopal Church Council of the Diocese of Texas (an Instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Protestant Episcopal Church Council of the Diocese of Texas as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Protestant Episcopal Church Council of the Diocese of Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Protestant Episcopal Church Council of the Diocese of Texas' ability to continue as a going concern for 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 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.

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 Protestant Episcopal Church Council of the Diocese of Texas' 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 Protestant Episcopal Church Council of the Diocese of Texas' 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.

Blazek & Vetterling

December 5, 2024

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

Statements of Financial Position as of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash | \$ 1,398,011 | \$ 1,937,173 |
| Other assets | 402,546 | 423,915 |
| Land and buildings held for sale | 585,549 | 585,549 |
| Investments (Notes 3 and 4) | 81,883,401 | 75,407,507 |
| Property, net (Note 5) | <u>9,755,846</u> | <u>9,851,165</u> |
| TOTAL ASSETS | <u>\$ 94,025,353</u> | <u>\$ 88,205,309</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 4,199 | \$ 368,243 |
| Grants payable to other related entities | 1,245,254 | 706,083 |
| Due to Diocesan operating entities | 762,806 | 2,532,967 |
| Funds held for other related entities | 40,925,971 | 35,312,868 |
| Notes payable (Note 6) | <u>6,293,007</u> | <u>6,729,237</u> |
| Total liabilities | <u>49,231,237</u> | <u>45,649,398</u> |
| Commitments and contingencies (Note 7) | | |
| Net assets (Note 10): | | |
| Without donor restrictions (Note 8) | 19,010,969 | 18,534,058 |
| With donor restrictions (Note 9) | <u>25,783,147</u> | <u>24,021,853</u> |
| Total net assets | <u>44,794,116</u> | <u>42,555,911</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 94,025,353</u> | <u>\$ 88,205,309</u> |

See accompanying notes to financial statements.

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

Statement of Activities for the year ended December 31, 2023

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|--|-------------------------------|----------------------------|-------------------------|
| REVENUE: | | | |
| Contributions | \$ 721,386 | \$ 190,623 | \$ 912,009 |
| Net investment return <i>(Note 3)</i> | 1,880,254 | 2,701,577 | 4,581,831 |
| Interest on notes receivable | 20,920 | | 20,920 |
| Support from Diocesan operating entities | 567,441 | | 567,441 |
| Other income | <u>25,513</u> | | <u>25,513</u> |
| Total revenue | 3,215,514 | 2,892,200 | 6,107,714 |
| Net assets released from restrictions: | | | |
| Participating fund distributions | 930,906 | (930,906) | |
| Program expenditures | <u>200,000</u> | <u>(200,000)</u> | |
| Total | <u>4,346,420</u> | <u>1,761,294</u> | <u>6,107,714</u> |
| EXPENSES: | | | |
| Program services: | | | |
| Grants made: | | | |
| Other related entities | 1,697,575 | | 1,697,575 |
| Diocesan operating entities | 559,371 | | 559,371 |
| Unrelated entities | 523,425 | | 523,425 |
| Imputed interest on note payable to The Great Commission Foundation <i>(Note 6)</i> | 468,441 | | 468,441 |
| Depreciation | 95,319 | | 95,319 |
| Repairs and maintenance | 36,605 | | 36,605 |
| Interest | <u>4,512</u> | | <u>4,512</u> |
| Total program services | 3,385,248 | | 3,385,248 |
| Management and general: | | | |
| Diocesan operating entities – administrative services | 429,440 | | 429,440 |
| Other | <u>54,821</u> | | <u>54,821</u> |
| Total expenses | <u>3,869,509</u> | | <u>3,869,509</u> |
| CHANGES IN NET ASSETS | 476,911 | 1,761,294 | 2,238,205 |
| Net assets, beginning of year | <u>18,534,058</u> | <u>24,021,853</u> | <u>42,555,911</u> |
| Net assets, end of year | <u>\$ 19,010,969</u> | <u>\$ 25,783,147</u> | <u>\$ 44,794,116</u> |

See accompanying notes to financial statements.

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

Statement of Activities for the year ended December 31, 2022

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|--|-------------------------------|----------------------------|----------------------|
| REVENUE: | | | |
| Contributions | \$ 199,185 | \$ 1,414,114 | \$ 1,613,299 |
| Net investment return <i>(Note 3)</i> | (2,700,654) | (3,666,407) | (6,367,061) |
| Interest on notes receivable | 21,395 | | 21,395 |
| Support from Diocesan operating entities | 358,056 | | 358,056 |
| Total revenue | (2,122,018) | (2,252,293) | (4,374,311) |
| Net assets released from restrictions: | | | |
| Participating fund distributions | 679,592 | (679,592) | |
| Program expenditures | 300,000 | (300,000) | |
| Total | (1,142,426) | (3,231,885) | (4,374,311) |
| EXPENSES: | | | |
| Program services: | | | |
| Grants made: | | | |
| Other related entities | 453,696 | | 453,696 |
| Diocesan operating entities | 397,432 | | 397,432 |
| Unrelated entities | 543,986 | | 543,986 |
| Imputed interest on note payable to The Great Commission Foundation <i>(Note 6)</i> | 258,056 | | 258,056 |
| Depreciation | 98,023 | | 98,023 |
| Repairs and maintenance | 32,941 | | 32,941 |
| Interest | 10,906 | | 10,906 |
| Total program services | 1,795,040 | | 1,795,040 |
| Management and general: | | | |
| Diocesan operating entities – administrative services | 467,906 | | 467,906 |
| Other | 87,799 | | 87,799 |
| Total expenses | 2,350,745 | | 2,350,745 |
| CHANGES IN NET ASSETS | (3,493,171) | (3,231,885) | (6,725,056) |
| Net assets, beginning of year | 22,027,229 | 27,253,738 | 49,280,967 |
| Net assets, end of year | <u>\$ 18,534,058</u> | <u>\$ 24,021,853</u> | <u>\$ 42,555,911</u> |

See accompanying notes to financial statements.

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

Statements of Cash Flows for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | \$ 2,238,205 | \$ (6,725,056) |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 95,319 | 98,023 |
| Partnership income | (8,875,647) | 11,000,765 |
| Forgiveness of notes payable | (436,230) | |
| Changes in operating assets and liabilities: | | |
| Other assets | 21,369 | 63,099 |
| Accounts payable and accrued expenses | (364,044) | 310,889 |
| Grants payable to other related entities | 539,171 | (442,000) |
| Due to Diocesan operating entities | (1,770,161) | 2,019,036 |
| Funds held for other related entities | <u>5,613,103</u> | <u>4,408,745</u> |
| Net cash provided (used) by operating activities | <u>(2,938,915)</u> | <u>10,733,501</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sales of investments | 4,233,475 | |
| Purchases of investments | (11,500,000) | (2,233,475) |
| Net change in money market mutual funds held as investments | <u>9,666,278</u> | <u>(8,373,723)</u> |
| Net cash provided (used) by investing activities | <u>2,399,753</u> | <u>(10,607,198)</u> |
| NET CHANGE IN CASH | (539,162) | 126,303 |
| Cash, beginning of year | <u>1,937,173</u> | <u>1,810,870</u> |
| Cash, end of year | <u>\$ 1,398,011</u> | <u>\$ 1,937,173</u> |

See accompanying notes to financial statements.

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

Notes to Financial Statements for the years ended December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation) is a Texas nonprofit corporation created by the Protestant Episcopal Church in the Diocese of Texas (the Diocese), which was organized in Texas in 1836 and is a part of the Protestant Episcopal Church in the United States of America. The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee.

Church Corporation, created in 1886, is authorized to receive, hold, manage, and administer funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it receives, holds, and manages funds held for the use and benefit of any parish or mission in the Diocese. Church Corporation is composed of the following funds:

- ☐ *Episcopal Housing Trust* provides residential housing or housing allowances for the Bishops of the Diocese and other clergy on the Diocesan staff.
- ☐ *Clergy Housing Trust* assists in providing residential housing loans or housing allowances for clergy canonically residents and engages in full-time work within the Diocese.
- ☐ *Diocesan Properties Fund* holds property not being used by a constituent of the Diocese and facilitates the purchase and sale of real property within the Diocese.
- ☐ *Participating Funds* is an investment pool managed by Church Corporation. Church Corporation holds and manages portfolios of investments that are comprised of its own assets, as well as custodial assets held on behalf of related parishes and schools and other related Diocesan entities.

Related entities – The Executive Board of the Diocese is composed of the Bishop and fifteen members elected annually by the Council of the Diocese. The Executive Board is responsible for the supervision and direction of Church Corporation and the following related Diocesan operating entities:

- ☐ *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- ☐ *EDOT Financial Services Corporation* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- ☐ *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- ☐ *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated entities of the Diocese.
- ☐ *The Bishop Quin Foundation (Bishop Quin)* was created in 1943 to commemorate the 25th anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of Bishop Quin include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.

- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the counties served by the Episcopal Diocese of Texas.

Church Corporation routinely engages in transactions with Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

Basis of presentation – These financial statements include only the assets, liabilities, net assets and financial activities of Church Corporation. The accompanying financial statements do not include the assets, liabilities, net assets, and financial activities of the other Diocesan operating entities, or other related entities. Each of these related entities is an operating entity distinct from Church Corporation, maintains separate financial records, and administers its own services and programs.

Federal income tax status – Church Corporation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

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

Land and buildings held for sale are reported at the lower of cost or fair value (net of selling costs).

Investments are reported at fair value. Purchases and sales of investments are reported on a trade-date basis. Realized and unrealized gains and losses on investments are determined by comparison of average costs of acquisitions to proceeds at the time of disposal or stated fair value on the last day of the fiscal year, respectively. Interest and dividends are recognized as earned. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of the income is limited by donor-imposed restrictions.

Property is reported at cost if purchased and at fair value at the date of gift if donated. Title for all real property acquired or contributed to the Diocese is held by Church Corporation, except for real property whose title is held by EFT, GCF, EHF, and Bishop Quin. These financial statements include only property used for the Diocesan Center, closed parishes, college ministries, and housing for bishops and clergy of the Diocese. Property transferred to Church Corporation by a parish no longer functioning as a church is reported at fair value at the time it is transferred from the congregation. Land and buildings for housing not utilized for Diocesan operations are not depreciated and are reported at cost.

Funds held for other related entities consist of amounts collected on behalf of related entities where Church Corporation acts as a custodial agent in collecting, disbursing, and investing funds. The transactions for these custodial accounts are not reflected as revenue

or expenses in the statement of activities.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- ② *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- ② *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before Church Corporation is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Grants made are recognized as expense at fair value when Church Corporation approves an unconditional commitment to a grant recipient. Conditional grants are recognized in the same manner when the conditions have been met by the recipient. Commitments made but not yet funded are reported as grants payable. At December 31, 2023, grants approved and committed for future payments are expected to be paid in 2024.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program activities. All of Church Corporation's expenses are directly attributable to either program activities or management and general activities.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Financial assets: | | |
| Cash | \$ 1,398,011 | \$ 1,937,173 |
| Other assets | 402,546 | 423,915 |
| Investments | <u>81,883,401</u> | <u>75,407,507</u> |
| Total financial assets | 83,683,958 | 77,768,595 |
| Less financial assets not available for general expenditure: | | |
| Donor-restricted and board-designated endowments, less amounts appropriated for expenditure | (39,541,207) | (37,318,126) |
| Funds held for related entities | (40,925,971) | (35,312,868) |
| Notes receivable due in more than one year | (327,080) | (297,221) |
| Other donor-restricted assets subject to satisfaction of restriction | <u>(650,232)</u> | <u>(650,232)</u> |
| Total financial assets available for general expenditure | <u>\$ 2,239,468</u> | <u>\$ 4,190,148</u> |

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Church Corporation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of Church Corporation's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented.

Church Corporation's assets are invested for long-term appreciation and current income, but the Board of Trustees (the Board) has designated a portion of its resources without donor restrictions as board-designated for endowment to be spent at the Board's discretion. Church Corporation's spending policy provides for an annual spending rate not to exceed 4% of the board-designated and donor-restricted endowment average market value of investments over the prior three years as of December 31 preceding the fiscal year in which the distribution is planned. This policy acknowledges the potential for additional withdrawals to fund ministry needs with approval from the Board.

NOTE 3 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|----------------------|
| Investment in EH Investment Fund, L.P. | \$ 81,360,555 | \$ 64,984,908 |
| Money market mutual funds | 522,846 | 10,189,124 |
| Balanced fund | <u> </u> | <u>233,475</u> |
| Total investments | <u>\$ 81,883,401</u> | <u>\$ 75,407,507</u> |

EH Investment Fund, L.P. (the Fund) is a Delaware limited partnership that was created on June 1, 2014. HCP EHF Management LLC (General Partner), a U. S. Securities and Exchange Commission registered advisor and wholly-owned subsidiary of Hall Capital Partners LLC, is the General Partner to the Fund. There are five limited partners in the Fund, all of which are Diocesan operating entities. As of December 31, 2023, Church Corporation has a 4.9% interest in the Fund. The Fund is a global multi-asset class fund that primarily seeks to increase its net asset value by an amount in excess of inflation (as

defined by the Consumer Price Index). The Fund also seeks to maximize investment returns and to reduce portfolio volatility by investing in diversified asset classes and capital markets. The asset classes that the Fund will invest in include global equities (developed and emerging), hedge funds, hybrids, private equity, real assets, fixed-income, and cash and cash equivalents. At any given time, 20% of the Fund's portfolio assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2023.

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

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Portfolio funds: | | |
| Private equity | 30.6% | 27.6% |
| Equity strategies | 23.8% | 22.7% |
| Absolute return | 10.7% | 13.4% |
| Equity hedge | 3.3% | 3.7% |
| Other | 0.5% | 0.6% |
| Global stock, fixed-income and hard asset mutual funds | 14.1% | 16.1% |
| Marketable securities: | | |
| Common stock | 11.4% | 10.7% |
| Depository receipts | 0.3% | 0.1% |
| Cash and cash equivalents | <u>5.3%</u> | <u>5.1%</u> |
| Total | <u>100%</u> | <u>100%</u> |

Portfolio fund investments are subject to the terms of the respective portfolio fund's agreements, offering documents and other governing agreements. Additionally, most, if not all, of the portfolio funds in which the Fund invests may restrict both the transferability of the Fund's interest and the Fund's ability to withdraw. Due to these restrictions, investments in certain portfolio funds are viewed as illiquid and subject to liquidity risk.

Investments are exposed to various risks such as interest rate, market and credit risks. In addition to risks associated with other investments, alternative investments in securities other than stocks and bonds include additional risks because of their complex nature and limited regulations resulting in a greater risk of losing invested capital. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Legal, tax, and regulatory changes could occur during the term of Church Corporation's investment in the Fund. The regulatory environment for alternative investment funds is

evolving, and changes in the regulation of these funds may adversely affect the value of investments held by Church Corporation. Church Corporation believes that the effect of any future regulatory change in its assets would not materially impact the value.

Investment return consists of the following:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|-----------------------|
| Partnership income | \$ 8,875,647 | \$(11,000,765) |
| Interest and dividends | 25,227 | 12,171 |
| Investment management and custodial fees | <u>(22,500)</u> | <u>(30,000)</u> |
| Total investment return | 8,878,374 | (11,018,594) |
| Less: Investment return allocated to funds held for related entities | <u>(4,296,543)</u> | <u>4,651,533</u> |
| Net investment return | <u>\$ 4,581,831</u> | <u>\$ (6,367,061)</u> |

NOTE 4 – INVESTMENTS AND FAIR VALUE

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date. Level 2 investments are priced by independent, industry recognized vendors contracted by Church Corporation’s custodian or independent appraisals.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability. Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the investment.

In accordance with Accounting Standards Update 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) (NAV-PE) using the practical expedient have not been categorized in the fair value hierarchy. There are no investments categorized as Level 2 or Level 3 investments at December 31, 2023 and 2022.

Assets measured at fair value at December 31, 2023 are as follows:

| | <u>LEVEL 1</u> | <u>NAV- PE</u> | <u>TOTAL</u> |
|-------------------------------------|-------------------|-----------------------------|----------------------|
| Investments: | | | |
| EH Investment Fund, L.P. | | \$ 81,360,555 | \$ 81,360,555 |
| Money market mutual funds | <u>\$ 522,846</u> | <u> </u> | <u>522,846</u> |
| Total assets measured at fair value | <u>\$ 522,846</u> | <u>\$ 81,360,555</u> | <u>\$ 81,883,401</u> |

Assets measured at fair value at December 31, 2022 are as follows:

| | <u>LEVEL 1</u> | <u>NAV- PE</u> | <u>TOTAL</u> |
|-------------------------------------|----------------------|----------------------|----------------------|
| Investments: | | | |
| EH Investment Fund, L.P. | | \$ 64,984,908 | \$ 64,984,908 |
| Money market mutual funds | \$ 10,189,124 | | 10,189,124 |
| Balanced fund | <u>233,475</u> | | <u>233,475</u> |
| Total assets measured at fair value | <u>\$ 10,422,599</u> | <u>\$ 64,984,908</u> | <u>\$ 75,407,507</u> |

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

- *EH Investment Fund, L.P.* is valued at the net asset value (or its equivalent) as a practical expedient to report the fair value of the investment. The fair value of the Fund is based on information provided by the General Partner of the Fund. Management takes into consideration consultation with the Fund's investment managers and audited financial statements to determine the overall reasonableness of the recorded value.
- ☐ *Mutual funds* and the *balanced fund* are valued at the reported net asset value.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Church Corporation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 5 – PROPERTY

Property consists of the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Buildings used in ministry: | | |
| Diocesan Center | \$ 3,436,640 | \$ 3,436,640 |
| Other ministries | <u>434,100</u> | <u>434,100</u> |
| Total depreciable assets | 3,870,740 | 3,870,740 |
| Less: Accumulated depreciation | <u>(1,926,283)</u> | <u>(1,830,964)</u> |
| Net depreciable assets | 1,944,457 | 2,039,776 |
| Land used for ministry: | | |
| Diocesan Center | 2,220,000 | 2,220,000 |
| Other ministries | 101,470 | 101,470 |
| Land and buildings held for anticipated future parish or school use | 1,531,105 | 1,531,105 |
| Land and buildings – Diocesan clergy housing | <u>3,958,814</u> | <u>3,958,814</u> |
| Property, net | <u>\$ 9,755,846</u> | <u>\$ 9,851,165</u> |

NOTE 6 – NOTES PAYABLE

Notes payable consist of the following:

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------------|---------------------|
| Non-interest bearing note payable to GCF. | \$ 6,293,007 | \$ 6,293,007 |
| Note payable to Bishop Quin with interest only at rate of 2.5%. | <u> </u> | <u>436,230</u> |
| Total notes payable | <u>\$ 6,293,007</u> | <u>\$ 6,729,237</u> |

The note payable to GCF is to be repaid from the net proceeds of land and buildings that

are no longer being used as church sites. At December 31, 2023, land and buildings reported at approximately \$586,000 are being marketed for sale. The note payable to Bishop Quin of \$436,230 was forgiven in 2023.

Interest expense for the years ended December 31, 2023 and 2022 was approximately \$473,000 and \$269,000, respectively. The 2023 and 2022 amounts include imputed interest at a rate of approximately 7.4% and 4.1%, respectively, totaling \$468,000 and \$258,000 related to the non-interest bearing note payable to GCF, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Church Corporation, and its related Diocesan operating entities, purchase professional and general liability insurance to cover losses that may result from asserted claims, as well as claims from unknown incidents that may be asserted in the future. Management does not expect such losses to have a material adverse effect on the financial position of Church Corporation.

Church Corporation is the guarantor on a \$1,000,000 line of credit for the Diocese. At December 31, 2023, there is no outstanding balance on this line of credit. Additionally, Church Corporation assists related entities such as parishes and schools in obtaining construction loans and acts as a guarantor on the loans. At December 31, 2023, there are no outstanding balances on such loans.

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Diocesan Properties Fund | \$ 2,756,665 | \$ 2,399,261 |
| Board-designated | | |
| endowment: Disaster | 9,502,061 | 9,721,301 |
| The Joseph and John Talbot Fund for Racial Reconciliation | 2,226,242 | 2,121,347 |
| Ethel J. Ogden – unrestricted | 2,622,909 | 2,327,011 |
| The Henrietta Wells Fund for Racial Reconciliation | 1,047,339 | 995,304 |
| Other | 349,349 | 327,913 |
| Clergy Housing Trust | 194,914 | 294,710 |
| Episcopal Housing Trust | <u>311,490</u> | <u>347,211</u> |
| Total net assets without donor restrictions | <u>\$ 19,010,969</u> | <u>\$ 18,534,058</u> |

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

| | <u>2023</u> | <u>2022</u> |
|--|----------------|----------------|
| Subject to expenditure for specified purpose: | | |
| Church growth and expansion (We Are One Campaign) | \$ 650,232 | \$ 650,232 |
| Congregational leaders – racial injustice and inequality | <u>100,000</u> | <u>300,000</u> |
| Total subject to expenditure for specified purpose | <u>750,232</u> | <u>950,232</u> |

| | | |
|--|----------------------|----------------------|
| Endowments subject to spending policy and appropriation: Joan Golden Estate for support of | 6,375,672 | 6,063,606 |
| Elise Casey Episcopal Trust for senior adult support | 4,823,137 | 4,596,095 |
| Robert Maxey Episcopal Bequest benefits All Saints Chapel, Austin and St. David's Church, Austin | 3,580,661 | 3,270,162 |
| Ethel J. Ogden Restricted Episcopal Trust for youth education | 3,008,086 | 2,613,723 |
| Bishop's Leadership Council Endowment benefits – EHF | 1,389,918 | 1,244,390 |
| John A. Logan, Jr. Clergy fund for continuing education | 1,049,521 | 945,820 |
| Episcopal Endowment Fund for bishop support | 640,202 | 594,897 |
| Valda McWhirter Estate – Scholarship for St. Alban's, Waco | 520,924 | 483,225 |
| Wallace O. Breedlove Family Fund for missions | 496,100 | 463,189 |
| Elma Robertson Estate for family support | 407,383 | 375,928 |
| Ralph Spence Clergy Spouses Fund | 359,725 | 337,266 |
| The Reverend William David Roberts Memorial Fund for Iona School | 269,888 | 241,632 |
| Bishop Rayford High outreach fund | 269,406 | |
| Wimberly Legacy Fund | 258,659 | 231,580 |
| Kathy Wheless Memorial Scholarship Fund | 240,465 | 215,288 |
| SLEHC 15th Anniversary Endowment benefits – EHF | 236,342 | 211,601 |
| Bishop Kinsolving Memorial Scholarship Fund | 208,313 | 260,218 |
| Cynthia M. Hess Fund benefits – St. Cyprian's Church | 179,120 | 160,368 |
| Francis Emmett Stevens Fund for needs of the impoverished | 159,734 | 143,011 |
| Diocesan Scholarship Fund for nursing | 116,595 | 104,389 |
| Valda McWhirter Estate – Scholarship for St. Alban's, Waco | 65,074 | 205,709 |
| Other | <u>377,990</u> | <u>309,524</u> |
| Total endowments | <u>25,032,915</u> | <u>23,071,621</u> |
| Total net assets with donor restrictions | <u>\$ 25,783,147</u> | <u>\$ 24,021,853</u> |

NOTE 10 – ENDOWMENT FUNDS

Participating Funds of Church Corporation include approximately 40 individual funds that were established for a variety of purposes. Endowment assets include those assets of donor-restricted funds that Church Corporation must hold in perpetuity or for a donor-specified period, as well as board- designated funds.

Endowment net asset composition as of December 31, 2023:

| | <u>WITH DONOR RESTRICTIONS</u> | | | |
|----------------------------------|--|---|--|---------------------|
| | <u>BOARD- DESIGNATED ENDOWMENT</u> | <u>ORIGINAL GIFTS AND ACCUMULATED NET INVESTMENT RETURN</u> | <u>REQUIRED TO BE MAINTAINED IN PERPETUITY</u> | <u>TOTAL</u> |
| Donor-restricted endowment funds | | \$18,384,385 | \$ 6,648,530 | \$25,032,915 |
| Board-designated endowment funds | <u>\$15,747,900</u> | | | <u>15,747,900</u> |
| Endowment net assets | <u>\$15,747,900</u> | <u>\$18,384,385</u> | <u>\$ 6,648,530</u> | <u>\$40,780,815</u> |

Endowment net asset composition as of December 31, 2022:

| | <u>WITH DONOR RESTRICTIONS</u> | | | |
|----------------------------------|--|---|--|---------------------|
| | <u>BOARD- DESIGNATED ENDOWMENT</u> | <u>ORIGINAL GIFTS AND ACCUMULATED NET INVESTMENT RETURN</u> | <u>REQUIRED TO BE MAINTAINED IN PERPETUITY</u> | <u>TOTAL</u> |
| Donor-restricted endowment funds | | \$17,409,678 | \$ 5,661,943 | \$23,071,621 |
| Board-designated endowment funds | <u>\$15,492,876</u> | | | <u>15,492,876</u> |
| Endowment net assets | <u>\$15,492,876</u> | <u>\$17,409,678</u> | <u>\$ 5,661,943</u> | <u>\$38,564,497</u> |

Changes in endowment net assets are as follows:

| | <u>WITH DONOR RESTRICTIONS</u> | | | |
|------------------------------------|--|---|--|---------------------|
| | <u>BOARD- DESIGNATED ENDOWMENT</u> | <u>ORIGINAL GIFTS AND ACCUMULATED NET INVESTMENT RETURN</u> | <u>REQUIRED TO BE MAINTAINED IN PERPETUITY</u> | <u>TOTAL</u> |
| Endowment net assets, December 31, | <u>\$18,612,015</u> | <u>\$20,715,811</u> | <u>\$ 5,287,695</u> | <u>\$44,615,521</u> |
| Contributions and related support | 80,200 | 414,115 | 1,000,000 | 1,494,315 |
| Transfer | | 28,062 | (28,062) | |
| Net investment return | (2,700,654) | (3,068,717) | (597,690) | (6,367,061) |
| Other administrative costs | (28,578) | (49,878) | | (78,456) |
| Distributions | <u>(470,107)</u> | <u>(629,715)</u> | | <u>(1,099,822)</u> |
| Endowment net assets, December 31, | 15,492,876 | 17,409,678 | 5,661,943 | 38,564,497 |
| Contributions and related support | 93,959 | 190,623 | | 284,582 |
| Transfer | | (255,683) | 255,683 | |
| Net investment return | 1,879,710 | 1,970,673 | 730,904 | 4,581,287 |
| Other administrative costs | (40,334) | (57,583) | | (97,917) |
| Distributions | <u>(1,678,311)</u> | <u>(873,323)</u> | | <u>(2,551,634)</u> |
| Endowment net assets, December 31, | <u>\$15,747,900</u> | <u>\$18,384,385</u> | <u>\$ 6,648,530</u> | <u>\$40,780,815</u> |

Church Corporation's funds include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Donor-restricted endowment funds are subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). The Board has interpreted TUPMIFA as allowing Church Corporation to appropriate for expenditure or accumulate as much of a fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to explicit donor stipulations.

Donor-restricted endowment net assets are classified as *net assets with donor restrictions* until appropriated in accordance with spending policies and used for the stipulated purpose, if any. In the absence of explicit donor stipulations otherwise, Church Corporation classifies contributions to an endowment as *net assets with donor restrictions* required to be maintained in perpetuity. Contributions that donors have specified do not have to be maintained in perpetuity and unappropriated investment earnings on donor-restricted endowments are classified as *net assets with donor restrictions*. The Board has interpreted TUPMIFA as not precluding Church Corporation from spending below the amount required to be maintained in perpetuity subject to prudent standards. An endowment fund is *underwater* if the fair value of the fund's investments falls below the amount required to be maintained in perpetuity because of declines in the fair value of investments and/or continued appropriation and spending in accordance with prudent measures. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in *net assets with donor restrictions*. There were no fund deficiencies at December 31, 2023 or 2022.

Board-designated endowment funds are classified as *net assets without donor restrictions* and represents funds the Board has internally designated to be invested to provide support for the Diocese generally for a long term, but not necessarily a specified period of time. The Board retains discretion over the use of these funds.

Return Objectives and Investment Strategies

Church Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and entities supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a portfolio that is invested 60% in the S&P 500 Index and 40% in the Barclays Intermediate Bond Index while assuming a moderate level of investment risk. Church Corporation expects its endowment funds, over time, to provide an average rate-of-return of approximately 5% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Church Corporation relies on a

total return strategy in which investment return is achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Church Corporation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

Church Corporation has a policy of not appropriating more than 4% of the Participating Funds' average market value over the prior three years as of December 31 preceding the fiscal year in which the distribution is planned. In establishing this policy, Church Corporation considered the long-term expected return and the effects of inflation on its endowments. Accordingly, over the long term, Church Corporation expects the current spending policy to allow its endowment to grow at an average rate of 2% annually. This is consistent with Church Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 5, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

EPISCOPAL FOUNDATION OF TEXAS

The Episcopal Foundation of Texas predominantly supports institutions of the Diocese of Texas.

The assets of the Episcopal Foundation of Texas were valued at \$91.3 million as of December 31, 2023. This foundation's investment portfolio is invested with those of the other foundations of the diocese in a consolidated investment pool, over which the Diocesan Investment Committee has oversight.

Below are its 2024 grants:

| | |
|---|----------------|
| St. Vincent's House | \$ 500,000 |
| El Buen Samaritano | 500,000 |
| Seminary of the Southwest | 920,000 |
| Camp Allen | 1,961,000 |
| Bishop Quin Foundation | 1,161,161 |
| Bishop Quin Foundation Strategic Mission Grants | 234,965 |
| Sewanee – University of the South | 378,025 |
| Tithe Grants | <u>460,000</u> |
| Total | \$6,115,151 |

In 2024, The Episcopal Foundation of Texas was pleased to co-fund the Strategic Mission Grant program. These grants are awarded to congregations with compelling projects to help them engage with their surrounding communities.

There is a dedicated website that provides information on how to apply, video examples of previously funded projects, and other information: www.smgedot.org

Again this year, the Episcopal Foundation of Texas used ten percent of its gross income to issue tithe grants. These grants are made to entities, located anywhere in the world, that are not a part of the Episcopal Diocese of Texas, as recommended by the Bishop.

The accounting firm of Blazek & Vetterling LLP has completed auditing the Episcopal Foundation of Texas for the year 2023.

Bruce McDonald, President

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

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2023
and 2022

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

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Independent Auditors' Report

To the Board of Trustees of
Episcopal Foundation of Texas:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Episcopal Foundation of Texas (an Instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Episcopal Foundation of Texas as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Episcopal Foundation of Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Episcopal Foundation of Texas' ability to continue as a going concern for 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 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.

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 Episcopal Foundation of Texas' 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 Episcopal Foundation of Texas' 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.

Blazek & Vetterling

September 4, 2024

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

Statements of Financial Position as of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash equivalents <i>(Note 4)</i> | \$ 419,705 | \$ 378,614 |
| Investment income receivable | 369,382 | 4,430,237 |
| Due from other Diocesan operating entities | 3,645,477 | 2,538,093 |
| Investments <i>(Notes 3 and 4)</i> | 86,625,433 | 76,159,539 |
| Operating right-of-use assets, net <i>(Note 5)</i> | 218,054 | 294,414 |
| Land held for future missions | <u>64,506</u> | <u>64,506</u> |
| TOTAL ASSETS | <u>\$ 91,342,557</u> | <u>\$ 83,865,403</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 35,886 | \$ 19,096 |
| Grants payable <i>(Note 6)</i> : | | |
| Diocesan operating entities | 3,107,483 | 3,678,437 |
| Other related entities, net | 6,146,776 | 5,745,031 |
| Unrelated entities | <u>5,000</u> | <u> </u> |
| Total liabilities | <u>9,295,145</u> | <u>9,442,564</u> |
| Net assets without donor restrictions: | | |
| Coffield income fund | (4,281,446) | (6,540,197) |
| Coffield principal fund | 85,924,879 | 80,596,691 |
| Memorial fund | <u>403,979</u> | <u>366,345</u> |
| Total net assets without donor restrictions | <u>82,047,412</u> | <u>74,422,839</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 91,342,557</u> | <u>\$ 83,865,403</u> |

See accompanying notes to financial statements.

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

Statements of Activities for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| REVENUE: | | |
| Net investment return <i>(Note 3)</i> | \$ 13,978,062 | \$ (6,805,232) |
| Rent income from Diocesan operating entities <i>(Note 5)</i> | 59,616 | 59,616 |
| Other income | <u>14,536</u> | <u>18,000</u> |
| Total revenue | <u>14,052,214</u> | <u>(6,727,616)</u> |
| EXPENSES: | | |
| Grants to Diocesan operating entities | 1,567,729 | 3,657,503 |
| Grants to other related entities | 3,865,079 | 6,987,113 |
| Grants to unrelated entities | <u>516,400</u> | <u>390,000</u> |
| Total program grants | <u>5,949,208</u> | <u>11,034,616</u> |
| Supporting services: | | |
| Diocesan operating entities – administrative services | 309,876 | 487,395 |
| Amortization of right-of-use assets | 76,360 | 76,360 |
| Other administrative | <u>92,197</u> | <u>69,649</u> |
| Total supporting services | <u>478,433</u> | <u>633,404</u> |
| Total expenses | <u>6,427,641</u> | <u>11,668,020</u> |
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 7,624,573 | (18,395,636) |
| Net assets without donor restrictions, beginning of year | <u>74,422,839</u> | <u>92,818,475</u> |
| Net assets without donor restrictions, end of year | <u>\$ 82,047,412</u> | <u>\$ 74,422,839</u> |

See accompanying notes to financial statements.

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

Statements of Cash Flows for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets without donor restrictions | \$ 7,624,573 | \$(18,395,636) |
| Adjustments to reconcile changes in net assets without donor restrictions to net cash provided (used) by operating activities: | | |
| Partnership (income) loss | (8,779,179) | 12,292,128 |
| Amortization of right-of-use assets | 76,360 | 76,360 |
| Changes in operating assets and liabilities: | | |
| Investment income receivable | 4,060,855 | (4,103,335) |
| Due from other Diocesan operating entities | (1,107,384) | 460,180 |
| Accounts payable and accrued expenses | 16,790 | 19,096 |
| Grants payable | <u>(164,209)</u> | <u>6,526,257</u> |
| Net cash provided (used) by operating activities | <u>1,727,806</u> | <u>(3,124,950)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Distributions from partnerships | 2,967,482 | 1,303,745 |
| Capital investments in partnerships | (4,430,000) | (657,500) |
| Change in money market mutual funds held as investments | <u>(224,197)</u> | <u>2,637,005</u> |
| Net cash provided (used) by investing activities | <u>(1,686,715)</u> | <u>3,283,250</u> |
| NET CHANGE IN CASH EQUIVALENTS | 41,091 | 158,300 |
| Cash equivalents, beginning of year | <u>378,614</u> | <u>220,314</u> |
| Cash equivalents, end of year | <u>\$ 419,705</u> | <u>\$ 378,614</u> |

See accompanying notes to financial statements.

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

Notes to Financial Statements for the years ended December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Episcopal Foundation of Texas (the Foundation), a Texas nonprofit corporation, is an instrumentality of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). The organization of the Foundation is set forth in Title V, Canon 9, as amended, of the Constitution and Canons of the Diocese. The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee. The Foundation was designated by the Diocese to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to eight specific entities connected with the Diocese as established by Canon. The Foundation is governed by a Board of Trustees that is elected by the Council of the Diocese upon nomination of the Diocesan Bishop.

Related entities – The Executive Board (the Board) of the Diocese is composed of the Bishop and fifteen members elected annually by the Council of the Diocese. Pursuant to various Canons, the Board has certain oversight responsibilities relating to the affairs of the Foundation and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation* was created to provide human resource, accounting, financial and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *The Bishop Quin Foundation (Bishop Quin)* was created in 1943 to commemorate the 25th anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of Bishop Quin include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the counties served by EDOT.

The Foundation routinely engages in transactions with Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

Basis of presentation – These financial statements include only the assets, liabilities, net assets, and activities of the Foundation. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities and other related entities. Each of these related entities is an operating entity distinct from the Foundation, maintains separate financial records, and administers its own services and programs.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Investments are reported at fair value, except mineral rights, which are valued at cost less depletion and are fully depleted. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of the income is limited by donor-imposed restrictions.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation. The Board has designated net assets without donor restrictions for the following purposes:

- *Coffield income fund* is designated to support the operating costs of the Foundation, as well as for gifts, grants and loans to eight entities designated by Canon and other charitable trusts, nonprofit organizations and national organizations affiliated with the Protestant Episcopal Church in the United States of America and other Anglican and charitable organizations throughout the world.
- *Coffield principal fund* is comprised of all assets received from the Estate of H. H. Coffield, net of investment gains and losses and net oil and gas and lignite royalties. These funds are designated for loans to Bishop Quin and for gifts, grants, loans, or advances for the purpose of establishing memorials to H. H. Coffield. By the Board's action, income transfers are made from the principal fund to the income fund based on a percentage of the average fair market value of the fund for the prior twelve months. The percentage used in this calculation was 4% for both 2023 and 2022. In addition, the Board has elected to transfer one-half of the annual net oil and gas royalties from the principal fund to the income fund.
- *Memorial fund* is comprised of assets other than those received from the Estate of H. H. Coffield and income from this fund is to be used to support seminarians, clergy and other charitable entities within the Diocese.

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

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities

are not directly identifiable with specific program activities. All of the Foundation's expenses are directly attributable to either program activities or management and general.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|---------------------|
| Financial assets: | | |
| Cash equivalents | \$ 419,705 | \$ 378,614 |
| Investment income receivable | 369,382 | 4,430,237 |
| Due from other Diocesan operating entities | 3,645,477 | 2,538,093 |
| Investments | <u>86,625,433</u> | <u>76,159,539</u> |
| Total financial assets | 91,059,997 | 83,506,483 |
| Less financial assets not available for general expenditure in the coming year | <u>(78,862,982)</u> | <u>(82,182,910)</u> |
| Total financial assets available for general expenditure | <u>\$ 12,197,015</u> | <u>\$ 1,323,573</u> |

For purposes of analyzing resources available to meet expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing grants and loans to eight specific entities as established by Canon, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the Foundation's liquidity management, it structures its financial assets to be available as general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in mutual funds. Operating cash is held by EDOT Financial Services Corporation on behalf of the Foundation.

The Foundation's investments are invested for long-term appreciation but remain available to be spent at the Board's discretion. By the Board's action, income transfers are made from the principal to the income fund. Generally, 4% of the three-year average value of the Foundation's portfolio is designated by the Board as available to meet general expenditures.

NOTE 3 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|----------------------|----------------------|
| EH Investment Fund, L.P. | \$ 74,168,327 | \$ 64,469,757 |
| Private equity partnerships | 11,001,223 | 10,458,096 |
| Money market mutual funds | <u>1,455,883</u> | <u>1,231,686</u> |
| Total investments | <u>\$ 86,625,433</u> | <u>\$ 76,159,539</u> |

EH Investment Fund, L.P.

EH Investment Fund, L.P. (the Fund) is a Delaware limited partnership that was created on June 1, 2014. HCP EHF Management LLC (General Partner), a U. S. Securities and Exchange Commission registered advisor and wholly-owned subsidiary of Hall Capital Partners LLC, is the General Partner to the Fund. There are five limited partners in the Fund all of which are Diocesan operating entities. As of December 31, 2023, the Foundation had a 4.5% interest in the Fund.

The Fund is a global multi-asset class fund that primarily seeks to increase its net asset value by an amount in excess of inflation (as defined by the Consumer Price Index). The Fund also seeks to maximize investment returns and to reduce portfolio volatility by investing in diversified asset classes and capital markets. The asset classes that the Fund invests in include global equities (developed and emerging), hedge funds, hybrids, private equity, real assets, fixed-income, and cash and cash equivalents.

At any given time, at least 20% of the Fund's assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2023.

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

Portfolio funds:

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Private equity | 30.6% | 27.6% |
| Equity strategies | 23.8% | 22.7% |
| Absolute return | 10.7% | 13.4% |
| Equity hedge | 3.3% | 3.7% |
| Other | 0.5% | 0.6% |
| Global stock, fixed-income and hard asset mutual funds | 14.1% | 16.1% |
| Marketable securities: | | |
| Common stock | 11.4% | 10.7% |
| Depository receipts | 0.3% | 0.1% |
| Cash and cash equivalents | <u>5.3%</u> | <u>5.1%</u> |
| Total | <u>100%</u> | <u>100%</u> |

Portfolio fund investments are subject to the terms of the respective portfolio fund's agreements, offering documents and other governing agreements. Additionally, most, if not all, of the portfolio funds in which the Fund invests may restrict both the transferability of the Fund's interest and the Fund's ability to withdraw. Due to these restrictions,

investments in certain portfolio funds are viewed as illiquid and subject to liquidity risk.

Private Equity Partnerships

Private equity partnerships include seven partnerships: six of which invest in private equity strategies that may include venture capital, buyouts, natural resources, credit and distressed investments and one that invests primarily in private equity funds in developing economies and emerging markets. Distributions are made solely at the discretion of the general partners. The Foundation has no ability for redemption until certain conditions exist for the partnership dissolution. At December 31, 2023, the Foundation has unfunded commitments to these partnerships totaling approximately \$1,407,000.

Investments are exposed to various risks such as interest rate, market and credit risks. Private equity investments include additional risks because of their complex nature and limited regulations resulting in a greater risk of losing invested capital. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Legal, tax, and regulatory changes could occur during the term of the Foundation's investment in the Fund. The regulatory environment for private equity investment funds is evolving, and changes in the regulation of these funds may adversely affect the value of investments held by the Foundation. The Foundation believes that the effect of any future regulatory change in the Foundation's assets would not materially impact the value.

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

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|-----------------------|
| Partnership income (loss) | \$ 8,779,179 | \$(12,292,128) |
| Interest and dividends | 36,634 | 24,113 |
| Mineral income | 5,751,203 | 6,111,130 |
| Mineral interests' production expenses | (336,694) | (389,392) |
| Investment management fees | <u>(252,260)</u> | <u>(258,955)</u> |
| Net investment return | <u>\$ 13,978,062</u> | <u>\$ (6,805,232)</u> |

NOTE 4 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.

- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date. Level 2 investments are priced by independent, industry recognized vendors contracted by the Foundation’s custodian or independent appraisals.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability. Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the investment.

There are no investments that are categorized as Level 2 or Level 3 investments at December 31, 2023 or 2022. In accordance with Accounting Standards Update 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) (NAV-PE) using the practical expedient have not been categorized in the fair value hierarchy.

Assets measured at fair value at December 31, 2023 are as follows:

| | <u>LEVEL 1</u> | <u>NAV-PE</u> | <u>TOTAL</u> |
|--|---------------------|-----------------------------|----------------------|
| Investments: | | | |
| EH Investment Fund, L.P. | | \$ 74,168,327 | \$ 74,168,327 |
| Private equity partnerships | | 11,001,223 | 11,001,223 |
| Money market mutual funds | <u>\$ 1,455,883</u> | <u> </u> | <u>1,455,883</u> |
| Total investments measured at fair value | 1,455,883 | 85,169,550 | 86,625,433 |
| Cash equivalents: | | | |
| Money market mutual funds | <u>419,075</u> | <u> </u> | <u>419,075</u> |
| Total investments measured at fair value | <u>\$ 1,874,958</u> | <u>\$ 85,169,550</u> | <u>\$ 87,044,508</u> |

Assets measured at fair value at December 31, 2022 are as follows:

| | <u>LEVEL 1</u> | <u>NAV-PE</u> | <u>TOTAL</u> |
|--|---------------------|-----------------------------|----------------------|
| Investments: | | | |
| EH Investment Fund, L.P. | | \$ 64,469,757 | \$ 64,469,757 |
| Private equity partnerships | | 10,458,096 | 10,458,096 |
| Money market mutual funds | <u>\$ 1,231,686</u> | <u> </u> | <u>1,231,686</u> |
| Total investments measured at fair value | 1,231,686 | 74,927,853 | 76,159,539 |
| Cash equivalents: | | | |
| Money market mutual funds | <u>378,614</u> | <u> </u> | <u>378,614</u> |
| Total investments measured at fair value | <u>\$ 1,610,300</u> | <u>\$ 74,927,853</u> | <u>\$ 76,538,153</u> |

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

- *EH Investment Fund, L.P.* is valued at the net asset value utilized as a practical expedient to report the fair value of the investment. The fair value of the Fund is based on information provided by the general partner of the Fund. Management takes into consideration consultation with the Fund's investment managers and audited financial statements to determine the overall reasonableness of the recorded value.
- *Private equity partnerships* are valued at net asset value as a practical expedient provided by fund management and supported by the audited financial statements.
- *Mutual funds* are valued at the net asset value of shares held at year end.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 5 – PROPERTY

Operating right-of-use assets consist of leasehold improvements, as

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|--------------------|--------------------|
| Right-of-use assets: | | |
| Episcopal Diocesan Center in Austin | \$ 1,323,050 | \$ 1,323,050 |
| Accumulated amortization | <u>(1,104,996)</u> | <u>(1,028,636)</u> |
| Operating right-of-use assets, net | <u>\$ 218,054</u> | <u>\$ 294,414</u> |

In 2008, the Foundation entered into a 20-year lease agreement with the Episcopal Theological Seminary of the Southwest. In lieu of rental payments, renovations were made by the Foundation. Subsequent to renovation, the building was subleased by the Foundation to the Diocese for use as the Episcopal Diocesan Center in Austin through 2029. Rent income recognized in 2023 and 2022 from the Diocese was \$59,616.

Rent income from the Diocese at December 31, 2023 is expected to be collected as follows:

| | |
|-------|-------------------|
| 2024 | \$ 59,616 |
| 2025 | 59,616 |
| 2026 | 59,616 |
| 2027 | 59,616 |
| 2028 | 59,616 |
| 2029 | <u>24,840</u> |
| Total | <u>\$ 322,920</u> |

NOTE 6 – GRANTS PAYABLE

Grants payable at December 31, 2023 are expected to be paid as follows:

| | |
|---|---------------------|
| 2024 | \$ 4,912,483 |
| 2025 | 1,800,000 |
| 2026 | 1,800,000 |
| 2027 | 1,100,000 |
| 2028 | <u>300,000</u> |
| Total grants payable | 9,912,483 |
| Discount to net present value at approximately 4% | <u>(653,224)</u> |
| Grants payable, net | <u>\$ 9,259,259</u> |

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 4, 2024, which is the date that financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

THE GREAT COMMISSION FOUNDATION

The purpose of The Great Commission Foundation (“GCF”) is set forth in Title V, Canon 15.1: “to support the missionary and church-planting strategy of the Diocese.”

The GCF clergy trustees are The Rev. Neil McGowan and The Rev. Miles Brandon. The lay trustees are Teddy Adams, Jim Kracht, Jane Smith, Meredith Canada, Debra Watson, and John Owen. Bishop Doyle is the Chair of the GCF; Teddy Adams is the President; The Rev. Aaron Zimmerman is the Vice President; Linda Mitchell is the Treasurer; David Fisher is the Secretary and Assistant Treasurer; and Angela Smith serves as the Assistant Secretary.

The GCF Real Estate Committee is chaired by Jane Smith. Teddy Adams serves as GCF’s representative to the Diocesan Investment Committee. The Diocesan Investment Committee provides oversight for the consolidated investment pool where all of the foundations of the diocese maintain their investment assets.

During 2024, the GCF continued to financially support the existing missions of the Episcopal Diocese of Texas as well as support the expansion of our footprint and mission within the geographic boundaries of the Diocese. This included support for new church plants, the purchase of property for future church sites, and leasing property for new church starts. The GCF also provided support to campus missions.

Also in 2024, the GCF was proud to continue to provide additional funding for The Rev. Thomas Cain Fund which is a component of the Missionary Vision for Racial Justice that Bishop Doyle announced at Diocesan Council in February of 2020.

The GCF continues to work closely with the Protestant Episcopal Church Council of the Diocese of Texas (“Church Corp.”), the Bishop Quin Foundation, and the Episcopal Foundation of Texas. Coordination with these foundations of the Diocese will continue in 2025.

Throughout the year, the trustees have been guided by Bishop Doyle and are grateful for his vision and support. The trustees have also worked closely with and relied heavily upon the diligence and excellent work of the entire Diocesan Staff. We look forward to continuing our journey and service in 2025.

Respectfully submitted,
Teddy Adams, President

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

Financial Statements
and Independent Auditors' Report
for the years ended December 31,
2023 and 2022

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

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Independent Auditors' Report

To the Board of Trustees of
The Great Commission Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Great Commission Foundation (an Instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Great Commission Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Great Commission Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Great Commission Foundation's ability to continue as a going concern for 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 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.

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 Great Commission Foundation'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 Great Commission Foundation'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.

Blazek & Vetterling

September 4, 2024

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

Statements of Financial Position as of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|------------------------------|------------------------------|
| ASSETS | | |
| Cash | \$ 4,495,318 | \$ 4,700,706 |
| Other assets | 131,332 | 87,780 |
| Grants receivable from Diocesan operating entities | 2,132,209 | |
| Operating lease right-of-use assets, net (Note 6) | 794,119 | 208,408 |
| Investments (Notes 3 and 4) | 77,297,217 | 86,209,663 |
| Notes receivable (Note 5): | | |
| Church Corporation | 6,293,007 | 6,293,007 |
| Other related entities | 869,722 | 768,448 |
| Land and improvements held for future parishes | <u>10,701,372</u> | <u>7,366,634</u> |
| TOTAL ASSETS | <u>\$ 102,714,296</u> | <u>\$ 105,634,646</u> |

LIABILITIES AND NET ASSETS

Liabilities:

| | | |
|---|------------------------------|------------------------------|
| Accounts payable and accrued expenses | \$ 737,653 | \$ 264,982 |
| Due to Diocesan operating entities | 1,335,837 | 124,991 |
| Grants payable: | | |
| Diocesan operating entities | 665,354 | 1,032,854 |
| Other related entities | 6,474,263 | 9,466,770 |
| Operating lease liabilities (Note 6) | <u>811,799</u> | <u>220,374</u> |
| Total liabilities | 10,024,906 | 11,109,971 |
| Net assets without donor restrictions | <u>92,689,390</u> | <u>94,524,675</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 102,714,296</u> | <u>\$ 105,634,646</u> |

See accompanying notes to financial statements.

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

Statements of Activities for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| REVENUE: | | |
| Net investment return <i>(Note 3)</i> | \$ 10,538,678 | \$ (15,010,874) |
| Support from Diocesan operating entities: | | |
| Imputed interest on note receivable from Church Corporation <i>(Note 5)</i> | 468,441 | 258,056 |
| The Episcopal Health Foundation | 514,835 | |
| The Bishop Quin Foundation | 1,676,923 | 166,331 |
| Contributions | 205,898 | 423,057 |
| Interest on notes receivable from other related entities | 15,826 | 77,063 |
| Other income | | 343 |
| | <hr/> | <hr/> |
| Total revenue | 13,420,601 | <u>(14,086,024)</u> |
| EXPENSES: | | |
| Program services: | | |
| Missionary grants | 10,760,331 | 11,153,790 |
| Salaries and benefits | 3,644,255 | 3,338,775 |
| Grant to Episcopal Diocese of Texas | 232,365 | |
| Other | 81,729 | 69,990 |
| | <hr/> | <hr/> |
| Total program services | 14,718,680 | 14,562,555 |
| Management and general: | | |
| Diocesan operating entities – administrative services | 441,796 | 570,424 |
| Other | 95,410 | 435,181 |
| | <hr/> | <hr/> |
| Total expenses | 15,255,886 | 15,568,160 |
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (1,835,285) | (29,654,184) |
| Net assets without donor restrictions, beginning of year | <u>94,524,675</u> | <u>124,178,859</u> |
| Net assets without donor restrictions, end of year | <u>\$ 92,689,390</u> | <u>\$ 94,524,675</u> |

See accompanying notes to financial statements.

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

Statements of Cash Flows for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets without donor restrictions | \$ (1,835,285) | \$ (29,654,184) |
| Adjustments to reconcile changes in net assets without donor restrictions to net cash used by operating activities: | | |
| Partnership (income) loss | (8,139,275) | 14,971,803 |
| Net realized and unrealized (gain) loss on investments | | 42,383 |
| Net realized and unrealized gain on investments in | (2,191,353) | |
| Amortization of right-of-use assets | 238,462 | 78,095 |
| Grant of land and buildings to a parish | 290,343 | |
| Changes in operating assets and liabilities: | (2,132,209) | |
| Other assets | (43,552) | 157,980 |
| Accounts payable and accrued expenses | 472,671 | (245,262) |
| Due to Diocesan operating entities | 1,210,846 | (299,750) |
| Grants payable to other related entities | (3,360,007) | 5,460,538 |
| Operating lease liabilities | (232,748) | (66,129) |
| Net cash used by operating activities | <u>(15,722,107)</u> | <u>(9,554,526)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (3,211,324) | (260,307) |
| Proceeds from sales of investments | 22,530,386 | 3,209,027 |
| Net change in money market mutual funds held as investments | (75,988) | 106,995 |
| Advances made on notes receivable from other related entities | (151,294) | (133,448) |
| Payments received on notes receivable from other related entities | 50,020 | 3,342,609 |
| Purchase of land and improvements held for future parishes | <u>(3,625,081)</u> | <u>(175,974)</u> |
| Net cash provided by investing activities | <u>15,516,719</u> | <u>6,088,902</u> |
| NET CHANGE IN CASH | (205,388) | (3,465,624) |
| Cash, beginning of year | <u>4,700,706</u> | <u>8,166,330</u> |
| Cash, end of year | <u>\$ 4,495,318</u> | <u>\$ 4,700,706</u> |
| <i>Supplemental disclosure of cash flow information:</i> | | |
| Lease right-of-use assets financed by operating lease liabilities | \$824,173 | \$51,176 |

See accompanying notes to financial statements.

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

Notes to Financial Statements for the years ended December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Great Commission Foundation (the Foundation) is a Texas nonprofit corporation created in 2013 to support the missionary and church planting strategies of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). The organization of the Foundation is set forth in Title V, Canon 15, as amended, of the Constitution and Canons of the Diocese. The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee. Members of the Board of Trustees of the Foundation are elected by the Council of the Diocese upon nomination by the Bishop and include the Bishop as an ex-officio member and Chair of the Board of Trustees.

Related entities – The Executive Board of the Diocese is composed of the Bishop and fifteen members elected by the Council of the Diocese. Pursuant to various Canons, the Executive Board has certain oversight responsibilities relating to the affairs of the Foundation and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation (FSC)* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated Diocesan entities.
- *The Bishop Quin Foundation (Bishop Quin)* was created in 1943 to commemorate the 25th anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of Bishop Quin include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the counties served by the Episcopal Diocese of Texas.

The Foundation routinely engages in transactions with Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

Basis of presentation – These financial statements include only the assets, liabilities, net assets, and activities of the Foundation. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities or other related Diocesan entities. Each of these related entities is an operating entity distinct from the Foundation, maintains separate financial records, and administers

its own services and programs.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Operating lease right-of-use assets – A right-of-use asset is recognized at the net present value of the lease payments at inception of the lease. Lease expense is recognized on a straight-line basis. The Foundation recognizes leases with a lease term of 12 months or less as expense on a straight-line basis over the lease term. The Foundation elected to use its incremental borrowing rate when the rate implicit in a lease is not readily determinable.

Investments are reported at fair value. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of the income is limited by donor-imposed restrictions.

Note receivable from Church Corporation is reported at face value, with interest imputed annually, because the repayment terms on this note are not fixed and the discount rate is not determinable based upon the nature of the agreement.

Notes receivable from other related entities is reported at estimated realizable value. An allowance for the notes receivable is provided when it is believed a note may not be collected in full and is adjusted annually to reflect changes in the expected future cash flows. The amount of bad debt expense recognized each period and the resulting adequacy of the allowance at the end of each period is determined using a specific analysis of the receivable balance. It is possible that management's estimate regarding the collectability of this balance will change in the near term resulting in a change in the carrying value of the receivables. At December 31, 2023, no amounts have been reserved.

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

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Donor-restricted contributions whose restrictions are satisfied in the same year the contribution is received are recognized as contributions without donor restrictions. Conditional contributions are subject to one or more barriers that must be overcome before the Foundation is entitled to receive or retain the funding. Conditional contributions are recognized in the same manner when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

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

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program activities. All of the Foundation’s expenses are directly attributable to either program or management and general activities.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassifications – Land held as investments with a cost basis and carrying value of \$3,971,080 has been reclassified as land and improvements held for future parishes in the 2022 financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|---------------------|
| Financial assets: | | |
| Cash | \$ 4,495,318 | \$ 4,700,706 |
| Grants receivable from Diocesan operating entities | 2,132,208 | |
| Investments | 77,297,217 | 86,209,663 |
| Note receivable from Church Corporation | 6,293,007 | 6,293,007 |
| Notes receivable from other related entities | <u>869,722</u> | <u>768,448</u> |
| Total financial assets | 91,087,472 | 97,971,824 |
| Less financial assets not available for general expenditure: | | |
| Notes receivable due in more than one year | (7,137,729) | (7,011,455) |
| Board-designated for impact investing | (500,000) | (500,000) |
| Investments, less amount available to be spent under spending policy | <u>(71,542,038)</u> | <u>(84,212,720)</u> |
| Total financial assets available for general expenditure | <u>\$ 11,907,705</u> | <u>\$ 6,247,649</u> |

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing outreach program and grantmaking activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the Foundation’s liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented. The Foundation’s assets are invested for long-term appreciation but remain available to be spent at the Board of Trustees’ discretion. The Foundation operates with a balanced budget and determines the spending level for each year as part of the annual budget process. The Foundation’s spending policy provides for an annual spending rate not to exceed 5% of the five-year average asset balance. This policy acknowledges the potential for one-time withdrawals from the investment portfolio, with approval of the Board of Trustees, to fund non-recurring gifts or capital investments in accordance with the Foundation’s long-term plan for new church starts.

NOTE 3 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| EH Investment Fund, L.P. | \$ 69,485,266 | \$ 82,278,638 |
| Land | 7,178,553 | 3,360,680 |
| Interest in Church Corporation participating funds | 289,711 | 485,293 |
| South Loop Ventures | 182,647 | |
| Money market mutual funds | <u>161,040</u> | <u>85,052</u> |
| Total investments | <u>\$ 77,297,217</u> | <u>\$ 86,209,663</u> |

EH Investment Fund, L.P. (the Fund) is a Delaware limited partnership that was created on June 1, 2014. HCP EHF Management LLC (General Partner), a U. S. Securities and Exchange Commission registered advisor and wholly- owned subsidiary of Hall Capital Partners LLC, is the General Partner to the Fund. There are five limited partners in the Fund all of which are Diocesan operating entities. As of December 31, 2023, the Foundation had a 4.18% interest in the Fund.

The Fund is a global multi-asset class fund that primarily seeks to increase its net asset value by an amount in excess of inflation (as defined by the Consumer Price Index). The Fund also seeks to maximize investment returns and to reduce portfolio volatility by investing in diversified asset classes and capital markets. The asset classes that the Fund will invest in include global equities (developed and emerging), hedge funds, hybrids, private equity, real assets, fixed-income, and cash and cash equivalents.

At any given time, at least 20% of the Fund’s assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days’ prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2023.

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

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Portfolio funds: | | |
| Private equity | 30.6% | 27.6% |
| Equity strategies | 23.8% | 22.7% |
| Absolute return | 10.7% | 13.4% |
| Equity hedge | 3.3% | 3.7% |
| Other | 0.5% | 0.6% |
| Global stock, fixed-income and hard asset mutual funds | 14.1% | 16.1% |
| Marketable | | |
| securities: | 11.4% | 10.7% |
| Depository receipts | 0.3% | 0.1% |
| Cash and cash equivalents | <u>5.3%</u> | <u>5.1%</u> |
| Total | <u>100%</u> | <u>100%</u> |

Portfolio fund investments are subject to the terms of the respective portfolio fund's agreements, offering documents and other governing agreements. Additionally, most, if not all, of the portfolio funds in which the Fund invests may restrict both the transferability of the Fund's interest and the Fund's ability to withdraw. Due to these restrictions, investments in certain portfolio funds are viewed as illiquid and subject to liquidity risk.

South Loop Ventures is a Delaware limited partnership that invests in equity and equity-oriented securities of early-stage, high-growth, high-impact startup companies with a nexus to the greater Houston area of the U. S., led by underrepresented founders with significant ownership interests in the companies. Distributions are made solely at the discretion of the general partners. Unfunded commitments at December 31, 2023 were \$750,000.

Investments are exposed to various risks such as interest rate, market and credit risks. Alternative investments such as the Fund include additional risks because of their complex nature and limited regulations resulting in a greater risk of losing invested capital. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Legal, tax, and regulatory changes could occur during the term of the Foundation's investment in the Fund. The regulatory environment for alternative investment funds is evolving, and changes in the regulation of these funds may adversely affect the value of investments held by the Foundation. The Foundation believes that the effect of any future regulatory change in the Foundation's assets would not materially impact the value.

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

| | | |
|--|----------------------|------------------------|
| Partnership income (loss) | \$ 8,139,275 | \$ (14,971,803) |
| Net realized and unrealized gain (loss) on investments | 2,191,353 | (42,383) |
| Interest and dividends | 230,967 | 28,312 |
| Investment management fees | <u>(22,917)</u> | <u>(25,000)</u> |
| Net investment return | <u>\$ 10,538,678</u> | <u>\$ (15,010,874)</u> |

NOTE 4 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date. Level 2 investments are priced by independent appraisals or corroborating factual comparative inputs as accumulated by management to support estimated fair value.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Investments for which fair value is measured using net asset value or its equivalent as a practical expedient are not required to be categorized in the fair value hierarchy.

Assets measured at fair value at December 31, 2023 are as follows:

| | <u>LEVEL 1</u> | <u>LEVEL 2</u> | <u>LEVEL 3</u> | <u>TOTAL</u> |
|--|-------------------|---------------------|-------------------|----------------------|
| Investments: | | | | |
| Land | | \$ 7,178,553 | | \$ 7,178,553 |
| Interest in Church Corporation participating funds | | | \$ 289,711 | 289,711 |
| Money market mutual funds | <u>\$ 161,040</u> | | | <u>161,040</u> |
| Total | <u>\$ 161,040</u> | <u>\$ 7,178,553</u> | <u>\$ 289,711</u> | 7,629,304 |
| Other investments measured at net asset value using the practical expedient: | | | | |
| Investment in EH Investment Fund, L.P. | | | | 69,485,266 |
| Investment in South Loop Ventures | | | | <u>182,647</u> |
| Total investments measured at fair value | | | | <u>\$ 77,297,217</u> |

Assets measured at fair value at December 31, 2022 are as follows:

| | <u>LEVEL 1</u> | <u>LEVEL 2</u> | <u>LEVEL 3</u> | <u>TOTAL</u> |
|--|------------------|---------------------|-------------------|----------------------|
| Investments: | | | | |
| Land | | \$ 3,360,680 | | \$ 3,360,680 |
| Interest in Church Corporation participating funds | | | \$ 485,293 | 485,293 |
| Money market mutual funds | <u>\$ 85,052</u> | | | <u>85,052</u> |
| Total | <u>\$ 85,052</u> | <u>\$ 3,360,680</u> | <u>\$ 485,293</u> | 3,931,025 |
| Other investments measured at net asset value using the practical expedient: | | | | |
| Investment in EH Investment Fund, L.P. | | | | - |
| | | | | <u>82,278,638</u> |
| Total investments measured at fair value | | | | <u>\$ 86,209,663</u> |

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

- *Land* is valued based on appraised fair value.
- *Interest in Church Corporation participating funds* is valued at the Foundation's pro-rata share of the fair value of the underlying investments and its pro-rata share of the interest and dividends and net realized and unrealized gains and losses of the participating funds as investment return.
- *Mutual funds* are valued at the reported net asset value of shares held at year end.
- *Investment in EH Investment Fund, L.P. and South Loop Ventures* is valued at the net asset value utilized as a practical expedient as determined by the general partner and supported by the audited financial statements of the fund.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuations methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 5 – NOTES RECEIVABLE

The Foundation has entered into a note agreement with Church Corporation totaling \$6,500,000 to pay debt incurred in connection with the acquisition of real property to support the missionary and church planting strategies of the Diocese. The note is non-interest bearing and will be repaid with the proceeds from sales of land and buildings that are no longer being used as church sites and for which the Foundation did not provide the funding for the purchase of the property. After the note is repaid, Church Corporation is further obligated to pay 50% of the proceeds of sales of churches not funded by the Foundation to the Foundation. All proceeds from sales of property paid for by the Foundation will be paid to the Foundation. Imputed interest income and program expense of approximately \$468,000 in 2023 and \$258,000 in 2022 has been recognized based on an implied interest rate of 7.44% in 2023 and 4.10% in 2022.

Notes receivable from other related parties are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Note receivable for bridge funding for construction. Note bears interest at 2.0% through December 31, 2041, with annual payments of principal and interest. Any proceeds from construction financing received must be used to repay the note. | \$ 449,980 | \$ 500,000 |
| Note receivable for building acquisition with available borrowings up to \$1 million. Note bears interest at 2.0% with outstanding principal and interest due March 15, 2025. | 284,742 | 133,448 |
| Note receivable for bridge funding for construction. Note bears interest at 2.0% with principal and interest due on the earlier of the collection of capital campaign or other contributions receivable or December 31, 2026. | <u>135,000</u> | <u>135,000</u> |
| Total notes receivable | <u>\$ 869,722</u> | <u>\$ 768,448</u> |

The scheduled maturities of notes receivable are as follows:

| | |
|--|-------------------|
| 2024 | \$ 25,000 |
| Through December 31, 2028 and thereafter | <u>844,722</u> |
| Total | <u>\$ 869,722</u> |

NOTE 6 – LEASES

The Foundation leases office and worship space on behalf of parishes as part of its church planting strategy. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. The Foundation elected to not separate the lease components and non-lease components for real estate leases where the components were explicitly stated. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

Operating lease costs recognized during the years ended December 31, 2023 and 2022 were approximately \$262,000 and \$83,000, respectively. During the years ended December 31, 2023 and 2022, cash paid for amounts included in the measurement of operating lease liabilities was approximately \$256,000 and \$101,000, respectively.

Undiscounted cash flows related to operating lease liabilities at December 31, 2023 are as follows:

| | | |
|---|----|------------------|
| 2024 | \$ | 361,840 |
| 2025 | | 204,534 |
| 2026 | | 127,667 |
| 2027 | | 124,903 |
| Thereafter | | <u>95,765</u> |
| Total undiscounted cash flows | | 914,709 |
| Less discount to present value | | <u>(102,910)</u> |
| Total discounted present value of lease liabilities | \$ | <u>811,799</u> |

The weighted-average lease term and discount rates are as follows:

| | | <u>2023</u> | <u>2022</u> |
|---------------------------------------|-----------|-------------|-------------|
| Weighted-average remaining/lease term | 40 months | | 27 months |
| Weighted-average discount rate | 7.01% | | 3.15% |

NOTE 7 – RETIREMENT PLANS

The Foundation is a participating employer in pension plans sponsored and administered by The Church Pension Fund (the Pension Fund). The Pension Fund, a corporation chartered in 1914 by the Legislature of the State of New York, was established by the General Convention of the Episcopal Church. The Pension Fund and its affiliates are official agencies of the Episcopal Church and operate under the Canons of the Episcopal Church.

The Clergy Pension Plan (the Plan) is a defined benefit plan providing retirement, death and disability benefits to eligible clergy of the Episcopal Church. The Plan is exempt from federal income tax and, as church plans are exempt from the Employee Retirement Income Security Act of 1974, the Plan is not subject to Pension Benefit Guaranty Corporation requirements.

The assets of the Plan are pooled along with other assets of the Pension Fund solely for

investment purposes for the benefit of all participants. The Pension Fund may amend, terminate or modify the terms of the Plan, including the employer assessment rate, at any time, without notice and for any reason. Should the Plan terminate, the Pension Fund has the authority to distribute assets in accordance with the terms of the respective Plan’s documents.

All bishops, priests and deacons who are canonically resident in a domestic diocese of the Episcopal Church and who are not participating in the International Clergy Pension Plan must participate in the Plan if the cleric receives \$200 or more per month in compensation for three or more consecutive months from the same employer. Participating employers pay assessments to the Plan on behalf of the eligible participants. Assessments for the Plan are equal to 18% of the applicable participants’ compensation, which includes salaries, other cash compensation and the value of housing. Assessments are not held in individual accounts but are invested in a general fund of pooled contributions for all employees participating in the Plan.

The Foundation recognizes its assessments in the period that the related services are provided by the clergy. During 2023 and 2022, the Foundation recognized assessments to the Plan totaling approximately \$490,000 and \$409,000, respectively.

The funding positions of the Plan as of March 31, 2023 and 2022, as reported in the Pension Fund’s latest audited financial statements, are summarized below:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|-------------------------|
| Net assets available for pension benefits – after amount designated for assessment deficiencies | \$ 14,016,095,000 | \$ 14,822,517,000 |
| Less: Actuarial present value of accumulated plan benefit obligations | <u>(6,044,892,000)</u> | <u>(6,683,016,000)</u> |
| Surplus | <u>\$ 7,971,203,000</u> | <u>\$ 8,139,501,000</u> |
| Funding percentage | 232% | 222% |

Additionally, the Foundation participates in a defined contribution benefit plan sponsored by the Church Pension Corporation, which covers all lay employees. The Foundation contributes 9% of each eligible employee’s salary to this plan. The Foundation contributed approximately \$24,000 in 2023 and \$26,000 in 2022 to this plan.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 4, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

EPISCOPAL HEALTH FOUNDATION

The past year was designated as an important **year of learning** for the Episcopal Health Foundation (EHF). After releasing our [new 2024-2030 strategic framework](#) in late 2023, we dedicated efforts in 2024 to in-depth learning about EHF's three new Priorities for Change: *food and nutrition security*, *maternal health*, and *diabetes prevention*.

Disparities in these three areas result in negative, but preventable, poor health outcomes in Texas and they are deeply affected by underlying non-medical drivers of health – factors and conditions outside the health care system that significantly influence a person's overall health and well-being. EHF is betting that by integrating work across health and health care organizations, communities, and health policies, we can make the biggest impact in reducing preventable differences in health outcomes based on income, race/ethnicity, or where a person lives. Addressing the three Priorities for Change through this integrated approach will demonstrate and measure our level of impact.

EHF's year of learning included the creation of three Priority for Change teams composed of cross-divisional mix of EHF staff that were focused on one of the Priorities for Change. Each team produced detailed reports on the early findings of their research, initial strategies that might be used to address the issue, and potential partners in this work.

The effort included in-depth conversations and meetings with individuals and communities with lived experience, clinical and public health experts, and local and national organizations committed to improving health in these areas. We invited old and new partners to join our journey to thoughtfully identify the most impactful strategies to address these complex health needs and the best metrics for measuring the impact of EHF's efforts. Together, EHF's Priorities for Change teams engaged with more than 100 organizations, attended more than 30 events, and visited more than 20 sites in their learning journeys.

In June, we shared this important initial learning at EHF's inaugural **Ignition Festival**. The virtual town-hall style event was attended by more than 150 community and congregation members from a varied group of organizations and congregations. EHF's Priorities for Change teams shared early findings of their research and potential strategy ideas. More importantly, the event helped EHF gain invaluable feedback and experiences from attendees that will help shape and implement our finalized Strategic Framework.

The year of learning culminated with \$4.3 million in grant investments to organizations working across *food and nutrition security*, *maternal health*, and *diabetes prevention*. Each grant was designed to fund a pilot-type project or similar effort to help EHF answer important questions about addressing these Priorities for Change in the future.

Grantmaking: During the year of learning, EHF continued to be good stewards of resources and good partners with current grantees. To create time and space for learning while also continuing investments to address health, not just health care, EHF supported existing grantees throughout 2024 to continue the work for which they had been funded under EHF's previous strategic plan.

Between January and December 2024, EHF awarded grants to 121 organizations for a total of \$37,919,872. As mentioned before, \$4.3 million of those grant investments were focused on EHF's new Priorities for Change. During 2024, EHF awarded \$500,000 to support diocesan operating expenses.

Community Engagement: EHF's Community Engagement team continues to provide capacity-building support to our grantees and community partners, as well as three primary audiences: collaboratives, community health leaders, and community organizations. During EHF's year of learning, the engagement division was a key champion of advancing the practice of centering lived experience. In 2024, EHF hosted 10 listening sessions with congregations across the EDOT region, eight maternal health listening sessions to capture the lived experience of mothers, and EHF's Ignition Festival that gathered key stakeholders with expertise in food and nutritional security, maternal health, and diabetes prevention.

To support collaboratives, EHF's community engagement team built on the successful launch of the **Collaborating for Healthy Communities Initiative (CHCI)** with the provision of \$10,000 in financial support to each collaborative that participated in CHCI's Peer Learning Network. EHF's goal is to help organizations within coalitions and multi-sector collaboratives strengthen their ability to work collaboratively and effectively with a practical, real-world lens they can then apply to their specific focus area.

EHF launched a second CHCI cohort in 2023 with five new collaboratives from three counties in EHF's service area: McLennan, Harris, and Galveston. Throughout 2024, these groups refined their collaborative practices within the Peer Learning Network and through the lens of CHCI's four pillars: shared purpose, shared leadership, strategic action, and sustainability.

Since the start of CHCI, EHF's efforts have built collaborative capacity for 13 coalitions, developed best practice with six consultants that have reached five counties, developed a curated video curriculum four key topic areas, and invested \$100,000 in financial support to two cohorts to apply their learning in their peer learning network. In addition, the team built an online registry of collaboratives which will be launched in 2025. This registry will map the presence of collaboratives and coalitions across EHF's 80-county service area for future capacity-building offerings and partnership in addition to serving as a public-facing resource.

To support community health leaders, EHF's **Community of Practice** effort spent the year developing and documenting the method for the work, values, and core principles. Over six months, the members co-led learning sessions based on their own expertise

to expand best practices.

For community organizations, EHF's **Activating Community Voice** initiative supported 10 grantees with tailored programs that aid in developing and implementing a community engagement plan. This year's focus was on advancing the plans to move across the continuum of engagement to more impactful levels of engagement.

Similarly, EHF's team continued to provide the Essentials of Facilitation, a skill-building workshop. With three offerings this year, the team imparted skills and experience to 63 participants representing more than 17 organizations.

Congregational engagement: During the year of learning, EHF's congregational engagement team partnered in developing collaborative strategies with EDOT's Mission Amp team. The EHF/Mission Amp collaboration aims to create a shared and user-friendly experience for congregations as they develop their missional, community-engaged ministries. These internal collaborations mirror EHF's engagement with congregations, as new congregations now work alongside one another in cohorts and shared local projects. This convergence of shared work and learning holds promise for deeper work and new engagements across the diocese in 2025. Since 2015, EHF's congregational engagement team has engaged with a total of 150 congregations, and in 2024 alone EHF engaged with 113 congregations of the 174 total congregations in the diocese.

Those congregational efforts include work focused on the following areas:

Poverty

EHF Food Network

EHF's Priorities for Change team working on Food and Nutrition Security strategically combined congregational engagement with grantmaking and gave recommendations for Priority for Change grant investments to four organizations that partner with EDOT congregations.

- The Baylor Collaborative on Hunger and Poverty is already connected to many congregations as consultants and currently support two Hunger Free Communities initiatives with St. Andrew's, Bryan and Trinity, Marble Falls. With this grant, additional congregations will have greater connection to this community coalition building work.
- The Un-Included Club is a long-standing partner with Christ Episcopal Church in Temple. Funding will include capacity building for their youth serving education on sustainable farming and nutrition and will provide capacity building for their small nonprofit organization.
- The Tarrant Area Food Bank (TAFB) has created a successful school pantry model across multiple school districts in Ft. Worth. The funding will expand their school pantry model to rural areas of the diocese west of Ft. Worth. TAFB already partners with 4Saints Food Pantry, Ft. Worth and St. Luke's, Stephenville. Stephenville is

identified as one of the new school pantry sites and could increase the collaborative opportunity for St. Luke's, and positions EHF as a partner at the TAFB table for 4Saints.

- The Neighborhood Garden Project is already partnered with St. Paul's, Katy, Emmanuel in west Houston and is now expanding to St. Christopher's, Houston. There is growing interest from Ascension, Houston. These three congregations are already collaborating to support their community gardens and partner schools. The funding will build capacity to grow additional church partnerships in the Houston area and possibly into East Texas.

Civic Engagement through the Health and Justice Advocacy Network (HJAN)

Day of Hope and Week of Service

In the fall of 2024, HJAN initiated the Day of Service and Week of Hope beginning the day after the presidential election. More than 120 people participated in the Service of Hope and Unity where Bishop Doyle sent an inspiring video homily and Bishop Ryan presided. Several people from across the diocese participated in word and song. In addition, 22 nonprofits offered to serve as places for volunteers and more than 30 people and congregations signed up to participate in the Week of Service.

Voting Challenge

HJAN launched the 2024 Voting Challenge and churches showed their competitive spirit. One congregation even created a cardboard cutout of Bishop Curry encouraging people to vote. That prompted another congregation to make a six-foot Bishop "Moses" Doyle cutout for their church!

Mental Health

Peer Learning Network

EHF's Mental Health Learning network hosted a session focused on how congregations can be aware of and attend to the mental health needs that emerge in the immediate and longer-term aftermath of significant weather and disaster events. Topics of conversation also included how congregations can prepare to respond after a disaster and participants heard stories about what some communities have learned from their past experiences.

Racial Justice

Hispanic Leadership Meetings

EHF and Mission Amp held two regional meetings with Latino congregations in the Diocese. These were well received as EHF seeks to continue to build relationships with them. The team also completed site visits with several Latino congregations across the diocese.

Holy Currencies in Spanish

EHF has contracted with Kaleidoscope Institute for a Spanish language version of Holy Currencies/Intercambios Segrados to begin early 2025 in partnership with EDOT's Caminando con Cristo gatherings.

Traces of the Trade

Dain and Constance Perry returned to EDOT at the end of August to facilitate the Traces of the Trade screening and dialogue for EHF staff as part of our equity journey and to demonstrate for the staff how congregations begin their racial justice work. The Perrys also led their program with St. Matthew's, Austin to a full parish hall.

EHF is currently talking to Trinity, Ft. Worth and St. Stephen's, Hurst about a spring opportunity while also seeking additional congregations that may have interest.

Cohorts

Holy Currencies

2024/25 Cohort – Three teams from Galveston County, Milam County and 4Saints Food Pantry began their cohort work at the end of August with a webinar and attended an in-person orientation in September. Both the Galveston and Milam groups are led/gathered by the Area Missioners in those areas.

These regional teams represent 10 congregations:

- St. George's, Texas City
- St. Thomas the Apostle, Nassau Bay
- St. Michael's, La Marque
- All Saint's, Cameron
- St. Thomas, Rockdale
- All Soul's, Arlington
- St. Stephen's, Hurst
- St. Martin's in the Field, Keller
- Trinity, Ft. Worth
- St. Luke's in the Meadow, Ft. Worth

Site visits to each location the last week of October included a full day of touring locations, conversation, and coaching. Each of these teams are progressing well in their work and the spirit of mutual support across the congregations is inspiring to see.

Other Meetings, Presentations and Meaningful Conversations

EHF Priorities for Change conversations

Conversations with congregational leaders continue to inform EHF's lived experience exploration and understanding for grantmaking and resource support in EHF's three Priorities for Change. Congregations who have contributed are Grace, Alvin and St. Luke's, Livingston. Both congregations have community trust and grassroots relationships and have shared stories that give dimension to community needs.

Individual Congregational Engagement

Congregations actively in conversation to explore possibilities for future EHF support:

- St. Christopher's, League City
- Trinity, Ft. Worth
- St. Stephen's, Hurst
- St. Christopher's, Houston
- Mosaic Church, Pearland

St. Catherine of Sienna, Missouri City
Reconnection with Holy Comforter/Peach Street, Angleton
Reconnection with St. John's, Marlin w/Mission Amp
Reconnection with All Saints, Crockett

Video Storytelling

EHF completed a video on St. Philip's, Hearne, and its leadership in the development of and support for the Robertson County Community Resource Center.

Clergy Conference Workshop

EHF presented a workshop titled "Compassion in Action: A Toolkit for Faithful Citizenship" that focused on practical applications of faith and civic life, defined actionable steps congregations can take year-round, and shared the The Episcopal Church's Vote Faithfully Toolkit.

American Public Health Association Workshop in Minneapolis, MN

EHF led a workshop on "Community-Driven Change to Build/Rebuild Trust" with Methodist Healthcare Ministries and St. David's Foundation. EHF staff presented on how the foundation uses the transformation spectrum to help congregations create a vision for building capacity in community.

Non-Medical Drivers of Health Curriculum - "Called to Community" Learning Journey

EHF is developing a six-chapter church-based curriculum that connects our Christian call to service with creating healthy community by engaging the non-medical drivers of health. There have been numerous stakeholder sessions for input from clergy leaders, diocesan staff, and EHF staff. The effort is coordinated by the Collective Experience Group.

Research: EHF continued to produce reports, analyses, and mapping resources for congregations, organizations, and other community partners to help them navigate and use complex health-related data.

EHF's [reports](#) in 2024 covered a spectrum of issues, including strategies for Texas Medicaid to address non-medical drivers of health, economic cost of diabetes in Texas, a first-of-its-kind community health workers workforce study, research on engaging Medicaid members, and the foundation's annual Texas health policy polls on health care access and affordability and their experiences with diabetes.

These reports, along with existing EHF support to engage leaders of Texas Medicaid and Medicaid health insurance plans through a learning collaborative, have been critical in positioning the foundation to be an important leader in shaping policy conversations around improving health, not just health care in Texas.

EHF supported the rollout of HB 1575, a new law that allows community health workers (CHWs) and doulas to be reimbursed under Texas Medicaid's Children and Pregnant Women's program. EHF staff have served as the neutral convenor between Texas Medicaid and CHWs and doulas, especially as the agency rolls out

its enrollment, credentialing, and contracting processes. EHF's efforts also shaped the policy recommendations of Texas Medicaid's Value-Based Payment and Quality Improvement Advisory Committee biennial report to the state legislature. These efforts are an extraordinary opportunity to address underlying non-medical factors that impact health on a larger scale with sustainable policy and funding across the state.

In addition, EHF's research team continued to implement the Texas Pathway Community Hub Network, a pilot initiative aimed at developing local, sustainable strategies to address health across the diocese.

Conclusion: While 2024 was a year of learning and looking forward for EHF, it was also a year of continued progress on the vision to promote equity by addressing health, not just health care. With a continued focus on addressing non-medical, upstream drivers of health, building organizational capacity and community collaboration efforts around local health concerns, and spot-lighting systems-level approaches to improving health, EHF's goal remains to work with partners to help everyone in our state have a just and fair opportunity to be healthy.

Ann Barnes, President

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

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2023 and 2022

The Episcopal Health Foundation

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

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Independent Auditors' Report

To the Board of Trustees of
The Episcopal Health Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Episcopal Health Foundation (an Instrumentality of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Episcopal Health Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Episcopal Health Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Episcopal Health Foundation's ability to continue as a going concern for 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 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.

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 Episcopal Health Foundation'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 Episcopal Health Foundation'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.

August 26, 2024

The Episcopal Health Foundation

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

Statements of Financial Position as of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|--------------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents <i>(Notes 3 and 6)</i> | \$ 15,781,113 | \$ 15,771,422 |
| Other assets | 1,869,442 | 1,654,143 |
| Program note receivable, net <i>(Note 4)</i> | 2,462,137 | 3,488,590 |
| Investments <i>(Notes 5 and 6)</i> | 1,145,944,335 | 1,071,513,496 |
| Property, net <i>(Note 7)</i> | <u>7,177,359</u> | <u>7,250,466</u> |
| TOTAL ASSETS | <u>\$ 1,173,234,386</u> | <u>\$ 1,099,678,117</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 849,445 | \$ 6,546,969 |
| Grants payable, net <i>(Note 8)</i> | <u>17,915,532</u> | <u>20,958,603</u> |
| Total liabilities | <u>18,764,977</u> | <u>27,505,572</u> |
| Net assets without donor restrictions: | | |
| Undesignated | 727,654,887 | 600,364,033 |
| Contractually-restricted <i>(Note 9)</i> | <u>426,814,522</u> | <u>471,808,512</u> |
| Total net assets without donor restrictions | <u>1,154,469,409</u> | <u>1,072,172,545</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,173,234,386</u> | <u>\$ 1,099,678,117</u> |

See accompanying notes to financial statements.

The Episcopal Health Foundation

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

Statements of Activities for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|-------------------------|
| REVENUE: | | |
| Partnership income <i>(Note 5)</i> | \$ 127,430,838 | \$ (214,784,683) |
| Contributions | 500,000 | 20,500,000 |
| Other revenue | <u>6,135,003</u> | <u>599,204</u> |
| Total revenue | <u>134,065,841</u> | <u>(193,685,479)</u> |
| EXPENSES: | | |
| Program services: | | |
| Grants made | 36,454,447 | 296,193,562 |
| Research | 6,178,604 | 5,350,191 |
| Program management | 3,479,905 | 2,403,127 |
| Community engagement | <u>2,241,150</u> | <u>2,188,411</u> |
| Total program services | <u>48,354,106</u> | <u>306,135,291</u> |
| Management and general: | | |
| Diocesan operating entities – administrative services | 774,475 | 737,592 |
| Other management and general | <u>2,640,396</u> | <u>2,323,483</u> |
| Total management and general | <u>3,414,871</u> | <u>3,061,075</u> |
| Total expenses | <u>51,768,977</u> | <u>309,196,366</u> |
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 82,296,864 | (502,881,845) |
| Net assets without donor restrictions, beginning of year | <u>1,072,172,545</u> | <u>1,575,054,390</u> |
| Net assets without donor restrictions, end of year | <u>\$ 1,154,469,409</u> | <u>\$ 1,072,172,545</u> |

See accompanying notes to financial statements.

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

Statements of Functional Expenses for the years ended December 31, 2023 and 2022

| | GRANTS MADE | RESEARCH | PROGRAM MANAGEMENT | COMMUNITY ENGAGEMENT | TOTAL PROGRAM SERVICES | MANAGEMENT AND GENERAL | 2023 TOTAL |
|--|----------------------|---------------------|-----------------------|-------------------------|------------------------------|------------------------------|----------------------|
| Grants | \$ 35,459,612 | | | | \$ 35,459,612 | | \$ 35,459,612 |
| Professional fees | | \$ 4,526,636 | \$ 1,220,322 | \$ 305,716 | 6,052,674 | \$ 725,818 | 6,778,492 |
| Payroll and related benefits | | 1,391,701 | 1,856,143 | 1,564,398 | 4,812,242 | 1,277,232 | 6,089,474 |
| Grants to related entities | 994,835 | | | | 994,835 | | 994,835 |
| Diocesan operating entities – administrative services | | | | | | 774,475 | 774,475 |
| Depreciation | | 91,947 | 135,846 | 110,816 | 338,609 | 91,089 | 429,698 |
| Occupancy | | 52,647 | 79,689 | 63,606 | 195,942 | 78,541 | 274,483 |
| Information technology | | 53,638 | 79,248 | 64,646 | 197,532 | 53,138 | 250,670 |
| Other | | <u>62,035</u> | <u>108,657</u> | <u>131,968</u> | <u>302,660</u> | <u>414,578</u> | <u>717,238</u> |
| Total expenses | <u>\$ 36,454,447</u> | <u>\$ 6,178,604</u> | <u>\$ 3,479,905</u> | <u>\$ 2,241,150</u> | <u>\$ 48,354,106</u> | <u>\$ 3,414,871</u> | <u>\$ 51,768,977</u> |

| | GRANTS MADE | RESEARCH | PROGRAM MANAGEMENT | COMMUNITY ENGAGEMENT | TOTAL PROGRAM SERVICES | MANAGEMENT AND GENERAL | 2022 TOTAL |
|--|-----------------------|---------------------|-----------------------|-------------------------|------------------------------|------------------------------|-----------------------|
| Grants | \$ 35,843,562 | | | | \$ 35,843,562 | | \$ 35,843,562 |
| Professional fees | | \$ 3,766,455 | \$ 292,186 | \$ 366,523 | 4,425,164 | \$ 670,597 | 5,095,761 |
| Payroll and related benefits | | 1,261,100 | 1,685,708 | 1,322,018 | 4,268,826 | 1,054,647 | 5,323,473 |
| Grants to related entities | 260,350,000 | | | | 260,350,000 | | 260,350,000 |
| Diocesan operating entities – administrative services | | | | | | 737,592 | 737,592 |
| Depreciation | | 128,338 | 180,683 | 158,282 | 467,303 | 94,642 | 561,945 |
| Occupancy | | 58,706 | 85,040 | 73,280 | 217,026 | 68,132 | 285,158 |
| Information technology | | 75,629 | 106,476 | 93,275 | 275,380 | 55,772 | 331,152 |
| Other | | <u>59,963</u> | <u>53,034</u> | <u>175,033</u> | <u>288,030</u> | <u>379,693</u> | <u>667,723</u> |
| Total expenses | <u>\$ 296,193,562</u> | <u>\$ 5,350,191</u> | <u>\$ 2,403,127</u> | <u>\$ 2,188,411</u> | <u>\$ 306,135,291</u> | <u>\$ 3,061,075</u> | <u>\$ 309,196,366</u> |

See accompanying notes to financial statements.

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

Statements of Cash Flows for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets without donor restrictions | \$ 82,296,864 | \$ (502,881,845) |
| Adjustments to reconcile changes in net assets without donor restrictions to net cash used by operating activities: | | |
| Depreciation | 429,698 | 561,945 |
| Partnership income | (127,430,839) | 214,784,683 |
| Changes in operating assets and liabilities: | | |
| Other assets | (215,299) | (617,448) |
| Accounts payable and accrued expenses | (5,697,524) | 343,397 |
| Grants payable | <u>(3,043,071)</u> | <u>1,894,466</u> |
| Net cash used by operating activities | <u>(53,660,171)</u> | <u>(285,914,802)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payments received on program note receivable | 1,026,453 | 1,092,898 |
| Purchases of investments | | (15,000,000) |
| Distributions from EH Investment Fund, L.P. | 53,000,000 | 296,000,000 |
| Purchases of property | <u>(356,591)</u> | <u>(102,338)</u> |
| Net cash provided by investing activities | <u>53,669,862</u> | <u>281,990,560</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 9,691 | (3,924,242) |
| Cash and cash equivalents, beginning of year | <u>15,771,422</u> | <u>19,695,664</u> |
| Cash and cash equivalents, end of year | <u>\$ 15,781,113</u> | <u>\$ 15,771,422</u> |

See accompanying notes to financial statements.

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

Notes to Financial Statements for the years ended December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Episcopal Health Foundation (EHF), a Texas nonprofit corporation, was created on March 27, 2013 to promote human health (including, without limitation, complete physical, mental and social well-being and not just merely the absence of disease or infirmity), healthcare excellence, advances in medical science, and improvements in community health services to benefit the counties that comprise the ecclesiastical territory that extends from the Louisiana border to portions of central, eastern, north, and southeastern Texas. EHF is organized under Title V, Canon 5, as amended, of the Constitution and Canons of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). The Diocese is the sole member of EHF. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee.

Related entities – The Executive Board of the Diocese is composed of the Bishop and fifteen members elected by the Council of the Diocese. Pursuant to various Canons, the Executive Board has certain oversight responsibilities relating to the affairs of EHF and the following related Diocesan operating entities:

- *Episcopal Diocese of Texas (EDOT)* is an operating unit of special accounts used to carry out the ministry of the Diocese and is supported primarily by parish assessments.
- *EDOT Financial Services Corporation* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated Diocesan entities.
- *The Bishop Quin Foundation (Bishop Quin)* was created in 1943 to commemorate the 25th anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of Bishop Quin include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.

EHF routinely engages in activities with and provides grants to Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools and missions.

Basis of presentation – These financial statements include only the assets, liabilities, net assets, and activities of EHF. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities or other related entities. Each of these related entities is an operating entity distinct from EHF, maintains separate financial records, and administers its own services and programs.

Federal income tax status – EHF is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a Type I supporting organization under §509(a)(3).

Cash equivalents are highly liquid financial instruments with original maturities of three months or less which are available for grant and operating expenditures.

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

Investments are reported at fair value. Investment return is reported in the statement of activities as an increase in *net assets without donor restrictions* unless the use of the income is limited by donor-imposed restrictions.

Property with a cost of \$500 or more and an estimated useful life of more than one year is capitalized and reported at cost, if purchased, or at estimated fair value at the date of gift, if donated. EHF provides for depreciation using the straight-line method based upon estimated useful lives of 3 to 40 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

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

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities

are not directly identifiable with specific program activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on square footage. Information technology costs are allocated based on estimates of time and costs of specific technology utilized.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

| | <u>2023</u> | <u>2022</u> |
|--|------------------------|------------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 15,781,113 | \$ 15,771,422 |
| Program note receivable, net | 2,462,137 | 3,488,590 |
| Investments | <u>1,145,944,335</u> | <u>1,071,513,496</u> |
| Total financial assets | 1,164,187,585 | 1,090,773,508 |
| Less financial assets not available for general expenditure: | | |
| Investments, less appropriations for the upcoming year | <u>(1,091,444,335)</u> | <u>(1,027,713,496)</u> |
| Total financial assets available for general expenditure | <u>\$ 72,743,250</u> | <u>\$ 63,060,012</u> |

For purposes of analyzing resources available to meet expenditures over a 12-month period, EHF considers all expenditures related to its ongoing charitable activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of EHF's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due. EHF's assets are invested for long-term appreciation, but remain available to be spent at the Board of Trustees' discretion. EHF operates with a balanced budget and determines the spending level for each year as part of the annual budget process.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|----------------------|----------------------|
| Money market mutual funds | \$ 3,770,597 | \$ 7,779,545 |
| Demand deposits | <u>12,010,516</u> | <u>7,991,877</u> |
| Total cash and cash equivalents | <u>\$ 15,781,113</u> | <u>\$ 15,771,422</u> |

NOTE 4 – PROGRAM NOTE RECEIVABLE

During 2020, EHF entered into a \$4.8 million note agreement with the Texas Clinic Emergency Loan Fund, LLC (the Loan Fund). The proceeds were used by the Loan Fund to make secured loans to clinics to meet emergency community and working capital needs arising from the COVID-19 pandemic and to fund strategic revenue producing opportunities. The note bears interest at 4% through the maturity date of September 30, 2026. Quarterly principal payments are due beginning December 31, 2023 based on the first amendment to the loan agreement. All interest is payable at maturity based upon available cash flow. At December 31, 2023, payments are due as follows:

| | |
|-------------------------------|---------------------|
| 2024 | \$ 1,046,299 |
| 2025 | 864,502 |
| 2026 | <u>671,336</u> |
| Total program note receivable | 2,582,137 |
| Allowance for credit losses | <u>(120,000)</u> |
| Program note receivable, net | <u>\$ 2,462,137</u> |

NOTE 5 – INVESTMENTS AND INVESTMENT RETURN

Investments consist of a partnership interest in the EH Investment Fund, L.P. (the Fund). The Fund is a Delaware limited partnership that was created on June 1, 2014. HCP EHF Management LLC (General Partner), a U. S. Securities and Exchange Commission registered advisor and wholly owned subsidiary of Hall Capital Partners LLC, is the General Partner to the Fund. There are five limited partners in the Fund, all of which are Diocesan operating entities. As of December 31, 2023, EHF had a 69% interest in the Fund.

The Fund is a global multi-asset class fund that primarily seeks to increase its net asset value by an amount in excess of inflation (as defined by the Consumer Price Index) and the actual spending rate of EHF over full market cycles of seven to ten years. The Fund also seeks to maximize investment returns and to reduce portfolio volatility by investing in diversified asset classes and capital markets. The asset classes that the Fund will invest in include global equities (developed and emerging), hedge funds, hybrids, private equity, real assets, fixed-income, and cash and cash equivalents.

At any given time, 20% of the Fund's portfolio assets can be liquidated within a 30-day time period. Redemptions are allowed at the end of each month with 10 days' prior written notice provided that such request does not require the Fund to sell any illiquid investments or incur any penalty. There are no unfunded commitments at December 31, 2023.

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

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Portfolio funds: | | |
| Private equity | 30.6% | 27.6% |
| Equity strategies | 23.8% | 22.7% |
| Absolute return | 10.7% | 13.4% |
| Equity hedge | 3.3% | 3.7% |
| Other | 0.5% | 0.6% |
| Global stock, fixed-income and hard asset mutual funds | 14.1% | 16.1% |
| Marketable securities: | | |
| Common stock | 11.4% | 10.7% |
| Depository receipts | 0.3% | 0.1% |
| Cash and cash equivalents | <u>5.3%</u> | <u>5.1%</u> |
| Total | <u>100%</u> | <u>100%</u> |

Portfolio fund investments are subject to the terms of the respective portfolio fund's agreements, offering documents and other governing agreements. Additionally, most, if not all, of the portfolio funds in which the Fund invests may restrict both the transferability of the Fund's interest and the Fund's ability to withdraw. Due to these restrictions, investments in certain portfolio funds are viewed as illiquid and are subject to liquidity risk.

Investments are exposed to various risks such as interest rate, market and credit risks. Alternative investments such as the Fund include additional risks because of their complex nature and limited regulations resulting in a greater risk of losing invested capital. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Legal, tax, and regulatory changes could occur during the term of EHF's investment in the Fund. The regulatory environment for alternative investment funds is evolving, and changes in the regulation of these funds may adversely affect the value of investments held by EHF. EHF believes that the effect of any future regulatory change in EHF's assets would not materially impact the value.

Partnership Income

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

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-------------------------|
| Realized and unrealized gain (loss) | \$ 124,688,165 | \$ (222,594,824) |
| Interest and dividends | 6,974,783 | 9,966,460 |
| Investment management and sub-advisory fees | <u>(4,232,110)</u> | <u>(2,156,319)</u> |
| Total partnership income | <u>\$ 127,430,838</u> | <u>\$ (214,784,683)</u> |

NOTE 6 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date. The types of investments included in Level 1 are securities traded and valued based upon a public exchange.
- *Level 2* – Inputs are quoted prices in nonactive markets or in active markets for similar assets or liabilities, or inputs which are either directly or indirectly observable with observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

There are no assets that are categorized as Level 2 or Level 3 at December 31, 2023 and 2022. In accordance with Accounting Standards Update 2015-07, *Fair Value Measurements*, investments for which fair value is measured at net asset value per share (or its equivalent) (NAV-PE) using the practical expedient have not been categorized in the fair value hierarchy.

Assets measured at fair value at December 31, 2023 are as follows:

| | <u>LEVEL 1</u> | <u>NAV-PE</u> | <u>TOTAL</u> |
|-------------------------------------|---------------------|-----------------------------|-------------------------|
| Investments: | | | |
| EH Investment Fund, L.P. | | \$ 1,145,944,335 | \$ 1,145,944,335 |
| Cash equivalents: | | | |
| Money market mutual funds | <u>\$ 3,770,597</u> | <u> </u> | <u>3,770,597</u> |
| Total assets measured at fair value | <u>\$ 3,770,597</u> | <u>\$ 1,145,944,335</u> | <u>\$ 1,149,714,932</u> |

Assets measured at fair value at December 31, 2022 are as follows:

| | <u>LEVEL 1</u> | <u>NAV-PE</u> | <u>TOTAL</u> |
|-------------------------------------|---------------------|-----------------------------|-------------------------|
| Investments: | | | |
| EH Investment Fund, L.P. | | \$ 1,071,513,496 | \$ 1,071,513,496 |
| Cash equivalents: | | | |
| Money market mutual funds | \$ 7,779,545 | <u> </u> | <u>7,779,545</u> |
| Total assets measured at fair value | <u>\$ 7,779,545</u> | <u>\$ 1,071,513,496</u> | <u>\$ 1,079,293,041</u> |

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

- *EH Investment Fund, L.P.* is valued using the net asset value (or its equivalent) as a practical expedient to report the fair value of the investment. The fair value of the Fund is based on information provided by the General Partner of the Fund. Management takes into consideration consultation with Fund investment managers and audited financial information to determine the overall reasonableness of the recorded fair value.
- *Mutual funds* are valued at the published net asset value of shares held at year end.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while EHF believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 7 – PROPERTY

Property is comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|---------------------|---------------------|
| Land | \$ 750,000 | \$ 750,000 |
| Buildings and improvements | 10,983,928 | 10,710,172 |
| Furniture, fixtures and equipment | <u>1,020,038</u> | <u>937,202</u> |
| Total property, at cost | 12,753,966 | 12,397,374 |
| Accumulated depreciation | <u>(5,576,607)</u> | <u>(5,146,908)</u> |
| Property, net | <u>\$ 7,177,359</u> | <u>\$ 7,250,466</u> |

NOTE 8 – GRANTS PAYABLE

At December 31, 2023, grants approved and committed for future payments are payable as follows:

| | |
|---|----------------------|
| 2024 | \$ 16,036,317 |
| 2025 | 1,249,144 |
| 2026 | 500,000 |
| 2027 | <u>250,000</u> |
| Total grants payable | 18,035,461 |
| Discount to net present value at 0.98% to 3.84% | (119,929) |
| Grants payable, net | <u>\$ 17,915,532</u> |

EHF provided other grants to related Diocesan entities totaling approximately \$995,000 in 2023 and \$350,000 in 2022.

In 2022, EHF provided a \$200,000,000 grant to a related Diocesan operating entity to fund a portion of clergy health insurance costs for all Diocesan entities. EHF also provided a \$60,000,000 grant in 2022 to a related Diocesan operating entity to establish a Diocesan Leadership fund.

At December 31, 2023 and 2022, there were no grants payable to related Diocesan operating entities.

NOTE 9 – CONTRACTUALLY-RESTRICTED NET ASSETS

Under the Definitive Agreement (the Agreement), EHF received approximately \$1.26 billion in consideration for the transfer of a membership in St. Luke's Episcopal Health System (SLEH) from the Diocese to a national nonprofit hospital system. In the Agreement, EHF agreed that a minimum of 85% of the proceeds would be used for health initiatives and that a minimum of 85% of the proceeds would be used in the counties that comprise the Diocese. Transactions and balances related to such restrictions are as follows:

| | |
|--|-----------------------|
| Contractually-restricted net assets, January 1, 2022 | \$ 719,599,094 |
| Expenditure of funds for specified purposes | <u>(247,790,582)</u> |
| Contractually-restricted net assets, December 31, 2022 | 471,808,512 |
| Other income | 5,148,350 |
| Expenditure of funds for specified purposes | <u>(50,142,340)</u> |
| Contractually-restricted net assets, December 31, 2023 | <u>\$ 426,814,522</u> |

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

CANONICAL REPORTS

COMMISSION ON MINISTRY

The Role of the Commission on Ministry

According to the Constitutions and Canons of the Episcopal Church, the Commission advises and assists the Bishop in:

- Implementing Title III, Canons 6, 8, and 10 pertaining to ordination
- Determining present and future opportunities and needs for the ministry of all baptized persons
- Designing and overseeing the ongoing process for recruitment, discernment, formation for ministry, and assessment of readiness

The Committee for the Diaconate, part of the Commission on Ministry, provides similar advice and support to the Bishop for those pursuing the diaconate.

Leadership

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

The Rev. John Newton, Rector of St. Michael's, Austin, is the Chair of the Commission on Ministry.

The Reverend Jan Halstead, Deacon, serves as Chair of the Committee for the Diaconate, focusing on those discerning a call to the diaconate.

Current Active Students

The Diocese of Texas currently has 39 students in preparation for ordination, including:

- 6 preparing for the diaconate at the Iona School
- 8 preparing for the bi-vocational priesthood at the Iona School
- 25 preparing for the priesthood at seminaries

This total does not include the 22 aspirants interviewed in November 2024 by the Commission on Ministry and the Committee for the Diaconate.

The Discernment Process and Discovery Retreats

In 2024, three Discovery Retreats were held:

- February 23–25
- May 3–5
- September 13–15

In 2025, three Discovery Retreats are planned:

- February 21–23
- May 2-4
- September 12–14

The February retreat in both years is restricted to juniors in high school through age 22 (or college graduation, whichever comes first). This effort aims to raise up younger leaders and help them identify their call earlier.

The Baptismal Covenant calls all Christians to serve God and the Church. The Diocese of Texas is committed to helping members discover their gifts for ministry and identify both lay and ordained leaders for Christ's mission. Discernment is not limited to ordination; it is an opportunity to explore God's call in various forms of ministry. Discovery Weekend is an interactive early step in the discernment process, providing opportunities to:

- Learn about vocation—God's call—and listen for God's voice
- Engage in dialogue with others in discernment
- Receive feedback and insight from Episcopal leaders
- Reflect personally on future work and ministry

Discernment Committees and Application Deadlines

Discernment committees are a required part of the ordination process and can be regional or local, as determined by the Head of Congregation in consultation with the Chair of the Commission on Ministry. We are deeply grateful to all who have volunteered to serve on these committees.

The deadline to submit applications for Holy Orders is September 1st each year. This applies to all orders: diaconate, priesthood, and those already ordained in another denomination seeking reception into the Episcopal Church. Aspirants are interviewed mid-November following the deadline.

Commission on Ministry Meetings

November: The Commission meets for three days at Camp Allen to interview all applicants.

January: The Vocations Conference at Camp Allen is attended by all postulants in formation. The Commission meets formally with middlers and seniors, while juniors participate informally.

April: Additional meetings are held for Canon 10 applicants or others requiring follow-up.

Virtual Meetings: Scheduled as needed.

The ordination process website has been updated to provide clear guidance:
<https://www.epicenter.org/discernment/ordination-process/>

Gratitude and Closing

A heartfelt thank you to everyone who has served as Discovery Retreat faculty, staff, or discernment committee members. Your dedication to this vital ministry is deeply appreciated.

As we enter a new year, we ask for your continued prayers for the Commission, its members, and all those answering God's call to serve.

John Newton, Chair

EXAMINING CHAPLAINS

The Examining Chaplains continued to experience transition during 2023. We bid farewell to the Rev'd Becky Zartman, as she left the Diocese to pursue new employment. We are deeply grateful for her service to the diocese, and we will miss her erudition and cheerful disposition. We await the Bishop's pleasure in appointing Becky's replacement. The Rev'd Patrick Hall continues as chair.

As is our custom, in 2024 we administered canonical exams, and provided correspondence tutoring to postulants who were assigned remedial work at the conclusion of those exams. The Examining Chaplains administered the written portion of said exams over email on the 2nd thru the 5th of January, 2024, and we conducted the oral portion of those exams at the Vocations Conference, on the 8th and 9th of January, 2024. Performances on these exams were satisfactory overall though five postulants were assigned remedial work. After these exams and all remedial work was completed, we approved thirteen all postulants we interviewed for ordination: Maria Teresa Bautista-Berrios, Gregory Cross, Michael Farnell, Tori Gilliland, Dana Jean, Tony Kroll, Sutton Loew, Jonathan Maresca, Andrew McMillan, Hayden Paul, Ashley Harper-Oberle, Suzanne Hollifield, and Karen Pettit. On October 21, 2024, just prior to Clergy Conference we conducted our deacon's exams, and certified the same thirteen postulants for ordination to the priesthood.

We have completed the questions for the 2025 canonical exams, and look forward to meeting our next crop of postulants in January.

Patrick Hall, Chair

DEACON'S REPORT

There are 39 deacons in the Episcopal Diocese of Texas who are serving in some capacity. All active deacons serve in liturgical areas as noted in the BCP and according to expectations as have been set out. The deacons serve in a variety of areas outside the church in the community. Below is a compilation of the reports sent in by the deacons.

Direct services: food collection and distribution, prison ministry, support for those experiencing homelessness, provided funds for utilities, provide shoes and clothing for families, supported the needs of a woman's shelter, school supplies, organized blood drives, wreaths for headstones of service men and women, worked with Seafarers, provided space and food for local sheriffs' department, suitcases for children in foster care, gifts for families and seniors at Christmas, beds for children, mental health support, support for refugee, and Laundry Love.

Support groups: families caring for those with Alzheimer's Disease and Dementia, for those who are grieving, women's group, and group for caregivers.

Workshops: information for those interested in being foster parents, led "open-forum" gatherings in the community for increased communication, and provided Safeguarding training.

Systemic: Deacons have either been involved in the leadership or are working within the areas of the Health & Justice Advocacy Network, Restorative Justice, advocated at the city and county council level to provide support for services in the area, Racial Reconciliation, participation in interfaith groups, Refugee Resettlement Ministry, Episcopal Migration ministries, Migrant Ministry Team, League of Women's voters, Episcopal Election Activators, and Harris Health System CPE program.

Education: on staff or taught classes at Iona School for Ministry, developed partnership with local schools, taught classes for children, served in summer camps, led classes on BCP and bible studies, and Lunch and Learn groups.

Wider church: served on diocesan committees, table leader for Discovery weekends, faculty for CREDO, online resource group for clergy for pastoral care of those impacted by sexual assault/abuse, and a board member of AED and DOTAC.

Jan Halstead, Dean of the Deacons Clericus

BI-VOCATIONAL PRIESTS REPORT

This report summarizes the activities and accomplishments of the Bivocational Priest Clericus in the Episcopal Diocese of Texas during 2024.

1. Bivocational Priest Breakfast at Diocesan Council:

- A well-attended breakfast was held during the annual Diocesan Council.
- Key topics discussed included:
 - **Challenges:** Work-life balance, burnout, and the ongoing need for support and community.
 - **Successes:** Shared stories of ministry innovation and effective time management strategies.
 - **Resources:** Information was shared about available diocesan resources, such as grants and coaching programs.

2. Retreat Led by Br. David Vryhoff, SSJE:

- A two-day retreat led by Br. David Vryhoff, SSJE, focused on **spiritual renewal and self-care for bivocational priests**.
- The retreat provided a valuable opportunity for priests to:
 - **Recharge spiritually:** Through prayer, meditation, and reflection.
 - **Connect with colleagues:** In a supportive and confidential setting.
 - **Gain practical tools:** For managing stress and maintaining well-being.

3. Clergy Conference Gathering and Planning Session:

- A dedicated gathering for bivocational priests was held just before the annual Clergy Conference.
- The session included:
 - **Peer Learning:** We learned from each other on topics such as boundary setting, financial planning, and technology in ministry.
 - **Open forum:** For discussion of pressing concerns and challenges faced by bivocational priests, including a conversation with Bishop Doyle
 - **Planning session:** To gather input and feedback on future initiatives and support programs.

4. Bivocational Priest Google Group:

- We have established a Google Group to serve as a valuable platform for:
 - **Information sharing:** Announcements, resources, and best practices.
 - **Idea exchange:** Brainstorming and collaborative problem-solving.
 - **Mutual support:** Offering encouragement, advice, pastoral care, and a sense of community.

5. Key Observations and Recommendations:

- **Stronger Support Networks:** There is a continued need for robust support networks, including peer learning and accountability, coaching, and access to mental health resources.
- **Increased Visibility and Recognition:** The unique contributions and challenges of bivocational priests should be more widely recognized and celebrated within the diocese.
- **Enhanced Communication:** Consistent and timely communication regarding issues affecting Bivocational Priests is very important.

Paul Skeith, Dean of Bivocational Priests

STANDING COMMITTEE

The Standing Committee of the Episcopal Diocese of Texas consists of three priests and three lay communicants within the diocese, elected by Council for a three-year term. The Committee functions as an advisor to the bishop and is called at the bishop's discretion, or it may meet of its own accord. The Standing Committee votes for consent for persons to become candidates for Holy Orders, consent for ordinations, and consent to elections of bishops in other dioceses. When there is no bishop or bishop coadjutor, the Standing Committee becomes the ecclesiastical authority of the diocese.

It has been my honor to serve as President of the Standing Committee for the Episcopal Diocese of Texas and to work alongside such faithful members.

Committee Members:

To 2025

Vyonne Carter-Johnson, President, Grace, Houston

The Rev. Simon Bautista, Christ Church Cathedral, Houston

To 2026

The Rev. Eileen O'Brien, St. James,' Austin, Nomination Committee

Jennifer Mc Gowan, Secretary, St. John the Divine, Houston

To 2027

The Rev. Bill Carroll, Trinity, Longview

Barbara Evans-Chowning, All Saints,' Fort Worth

During the year, the Standing Committee met with Bishop Doyle to learn of, discuss and act on matters pertaining to the Diocese of Texas, gave consent to candidates for holy orders in our diocese, and gave consent in most of the elections of bishops across the Episcopal Church.

Vyonne Carter-Johnson, President

DISCIPLINARY BOARD

During the course of this reporting year, six intake reports were received. The Reference Panel met four times and two complaints were dismissed in accordance with Title IV. One complaint resulted in an accord and relinquishment of Holy Orders. As of Dec 13, 2024, two matters remain pending before the Reference Panel.

Current members of the board to Council 2025 are The Rev. David M. Faulkner, President, Anne O'Connell, The Rev. Minerva Camarena Skeith, Carmen Pratt, Lora Livingston, and The Rev Lecia Brannon.

The Board met on February 22 and elected The Rev. David M. Faulkner as President.

The Board met on March 21 to receive training which was much appreciated.

The Board is grateful to The Rt. Rev. C. Andrew Doyle, The Rev. Cn. Christine Faulstich, The Rev. Cn. Lisa Burns, and The Rev. Cn. Sarah Kinney Gaventa for their support and their wisdom in working with the Board in this essential work.

David M. Faulkner, President, President

EDOT FINANCE

2025 PROPOSED BUDGET FORMULA

Outlined below is the budget formula used to determine the Diocesan and Insurance Assessments for each parish and mission in the Diocese of Texas. The original formula was passed by the 143rd Council. As a result of the movement to one budget, the Formula has been amended to eliminate the Asking for the Missionary Budget. There was a one-time reset of the breakpoints in 2014 that had been in place since 1995 and a reduction in the rates for calculating assessments. In 2023, the Insurance Assessment portion was eliminated.

Diocesan Budget

GOAL: To allocate equitably to parishes and missions the monies that will be used to fund the Diocesan Budget.

METHOD:

A. Multiply Total Operating Revenue by the Percentage Factor (PF) using the break points noted below to determine the Maximum Formula (B) (MFB):

**2025 Base Percentage Total
Operating Revenue PF**

| | | |
|---------------------|--------------------|------------|
| UP TO | \$ 259,817 | 6% |
| \$259,818 to | \$ 394,284 | 7% |
| \$394,285 to | \$ 656,381 | 8% |
| \$656,382 to | \$1,048,386 | 9% |
| OVER | \$1,048,386 | 10% |

The four break points have been adjusted annually by an amount equal to the change in Consumer Price Index (CPI), which was 3.4% for the 2025 calculation. Such adjustments to the break points shall be rounded to the nearest thousand dollars.

B. Determine the Formula (B) Request (FBR) –

For 2025 the **MFB** (Maximum Formula B Request) was compared to the MFB of the preceding year and adjusted, if necessary, so as not to increase more than 10 percent or decrease more than 20 percent. Under no circumstances, however, is the current year MFB to constitute less than 5 percent or more than 10 percent of a church's Operating Revenue.

NOTE:

1) The Operating Revenue used for both Formula (A) and Formula (B) is the parish's operating revenue (as reported in their parochial report) for the year that is two years before the budget year. (For 2025, the Operating Revenue used was that of 2023.)

Linda Riley Mitchell, CFO

2025 DIOCESAN BUDGET

The Episcopal Diocese of Texas

2025 Budget



**As Approved by the Executive Board in December 2024 and
Recommended to the 176th Diocesan Council.**

CONFIDENTIAL

THE EPISCOPAL DIOCESE OF TEXAS 2025 Proposed Budget

| | <u>2023 Budget</u> | <u>2024 Budget</u> | <u>2025 Budget</u> | Notes: |
|---|-----------------------------|-----------------------------|-----------------------------|--------|
| Assessments | | | | |
| Diocesan | \$ 8,622,032 | \$ 8,681,746 | \$ 8,995,734 | AT |
| Less: Allowance for Uncollectible Accounts | (82,620) | (86,817) | (89,957) | PR |
| Net Assessment Revenue | 8,539,412 | 8,594,929 | 8,905,777 | |
| Foundation Support and Overhead Allocation | | | | |
| Church Corporation | 797,557 | 839,063 | 832,884 | |
| Bishop Quin Foundation | 489,556 | 517,560 | 799,087 | |
| The Episcopal Foundation of TX | 513,372 | 2,076,800 | 785,843 | |
| Episcopal Health Foundation | 1,018,849 | 1,064,994 | 1,266,545 | |
| Great Commission Foundation | 489,387 | 526,167 | 869,590 | |
| Compass Rose Society Reimbursement | 75,000 | 75,000 | 75,000 | |
| Episcopal Seniors Foundation | 35,000 | 35,000 | 35,000 | |
| Total Foundation Overhead Payments | 3,418,721 | 5,134,584 | 4,663,949 | 27% |
| Program Revenues | | | | |
| IONA Program Revenue | 160,000 | 125,055 | | LF |
| Commission on Ministry Revenue | 10,000 | 10,000 | 10,000 | |
| Congregational Vitality | 7,000 | 7,000 | | LF |
| Formation/Youth Event Revenue | 50,000 | 50,000 | | LF |
| Unified Commission Revenues | 7,000 | 7,000 | 14,000 | |
| Other Program Revenue | 27,000 | 27,000 | | LF |
| Total Program Revenues | 261,000 | 226,055 | 24,000 | |
| Other Revenues | | | | |
| Diocesan Magazine Contributions | 1,000 | 1,000 | | |
| Bequests and Donations | 1,000 | 1,000 | | |
| Diocesan Council | 183,364 | 260,000 | 384,000 | |
| Miscellaneous Income | 15,000 | 115,000 | 39,500 | |
| Brochures Sales | 1,000 | 1,000 | 1,000 | |
| Other | - | 17,000 | | |
| Total Other Revenues | 201,364 | 395,000 | 424,500 | |
| TOTAL REVENUES | <u>\$ 12,420,497</u> | <u>\$ 14,350,568</u> | <u>\$ 14,018,226</u> | |

| | <u>2023 Budget</u> | <u>2024 Budget</u> | <u>2025 Budget</u> | Notes: |
|--|-------------------------|-------------------------|-------------------------|--------|
| EXPENDITURES | | | | |
| OFFICE OF THE BISHOP | | | | |
| Clergy Compensation | | | | |
| Clergy Salaries | | | | |
| Bishop of Texas | 391,755 | 404,390 | 417,403 | |
| Bishop Suffragan - Tyler | 137,153 | 142,689 | 148,392 | |
| Bishop Suffragan - Austin | 165,153 | 170,689 | 173,392 | |
| Assisting Bishop - South Region | 135,153 | 140,689 | 146,392 | |
| Assisting Bishop - North Region | 62,576 | 64,553 | 68,496 | |
| Visiting Bishops | 12,000 | 12,000 | 24,000 | |
| Canon to the Ordinary | 132,974 | 138,447 | 144,081 | |
| Chief of Staff | 111,496 | 108,224 | 121,983 | |
| Total Clergy Salaries | <u>1,148,260</u> | <u>1,181,681</u> | <u>1,244,139</u> | |
| Housing Allowance and Maintenance | | | | |
| Bishop of Texas | 30,000 | 30,000 | 30,000 | |
| Bishop Suffragan - Tyler | 48,000 | 48,000 | 48,000 | |
| Bishop Suffragan - Austin | 20,000 | 20,000 | 20,000 | |
| Assisting Bishop - South Region | 50,000 | 50,000 | 50,000 | |
| Assisting Bishop - North Region | 30,000 | 30,000 | 30,000 | |
| Canon to the Ordinary | 50,000 | 50,000 | 50,000 | |
| Chief of Staff | 47,000 | 47,000 | 47,000 | |
| Rectory Maintenance | 86,644 | 90,000 | 150,000 | |
| Total Housing Allowance and Maintenance | <u>361,644</u> | <u>365,000</u> | <u>425,000</u> | |
| Pension and Social Security Reimbursement | | | | |
| Bishop of Texas | 154,004 | 160,373 | 165,392 | |
| Bishop Suffragan - Tyler | 73,998 | 80,754 | 83,631 | |
| Bishop Suffragan - Austin | 73,998 | 80,754 | 83,631 | |
| Assisting Bishop - South Region | 73,998 | 80,754 | 83,631 | |
| Assisting Bishop - North Region | 36,999 | 39,760 | 45,397 | |
| Canon to the Ordinary | 63,045 | 65,548 | 67,945 | |
| Chief of Staff | 57,761 | 58,079 | 59,815 | |
| Life Insurance | 22,500 | 22,500 | 22,500 | |
| Other Defined Contributions | 30,000 | 35,000 | 35,000 | |
| Total Pension and SS Reimbursement | <u>586,303</u> | <u>623,522</u> | <u>646,942</u> | |
| Total Clergy Compensation | <u>2,096,207</u> | <u>2,170,203</u> | <u>2,316,081</u> | |

| | <u>2023 Budget</u> | <u>2024 Budget</u> | <u>2025 Budget</u> | Notes: |
|--|--------------------|--------------------|--------------------|--------|
| Lay Staff Compensation | | | | |
| Salaries | 695,774 | 689,152 | 837,268 | |
| Pension | 60,233 | 62,024 | 74,657 | |
| Employer FICA | 53,227 | 52,720 | 63,458 | |
| Total Lay Staff Compensation | 809,234 | 803,896 | 975,383 | |
| Business and Travel Expense | | | | |
| Bishop of Texas | 130,000 | 160,000 | 160,000 | |
| Bishop Suffragan - Tyler | 50,000 | 75,000 | 70,000 | |
| Bishop Suffragan - Austin | 50,000 | 75,000 | 70,000 | |
| Assisting Bishop - South Region | 50,000 | 75,000 | 70,000 | |
| Assisting Bishop - North Region | 25,000 | 30,000 | 50,000 | |
| Visiting Bishops | 7,500 | 9,000 | 9,000 | |
| Canon to the Ordinary | 35,000 | 35,000 | 30,000 | |
| Chief of Staff | 17,625 | 21,000 | 21,000 | |
| Retired Diocesan Bishops | 3,750 | 3,750 | 3,750 | |
| Business and Travel - Staff | 20,000 | 25,000 | 25,000 | |
| Vehicle Depreciation | 68,328 | 58,273 | 56,246 | |
| Total Business and Travel Expense | 457,203 | 567,023 | 564,996 | |
| Clergy Conference | 140,000 | 180,000 | 180,000 | |
| TOTAL OFFICE OF THE BISHOP | 3,502,644 | 3,721,122 | 4,036,460 | |
| COMMUNICATION DEPARTMENT | | | | |
| Communication Staff Compensation | 441,786 | 511,726 | 547,047 | |
| Diocesan Magazine | 65,000 | 100,000 | 100,000 | |
| Communications Department | 25,000 | 25,000 | 25,000 | |
| New Initiatives Marketing and communications | 50,000 | 70,000 | 35,000 | |
| Communication Other | 20,000 | 25,000 | 25,000 | |
| Business and Travel | 21,000 | 21,000 | 15,000 | |
| Depreciation: Website Redesign | | 25,000 | 16,000 | |
| TOTAL COMMUNICATIONS | 622,786 | 777,726 | 763,047 | |
| CANONICAL EXPENSES | | | | |
| Diocesan Council | 324,950 | 330,000 | 415,000 | |
| Historian and Archives | 7,000 | 10,000 | 10,000 | |
| Commission on Ministry | 90,000 | 90,000 | 113,445 | |
| Executive Board | 10,000 | 11,000 | 11,000 | |
| Standing Committee | 1,000 | 1,000 | 1,000 | |
| General Convention | | 65,000 | - | |
| TOTAL CANONICAL EXPENSES | 432,950 | 507,000 | 550,445 | GC |

| | <u>2023 Budget</u> | <u>2024 Budget</u> | <u>2025 Budget</u> | Notes: |
|---|--------------------|--------------------|--------------------|--------|
| MINISTRY EXPENSES | | | | |
| Ministry Staff Compensation | | | | |
| Salaries, Stipends and Housing | 647,274 | 666,659 | 772,688 | |
| Total Ministry Staff Compensation | 647,274 | 666,659 | 772,688 | |
| Transition Ministry | | | | |
| Travel & Business - Transition Minister | 17,000 | 17,000 | 17,000 | |
| Bishop's Fellows | 135,000 | 135,000 | 170,000 | |
| Total Transition Ministry | 152,000 | 152,000 | 187,000 | |
| Wellness and Care Ministry | | | | |
| Business and Travel | 10,000 | 8,000 | 8,000 | |
| Safe Church (Congregational Wellness /Care) | 67,300 | 58,300 | 58,300 | |
| Clergy & Family Wellness/Care | 47,800 | 45,800 | 45,800 | |
| Recovery Ministry | 6,000 | 6,000 | 6,000 | |
| Total Wellness and Care Ministry | 131,100 | 118,100 | 118,100 | |
| Other Ministry Expenses | | | | |
| Interfaith and Ecumenical Work | 3,000 | 3,000 | 3,000 | |
| Chaplains to the Retired | 6,000 | 7,200 | 7,200 | |
| Consultant for Schools | 12,500 | 10,000 | 10,000 | |
| Support for Congregations | 70,000 | 50,000 | 45,000 | |
| Calling & Moving | 100,000 | 100,000 | 100,000 | |
| Iona School and Center | 230,000 | - | - | LF |
| Clergy Training (Clericus, Curates, Cont. Educ. & | 64,000 | 20,000 | - | LF |
| Conferences & Clergy Gatherings | 120,000 | 124,000 | 122,000 | CC |
| Total Other Ministry Expenses | 605,500 | 314,200 | 287,200 | |
| TOTAL MINISTRY EXPENSES | 1,535,874 | 1,250,959 | 1,364,988 | |
| MISSION AMPLIFICATION | | | | |
| Mission Amplification | | | | |
| Mission Amplification Compensation | 1,162,124 | 1,094,509 | 647,671 | |
| Business/Travel - Mission Amp Team | 115,000 | 115,000 | 95,000 | |
| Congregational Vitality | 78,350 | 77,750 | 60,500 | |
| Youth Ministry | 117,900 | 51,000 | - | LF |
| Young Adults | 18,000 | 10,000 | - | LF |
| TOTAL MISSION AMPLIFICATION | 1,491,374 | 1,348,259 | 803,171 | |

| | <u>2023 Budget</u> | <u>2024 Budget</u> | <u>2025 Budget</u> | <u>Notes:</u> |
|--|--------------------|--------------------|--------------------|---------------|
| SERVICE AND OUTREACH | | | | |
| Support of the Episcopal Church | 1,539,864 | 1,935,591 | 1,453,002 | DA |
| Support of the Anglican Communion | 500,000 | 600,000 | 600,000 | |
| Support for the University of the South | 5,000 | 5,000 | 5,000 | |
| Provincial Synod Assessment | 13,750 | 13,750 | - | |
| Sustainable Development Goals | 83,352 | 100,000 | 100,000 | |
| EDOT Global Partnership | 25,000 | 25,000 | 25,000 | |
| Companion Dioceses | 50,000 | 75,000 | 75,000 | |
| Unified Commissions Expense | 88,000 | 88,000 | 91,500 | |
| Prison & Restorative Justice Missions | 35,000 | 50,000 | 40,000 | |
| TOTAL SERVICE AND OUTREACH | 2,339,966 | 2,892,341 | 2,389,502 | |
| ADMINISTRATIVE EXPENSES | | | | |
| Lay Staff Compensation | | | | |
| Salaries | 1,319,440 | 1,349,394 | 1,556,748 | |
| Reserve for Salary Increases | 50,000 | 50,000 | 50,000 | |
| Total Staff Compensation | 1,369,440 | 1,399,394 | 1,606,748 | |
| Diocesan Center Operating Expense | | | | |
| Information Technology | 516,000 | 585,271 | 501,213 | OH |
| Utilities | 90,000 | 100,000 | 102,000 | OH |
| Janitorial, Maint. & Repair | 200,000 | 160,000 | 175,340 | OH |
| Houston office rent PECC | 98,000 | 98,000 | 98,000 | OH |
| Rent - Austin & Tyler Offices | 96,216 | 96,216 | 96,216 | |
| Storage | 22,000 | 32,500 | 28,500 | |
| Total Diocesan Center Operating Expense | 1,022,216 | 1,071,987 | 1,001,269 | |
| General Office Expense | | | | |
| Office Equip Lease/Maint | 50,600 | 77,300 | 63,000 | |
| Office Supplies/Printing | 43,000 | 38,000 | 37,400 | |
| Communications-Telephone | 35,000 | 37,289 | 35,700 | |
| Postage/Delivery Expense | 21,000 | 22,000 | 12,000 | |
| Miscellaneous Office Expense | 10,000 | 10,000 | 7,500 | |
| Payroll Processing Expense | 13,500 | 15,000 | 15,000 | |
| Depreciation | 105,000 | 116,000 | 155,000 | |
| Total General Office Expense | 278,100 | 315,589 | 325,600 | |
| Insurance | | | | |
| Diocesan Property & Casualty Insurance | 102,000 | 125,000 | 140,000 | OH |
| Diocesan Workers' Compensation Insurance | 60,000 | 60,000 | 50,000 | OH |
| Automobile Insurance for Diocesan Vehicles | 41,300 | 41,300 | 37,500 | |
| Other Health Insurance Costs (insurance reserve) | 75,000 | 100,000 | 100,000 | |
| Group Health Insurance | | | | HE |
| Total Insurance | 278,300 | 326,300 | 327,500 | |

| | <u>2023 Budget</u> | <u>2024 Budget</u> | <u>2025 Budget</u> | <u>Notes:</u> |
|--|--------------------|--------------------|--------------------|---------------|
| Other Administrative Expenses | | | | |
| Overhead reimbursement to the EDOT FSC | 336,662 | 368,310 | 395,997 | |
| Legal Expense | 75,000 | 55,000 | 50,000 | |
| Diocesan Audit | 26,000 | 29,500 | 32,450 | |
| Interest and Bank Fees | 16,000 | 16,000 | 16,000 | |
| Business/Travel-Finance Staff | 50,000 | 50,000 | 50,000 | OH |
| Subsidy Pension - Retired Clergy | 4,000 | 4,000 | 9,531 | |
| Diocesan Staff meetings | 25,000 | 25,000 | 25,000 | |
| HR Consulting & other transition costs | 20,000 | 20,000 | 20,000 | |
| Employee training and development | 25,000 | 25,000 | 25,000 | |
| Miscellaneous Operating Expense | 10,000 | 10,000 | 10,000 | |
| Total Other Admin | 587,662 | 602,810 | 633,978 | |
| TOTAL ADMINISTRATIVE EXPENSES | 3,535,718 | 3,716,080 | 3,895,095 | |
| TOTAL EXPENSES | 13,461,312 | 14,213,487 | 13,802,709 | |
| NET CHANGE IN ASSETS | (1,040,815) | 137,081 | 215,517 | |

NOTES:

- AT Assessment** - The Diocesan Assessments are higher due to operating revenue growth.
- HE Health Insurance Costs** - Bishop Quin Foundation pledged to cover costs related to providing health insurance for clergy within the Diocese and Diocesan staff. Thanks to the generous pledge, Insurance Assessment has been eliminated as well as group health insurance expense.
- PR Allowance for Uncollectible Accounts** - This amount is 1% of the Assessments and represents an estimate of amounts potentially to be unpaid. All amounts have been paid in recent years.
- LF Leadership Fund** - Represents expenditures expected to be absorbed by the newly created Quin Foundation Leadership Fund.
- GC General Convention** - The General Convention is the governing body of The Episcopal Church. Every three years it meets as a bicameral legislature that includes the House of Deputies and the House of Bishops, composed of deputies and bishops from each diocese.
- CC Clergy Conference** - Increase is due to expected higher attendance and costs.
- DA Diocesan Asking** - The Diocese has reached its goal to meet the TEC asking (15% of revenues).
- OH Overhead** - These amounts represent reimbursement to the Diocese for overhead expenses incurred on behalf of the Foundations.

Linda Riley Mitchell, CFO

December 10, 2024

Linda Riley Mitchell, CFO

SUMMARY OF 2025 BUDGET CHANGES



The Episcopal Diocese of Texas
SUMMARY OF 2025 BUDGET CHANGES
Increase/Decrease from 2024 Budget to 2025 Budget (in 000)

| <u>Changes in Revenues</u> | Favorable (unfavorable)* | |
|--|--------------------------|-----------------|
| Decrease in other Foundations support | (471) A | |
| Increase in Net Assessment Revenue | 311 B | |
| Changes in Leadership, Youth Ministry and other revenue | (173) C | |
| Total Increase in Revenues | | (332) |
| | | |
| <u>Changes in Expense</u> | | |
| Support of the Episcopal Church | 483 D | |
| Compensation --3% cost of living adjustment | (194) | |
| Youth and young adult programs in Mission Amp to be funded by Quin | 98 | |
| Diocesan Council held at higher cost venue with more participants | (85) | |
| Canonical Expenses - Commission on Ministry | (21) | |
| Rectory Maintenance repairs | (60) | |
| Communication department | 50 | |
| Information Technology decreases | 84 | |
| General Convention is not held in 2025 | 65 | |
| Service and Outreach (Other) | 20 | |
| Diocesan Operating expenses | (56) | |
| Ministry department | 27 | |
| Increase in total expenditures | | \$ 411 |
| Net Revenues over Expenses | | \$79 |

* Favorable = Increases in revenues or decreases in expenses
(Unfavorable) = Decrease in revenues or increases in expenses

Linda Riley Mitchell, CFO

Notes:

- A. Decrease in Foundations support with lower reunification reimbursements
- B. Increase in Assessments due to increased revenues
- C. Youth Events, IONA and Congregational Vitality moved to the Bishop Quin Foundation budget
- D. Calculation of support declined due to lower total revenues in 2025

2025 DIOCESAN ASSESSMENTS

| 2025 Diocesan Aesessments | | | | |
|--------------------------------------|-----------------|-------------|-----------------|--------------------------|
| Church | City | Church Type | 2024 Assessment | 2025 Proposed Assessment |
| Grace Episcopal Church | Alvin | Parish | 15,509 | 17,060 |
| Trinity Episcopal Church | Anahuac | Mission | 2,220 | 2,160 |
| Church of the Holy Comforter | Angleton | Parish | 17,042 | 18,746 |
| All Souls Episcopal Church | Arlington | Parish | 13,026 | 14,329 |
| All Saints Episcopal Church | Austin | Parish | 90,850 | 99,935 |
| Church of the Cross | Austin | Msn / Plnt | 16,819 | 18,501 |
| Church of the Resurrection | Austin | Mission | 14,986 | 16,485 |
| Iglesia San Francisco de Asis | Austin | Mission | 3,672 | 4,039 |
| St Albans Episcopal Church | Austin | Parish | 26,603 | 29,263 |
| St Christophers Episcopal Church | Austin | Parish | 18,482 | 19,170 |
| St Davids Episcopal Church | Austin | Parish | 379,574 | 379,884 |
| St Georges Episcopal Church | Austin | Parish | 15,687 | 17,256 |
| St James Episcopal Church | Austin | Parish | 74,429 | 81,872 |
| St Johns Episcopal Church | Austin | Parish | 15,438 | 13,835 |
| St Lukes on the Lake Epis Church | Austin | Parish | 75,720 | 66,920 |
| St Marks Episcopal Church | Austin | Parish | 64,906 | 71,367 |
| St Matthews Episcopal Church | Austin | Parish | 122,272 | 134,499 |
| St Michaels Episcopal Church | Austin | Parish | 87,390 | 96,129 |
| The Church of the Good Shepherd | Austin | Parish | 337,531 | 359,744 |
| Calvary Episcopal Church | Bastrop | Parish | 27,878 | 30,666 |
| St Marks Episcopal Church | Bay City | Parish | 19,371 | 20,284 |
| Trinity Episcopal Church | Baytown | Parish | 25,834 | 28,417 |
| St Marks Episcopal Church | Beaumont | Parish | 96,722 | 86,933 |
| St Stephens Episcopal Church | Beaumont | Parish | 25,401 | 25,511 |
| St Marys Episcopal Church | Bellville | Parish | 12,705 | 11,807 |
| St Peters Episcopal Church | Brenham | Parish | 27,003 | 29,703 |
| St Andrews Episcopal Church | Bryan | Parish | 50,849 | 46,488 |
| Church of the Epiphany | Burnet | Parish | 9,122 | 10,034 |
| Church of the Epiphany | Calvert | Mission | 722 | 722 |
| All Saints Episcopal Church | Cameron | Mission | 4,873 | 4,363 |
| St Johns Episcopal Church | Carthage | Mission | 2,553 | 2,808 |
| Christ Episcopal Church | Cedar Park | Parish | 13,482 | 14,830 |
| St Johns Episcopal Church | Center | Mission | 2,596 | 2,856 |
| St Francis Episcopal Church | College Station | Parish | 10,487 | 10,366 |
| St Thomas Episcopal Church | College Station | Parish | 48,876 | 53,764 |
| St Johns Episcopal Church | Columbus | Mission | 4,030 | 3,224 |
| St James the Apostle Epis Church | Conroe | Parish | 43,778 | 46,877 |
| St Martins Episcopal Church | Copperas Cove | Mission | 3,387 | 3,157 |
| All Saints Episcopal Church | Crockett | Mission | 1,008 | 1,008 |
| St Aidans Episcopal Church | Cypress | Parish | 41,242 | 37,744 |
| St Marys Episcopal Church | Cypress | Parish | 40,693 | 39,021 |
| Episcopal Church of the Resurrection | Decatur | Mission | 2,232 | 2,455 |
| Holy Trinity Episcopal Church | Dickinson | Parish | 12,420 | 10,473 |
| Christ Church | Eagle Lake | Parish | 6,792 | 7,197 |
| All Saints Episcopal Church | Fort Worth | Parish | 107,707 | 114,325 |
| St Christophers Church | Fort Worth | Mission | 19,105 | 21,016 |
| St Luke-in-the-Meadow Epis Church | Fort Worth | Mission | 10,854 | 8,683 |
| Trinity Episcopal Church | Fort Worth | Parish | 105,716 | 116,288 |
| St Pauls Episcopal Church | Freeport | Parish | 2,010 | 1,669 |
| Church of the Good Shepherd | Friendswood | Parish | 22,072 | 24,279 |
| Grace Episcopal Church | Galveston | Parish | 16,806 | 15,719 |
| St Augustine of Hippo Church | Galveston | Mission | 1,915 | 2,107 |
| Trinity Episcopal Church | Galveston | Parish | 72,404 | 79,644 |

2025 Diocesan Assessments

| Church | City | Church Type | 2024 Assessment | 2025 Proposed Assessment |
|--------------------------------------|--------------|-----------------------------|------------------------|---------------------------------|
| Grace Episcopal Church | Georgetown | Parish | 75,316 | 73,277 |
| Church of the Good Shepherd | Granbury | Parish | 20,607 | 16,486 |
| St Philips Episcopal Church | Hearne | Mission | 1,013 | 1,114 |
| St Bartholomews Church | Hempstead | Parish | 2,892 | 3,141 |
| St Matthews Episcopal Church | Henderson | Parish | 5,904 | 5,564 |
| St Mary Episcopal Church | Hillsboro | Mission | 1,654 | 1,819 |
| Christ Church Cathedral | Houston | Parish | 461,685 | 457,636 |
| Christ the King Episcopal Church | Houston | Mission | 11,891 | 10,385 |
| Church of the Ascension | Houston | Parish | 27,292 | 27,965 |
| Church of the Epiphany | Houston | Parish | 44,103 | 48,221 |
| Church of the Holy Spirit | Houston | Parish | 81,510 | 81,465 |
| Church of the Redeemer | Houston | Mission | 4,648 | 5,113 |
| Emmanuel Episcopal Church | Houston | Parish | 36,242 | 35,086 |
| Grace Episcopal Church | Houston | Parish | 14,850 | 11,880 |
| Hope Episcopal Church | Houston | Parish | 5,693 | 6,262 |
| Iglesia San Mateo | Houston | Mission | 26,049 | 25,881 |
| Lord of the Streets Episcopal Church | Houston | Special Evangelical Mission | 8,345 | 6,676 |
| Palmer Memorial Episcopal Church | Houston | Parish | 178,808 | 177,945 |
| San Pablo/St Paul's Episcopal | Houston | Mission | 11,109 | 10,272 |
| Santa Maria Virgen Episcopal Church | Houston | Mission | 13,173 | 14,490 |
| St Albans Episcopal Church | Houston | Mission | 4,282 | 4,710 |
| St Andrews in the Heights | Houston | Parish | 51,550 | 56,705 |
| St Christophers Episcopal Church | Houston | Parish | 22,880 | 25,168 |
| St Cuthbert Episcopal Church | Houston | Parish | 51,430 | 42,699 |
| St Dunstons Episcopal Church | Houston | Parish | 112,088 | 123,297 |
| St Francis Episcopal Church | Houston | Parish | 231,191 | 251,049 |
| St James Episcopal Church | Houston | Parish | 51,799 | 50,481 |
| St John the Divine Episcopal Church | Houston | Parish | 866,577 | 870,576 |
| St Luke the Evangelist Church | Houston | Parish | 4,113 | 3,586 |
| St Marks Episcopal Church | Houston | Parish | 130,459 | 143,505 |
| St Martins Episcopal Church | Houston | Parish | 1,692,253 | 1,861,478 |
| St Stephens Episcopal Church | Houston | Parish | 117,768 | 109,808 |
| St Thomas Episcopal Church | Houston | Parish | 40,785 | 44,864 |
| St Thomas the Apostle Epis Church | Houston | Parish | 56,672 | 51,373 |
| Trinity Episcopal Church | Houston | Parish | 88,672 | 82,859 |
| Christ the King (Atascocita) | Humble | Parish | 20,836 | 22,920 |
| St Stephens Episcopal Church | Huntsville | Parish | 21,335 | 21,829 |
| St Stephen Episcopal Church | Hurst | Mission | 6,439 | 7,083 |
| Trinity Episcopal Church | Jacksonville | Mission | 2,508 | 2,759 |
| Trinity Episcopal Church | Jasper | Parish | 3,272 | 3,599 |
| Christ Episcopal Church | Jefferson | Mission | 3,894 | 4,283 |
| St Pauls Church | Karnack | Mission | 400 | 400 |
| Holy Apostles Episcopal Church-Katy | Katy | Parish | 89,814 | 97,197 |
| St Pauls Episcopal Church | Katy | Parish | 28,372 | 25,765 |
| St Martin in-the-Fields Church | Keller | Parish | 36,801 | 40,481 |
| St Pauls Episcopal Church | Kilgore | Mission | 5,090 | 5,532 |
| St Christophers Episcopal Church | Killeen | Parish | 11,645 | 11,933 |
| Church of the Good Shepherd | Kingwood | Parish | 91,856 | 86,991 |
| St Michaels Episcopal Church | La Marque | Mission | 8,200 | 7,997 |
| St James Episcopal Church | LaGrange | Parish | 27,750 | 28,432 |
| St Timothys Episcopal Church | Lake Jackson | Parish | 22,122 | 23,755 |

2025 Diocesan Assessments

| Church | City | Church Type | 2024 Assessment | 2025 Proposed Assessment |
|---------------------------------------|---------------|--------------------|------------------------|---------------------------------|
| St Marys Episcopal Church | Lampasas | Parish | 9,867 | 10,496 |
| St Johns Episcopal Church | LaPorte | Parish | 12,772 | 14,049 |
| St Christopher Episcopal Church | League City | Parish | 50,714 | 49,654 |
| St Stephens Episcopal Church | Liberty | Parish | 12,514 | 12,587 |
| St Lukes Episcopal Church | Lindale | Mission | 3,015 | 3,015 |
| St Lukes Episcopal Church | Livingston | Parish | 6,105 | 6,716 |
| St Michael & All Angels Episcopal Ch | Longview | Parish | 8,638 | 9,502 |
| Trinity Episcopal Church | Longview | Parish | 74,028 | 71,785 |
| St Cyprians Episcopal Church | Lufkin | Parish | 46,290 | 44,318 |
| Holy Innocents Episcopal Church | Madisonville | Mission | 963 | 1,059 |
| St Mary Magdalene Episcopal Church | Manor | Msn / Plnt | 5,116 | 4,093 |
| Trinity Episcopal Church | Marble Falls | Parish | 35,249 | 33,515 |
| St Johns Episcopal Church | Marlin | Mission | 2,322 | 2,554 |
| Trinity Episcopal Church | Marshall | Parish | 23,894 | 26,283 |
| Christ Episcopal Church | Matagorda | Mission | 2,261 | 1,809 |
| Christ Episcopal Church | Mexia | Mission | 3,173 | 2,651 |
| St Catherine of Sienna Epis Church | Missouri City | Parish | 27,771 | 30,548 |
| Christ Episcopal Church | Nacogdoches | Parish | 40,640 | 41,500 |
| St Pauls Episcopal Church | Navasota | Parish | 3,134 | 3,106 |
| St Pauls Episcopal Church | Orange | Mission | 6,653 | 7,318 |
| St Johns Episcopal Church | Palacios | Mission | 1,702 | 1,502 |
| St Philips Episcopal Church | Palestine | Parish | 14,534 | 11,627 |
| St Peters Episcopal Church | Pasadena | Mission | 22,189 | 19,843 |
| St Andrews Episcopal Church | Pearland | Parish | 41,569 | 36,993 |
| Holy Trinity Episcopal Church | Port Neches | Parish | 7,852 | 7,852 |
| St Francis of Assisi Epis Church | Prairie View | Parish | 4,109 | 4,520 |
| Calvary Episcopal Church | Richmond | Parish | 49,049 | 53,954 |
| St Marks Episcopal Church | Richmond | Parish | 22,558 | 19,158 |
| St Thomas Episcopal Church | Rockdale | Mission | 1,250 | 1,375 |
| St Julian of Norwich Episcopal Church | Round Rock | Mission | 25,203 | 27,723 |
| St Richards Episcopal Church | Round Rock | Parish | 46,367 | 51,004 |
| St Joseph's Episcopal Church | Salado | Mission | 5,319 | 5,846 |
| Christ Episcopal Church | San Augustine | Mission | 4,144 | 3,315 |
| St Johns Episcopal Church | Sealy | Parish | 4,087 | 4,496 |
| St Johns Episcopal Church | Silsbee | Mission | 5,395 | 5,496 |
| Holy Comforter Episcopal Church | Spring | Parish | 29,462 | 32,408 |
| St. Isidore's Episcopal Church | Spring | Msn / Plnt | 18,088 | 19,897 |
| St Luke Episcopal Church | Stephenville | Parish | 15,529 | 17,082 |
| Holy Cross Episcopal Church | Sugar Land | Parish | 39,342 | 43,276 |
| St James Episcopal Church | Taylor | Mission | 3,259 | 3,585 |
| Christ Episcopal Church | Temple | Parish | 50,440 | 53,968 |
| St Francis Episcopal Church | Temple | Parish | 20,345 | 19,932 |
| St Georges Episcopal Church | Texas City | Parish | 6,855 | 6,084 |
| Trinity Episcopal Church | The Woodlands | Parish | 145,172 | 159,689 |
| Church of the Good Shepherd | Tomball | Parish | 36,561 | 40,217 |
| Christ Episcopal Church | Tyler | Parish | 168,163 | 173,989 |
| St Clare's Episcopal Church | Tyler | Msn / Plnt | 2,813 | 3,094 |
| St Francis Episcopal Church | Tyler | Parish | 19,912 | 21,903 |
| St John's Episcopal Church | Tyler | Mission | 1,258 | 1,130 |
| Episcopal Church of the Holy Spirit | Waco | Parish | 21,308 | 21,766 |
| St Albans Episcopal Church | Waco | Parish | 74,297 | 81,727 |

2025 Diocesan Assessments

| Church | City | Church Type | 2024 Assessment | 2025 Proposed Assessment |
|---------------------------|---------------|--------------------|------------------------|---------------------------------|
| St Pauls Episcopal Church | Waco | Parish | 126,844 | 127,859 |
| St Marys Episcopal Church | West Columbia | Parish | 8,795 | 7,036 |
| St Thomas Church | Wharton | Parish | 13,386 | 13,503 |
| Faith Episcopal Church | Wichita Falls | Mission | 5,369 | 4,295 |
| St Pauls Episcopal Church | Woodville | Mission | 2,608 | 2,608 |
| TOTAL | | | 8,660,690 | 8,995,734 |

Linda Riley Mitchell, CFO

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS REPORT FOR THE
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Episcopal Diocese of Texas

**(An operating unit of the Protestant
Episcopal Church in the Diocese of Texas)**

Financial Statements
and Independent Auditors' Report
for the years ended December 31,
2023 and 2022

Episcopal Diocese of Texas

(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)

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Independent Auditors' Report

To the Council of
the Protestant Episcopal Church in the Diocese of Texas:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Episcopal Diocese of Texas (an operating unit of the Protestant Episcopal Church in the Diocese of Texas), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Episcopal Diocese of Texas as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Episcopal Diocese of Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Episcopal Diocese of Texas' ability to continue as a going concern for 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 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.

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 Episcopal Diocese of Texas' 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 Episcopal Diocese of Texas' 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.

Blazek & Vetterling

September 4, 2024

Episcopal Diocese of Texas

(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)

Statements of Financial Position as of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 1,106,650 | \$ 786,663 |
| Due from Diocesan operating entities | 1,299,330 | 953,952 |
| Assessments receivable from parishes and missions | 86,491 | 280,767 |
| Grants receivable from Diocesan operating entities | 3,866,438 | 5,751,881 |
| Prepaid expenses and other assets | 316,901 | 282,820 |
| Operating right-of-use assets, net <i>(Note 3)</i> | 1,172,112 | 1,306,059 |
| Property, net <i>(Note 4)</i> | <u>1,819,571</u> | <u>1,453,421</u> |
| TOTAL ASSETS | <u>\$ 9,667,493</u> | <u>\$10,815,563</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 844,767 | \$ 961,601 |
| Deferred program fees | 113,777 | 109,768 |
| Operating lease liabilities <i>(Note 3)</i> | 1,179,367 | 1,307,818 |
| Funds held for other related entities | <u>118,554</u> | <u>140,409</u> |
| Total liabilities | <u>2,256,465</u> | <u>2,519,596</u> |
| Net assets: | | |
| Without donor restrictions | 5,799,400 | 7,970,565 |
| With donor restrictions <i>(Note 5)</i> | <u>1,611,628</u> | <u>325,402</u> |
| Total net assets | <u>7,411,028</u> | <u>8,295,967</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 9,667,493</u> | <u>\$10,815,563</u> |

See accompanying notes to financial statements.

Episcopal Diocese of Texas

(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)

Statement of Activities for the year ended December 31, 2023

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|--|-------------------------------|----------------------------|---------------------|
| OPERATING REVENUE: | | | |
| Diocesan assessments of parishes and missions Support from Diocesan operating entities: | \$ 8,248,313 | | \$ 8,248,313 |
| The Episcopal Health Foundation | 1,024,032 | | 1,024,032 |
| Protestant Episcopal Church Council of the Dioceses of Texas | 797,557 | | 797,557 |
| Episcopal Foundation of Texas | 513,372 | | 513,372 |
| The Bishop Quin Foundation | 504,556 | | 504,556 |
| The Great Commission Foundation | 489,387 | | 489,387 |
| Contributions | 7,272 | \$ 1,416,587 | 1,423,859 |
| Program fees | <u>445,414</u> | | <u>445,414</u> |
| Total operating revenue | 12,029,903 | 1,416,587 | 13,446,490 |
| Net assets released from restrictions: Disaster relief and recovery | 95,742 | (95,742) | |
| Diocesan services | <u>34,619</u> | <u>(34,619)</u> | |
| Total | <u>12,160,264</u> | <u>1,286,226</u> | <u>13,446,490</u> |
| OPERATING EXPENSES: | | | |
| Program services | 9,155,507 | | 9,155,507 |
| Management and general | 3,169,943 | | 3,169,943 |
| Unallocated payments for support of the National Episcopal Church and the Anglican Communion | <u>2,005,979</u> | | <u>2,005,979</u> |
| Total expenses (Note 7) | <u>14,331,429</u> | | <u>14,331,429</u> |
| CHANGES IN NET ASSETS | (2,171,165) | 1,286,226 | (884,939) |
| Net assets, beginning of year | <u>7,970,565</u> | <u>325,402</u> | <u>8,295,967</u> |
| Net assets, end of year | <u>\$ 5,799,400</u> | <u>\$ 1,611,628</u> | <u>\$ 7,411,028</u> |

See accompanying notes to financial statements.

Episcopal Diocese of Texas

(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)

Statement of Activities for the year ended December 31, 2022

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|--|-------------------------------|----------------------------|---------------------|
| OPERATING REVENUE: | | | |
| Diocesan assessments of parishes and missions Support from Diocesan operating entities: | \$ 8,502,432 | | \$ 8,502,432 |
| The Episcopal Health Foundation | 868,124 | | 868,124 |
| Protestant Episcopal Church Council of the Dioceses of Texas | 1,270,052 | | 1,270,052 |
| Episcopal Foundation of Texas | 3,466,704 | | 3,466,704 |
| The Bishop Quin Foundation | 439,599 | | 439,599 |
| The Great Commission Foundation | 418,171 | | 418,171 |
| Contributions | 17,346 | \$ 261,607 | 278,953 |
| Program fees | <u>532,898</u> | | <u>532,898</u> |
| Total operating revenue | 15,515,326 | 261,607 | 15,776,933 |
| Net assets released from restrictions: Disaster relief and recovery | 357,800 | (357,800) | |
| Diocesan services | <u>64,319</u> | <u>(64,319)</u> | |
| Total | <u>15,937,445</u> | <u>(160,512)</u> | <u>15,776,933</u> |
| OPERATING EXPENSES: | | | |
| Program services | 9,836,648 | | 9,836,648 |
| Management and general | 2,909,744 | | 2,909,744 |
| Unallocated payments for support of the National Episcopal Church and the Anglican Communion | <u>1,736,311</u> | | <u>1,736,311</u> |
| Total operating expenses (Note 7) | <u>14,482,703</u> | | <u>14,482,703</u> |
| Changes in net assets from operations | 1,454,742 | (160,512) | 1,294,230 |
| OTHER CHANGES: | | | |
| Transfer from Episcopal Church in North Texas | 615,921 | | 615,921 |
| Reunification transition expenses | <u>(725,772)</u> | | <u>(725,772)</u> |
| CHANGES IN NET ASSETS | 1,344,891 | (160,512) | 1,184,379 |
| Net assets, beginning of year | <u>6,625,674</u> | <u>485,914</u> | <u>7,111,588</u> |
| Net assets, end of year | <u>\$ 7,970,565</u> | <u>\$ 325,402</u> | <u>\$ 8,295,967</u> |

See accompanying notes to financial statements.

Episcopal Diocese of Texas

(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)

Statement of Functional Expenses for the year ended December 31, 2023

| | PROGRAM SERVICES | MANAGEMENT AND GENERAL | UNALLOCATED PAYMENTS | TOTAL |
|--|---------------------|------------------------------|-------------------------|---------------------|
| Payroll and related benefits | \$ 4,995,144 | \$ 2,069,786 | | \$ 7,064,930 |
| Support of the National Episcopal Church and the Anglican Communion | | | \$ 2,005,979 | 2,005,979 |
| Travel and meals | 1,065,573 | 90,510 | | 1,156,083 |
| Grants: | | | | |
| Related entities | 717,354 | | | 717,354 |
| Others | 205,358 | | | 205,358 |
| Diocesan operating entities | 3,000 | | | 3,000 |
| Occupancy | 425,348 | 260,277 | | 685,625 |
| Technology | 322,446 | 118,463 | | 440,909 |
| Professional fees | 181,626 | 191,611 | | 373,237 |
| Financial services support provided by FSC | | 336,662 | | 336,662 |
| Office supplies and expenses | 292,861 | 33,650 | | 326,511 |
| Depreciation and amortization | 238,969 | 32,069 | | 271,038 |
| Venue and equipment rental | 262,075 | | | 262,075 |
| Insurance | 142,556 | 27,327 | | 169,883 |
| Other | 303,197 | 9,588 | | 312,785 |
| Total expenses | <u>\$ 9,155,507</u> | <u>\$ 3,169,943</u> | <u>\$ 2,005,979</u> | <u>\$14,331,429</u> |

See accompanying notes to financial statements.

Episcopal Diocese of Texas

(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)

Statement of Functional Expenses for the year ended December 31, 2022

| | PROGRAM SERVICES | MANAGEMENT AND GENERAL | UNALLOCATED PAYMENTS | TOTAL |
|--|---------------------|------------------------------|-------------------------|---------------------|
| Payroll and related benefits | \$ 5,037,889 | \$ 1,778,163 | | \$ 6,816,052 |
| Support of the National Episcopal Church and the Anglican Communion | | | \$ 1,736,311 | 1,736,311 |
| Travel and meals | 999,020 | 98,685 | | 1,097,705 |
| Grants: | | | | |
| Related entities | 1,618,490 | | | 1,618,490 |
| Others | 385,405 | | | 385,405 |
| Diocesan operating entities | 350,000 | | | 350,000 |
| Occupancy | 370,033 | 251,558 | | 621,591 |
| Technology | 294,820 | 100,576 | | 395,396 |
| Professional fees | 222,516 | 262,856 | | 485,372 |
| Financial services support provided by FSC | | 321,787 | | 321,787 |
| Office supplies and expenses | 211,360 | 34,787 | | 246,147 |
| Depreciation and amortization | 177,290 | 18,204 | | 195,494 |
| Venue and equipment rental | 364,104 | | | 364,104 |
| Insurance | 150,960 | 25,343 | | 176,303 |
| Other | <u>380,533</u> | <u>17,785</u> | | <u>398,318</u> |
| Total expenses | 10,562,420 | 2,909,744 | 1,736,311 | 15,208,475 |
| Less reunification transition expenses | <u>(725,772)</u> | | | <u>(725,772)</u> |
| Total operating expenses | <u>\$ 9,836,648</u> | <u>\$ 2,909,744</u> | <u>\$ 1,736,311</u> | <u>\$14,482,703</u> |

See accompanying notes to financial statements.

Episcopal Diocese of Texas

(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)

Statements of Cash Flows for the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | \$ (884,939) | \$ 1,184,379 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 271,038 | 195,494 |
| Gain on sale of property | (30,500) | |
| Changes in operating assets and liabilities: Due from Diocesan operating entities | (345,378) | 566,469 |
| Assessments receivable | 194,276 | (86,116) |
| Grants receivable from Diocesan operating entities | 1,885,443 | (1,481,544) |
| Prepaid expenses and other assets | (34,081) | 56,158 |
| Operating right-of-use assets | 133,947 | (1,306,059) |
| Accounts payable and accrued expenses | (116,834) | 302,741 |
| Deferred program fees | 4,009 | (7,203) |
| Operating lease liabilities | (128,451) | 1,307,818 |
| Funds held for other related entities | <u>(21,855)</u> | <u>56,251</u> |
| Net cash provided by operating activities | <u>926,675</u> | <u>788,388</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property | (637,188) | (561,441) |
| Proceeds from sale of property | <u>30,500</u> | <u> </u> |
| Net cash used by investing activities | <u>(606,688)</u> | <u>(561,441)</u> |
| NET CHANGE IN CASH | 319,987 | 226,947 |
| Cash, beginning of year | <u>786,663</u> | <u>559,716</u> |
| Cash, end of year | <u>\$ 1,106,650</u> | <u>\$ 786,663</u> |

Supplemental disclosure of cash flow information:

Lease right-of-use assets financed by new operating lease liabilities \$340,994

See accompanying notes to financial statements.

Episcopal Diocese of Texas

(An operating unit of the Protestant Episcopal Church in the Diocese of Texas)

Notes to Financial Statements for the years ended December 31, 2023 and 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Episcopal Diocese of Texas (EDOT) is an operating unit of the Protestant Episcopal Church in the Diocese of Texas (the Diocese). EDOT was organized in 1836 in the State of Texas and is a constituent of the Protestant Episcopal Church of the United States of America. The Diocese is an ecclesiastical territory that extends from the Louisiana border to portions of northern, central, eastern, and southeastern Texas. The authority of the Diocese is vested in the Bishop, the Council of the Diocese, and a standing committee. EDOT carries out the ministry of the Diocese and is supported primarily through assessments from parishes within the Diocese. EDOT functions in coordination with the operations of the Protestant Episcopal Church Council in the Diocese of Texas, which guarantees its outstanding liabilities and provides Diocesan operating facilities and other support.

In carrying out the ministry of the Diocese, EDOT hosts the annual council and clergy conferences, supports new church planting and missions and ministries of the Diocese, provides training for lay leaders who wish to become active leaders in the Episcopal Church, provides grants and other assistance to Diocesan operating entities, related Diocesan entities and others, and provides funding to the National Episcopal Church and the Anglican Communion.

Related entities – The Executive Board (the Board) of the Diocese is composed of the Bishop and fifteen members elected by the Council of the Diocese. The Board is responsible for the governance of EDOT and pursuant to various Canons, the Board has certain oversight responsibilities relating to the affairs of the following related Diocesan operating entities:

- *EDOT Financial Services Corporation (FSC)* was created to provide human resource, accounting, financial, and investment management services support to the related Diocesan operating entities, as well as administering health benefits for clergy and certain lay employees throughout the Diocese.
- *Protestant Episcopal Church Council of the Diocese of Texas (Church Corporation)* receives, holds, manages, and administers funds and properties acquired by gift or purchase for the use and benefit of the Diocese and any Diocesan institution. Additionally, it may also receive, hold, and manage funds held for the use and benefit of any parish or mission in the Diocese.
- *The Great Commission Foundation (GCF)* was created in 2013 to support missionary and church planting strategies of the Diocese.
- *Episcopal Foundation of Texas (EFT)* was created to hold and administer certain assets for the purpose of providing grants and loans for religious, educational, and charitable purposes to designated Diocesan entities.
- *The Bishop Quin Foundation (BQ)* was created in 1943 to commemorate the 25th anniversary of the consecration of the Right Reverend Clinton S. Quin as Bishop. The broad objectives of BQ include such religious, charitable, and educational activities as determined by the Bishop and the Board of Trustees to be in furtherance of the spiritual and physical welfare of the Diocese.
- *The Episcopal Health Foundation (EHF)* was created in 2013 with proceeds from the transfer of the

membership of the St. Luke's Episcopal Health System to an unrelated not-for-profit entity. The focus of EHF is to promote the health and well-being of the 10 million people in the counties served by the Episcopal Diocese of Texas.

EDOT routinely engages in transactions, such as providing grants and other support, with Diocesan operating entities and other related entities that are directly or indirectly governed by the Council of the Diocese. Other related entities include parishes, schools, and missions.

Basis of presentation – These financial statements include only the assets, liabilities, net assets, and activities of EDOT. The accompanying financial statements do not include the assets, liabilities, net assets, and activities of the related Diocesan operating entities, and other related entities. Each of these other related entities is an operating entity distinct from EDOT, maintains separate financial records, and administers its own services and programs.

Federal income tax status – The Protestant Episcopal Church in the Diocese of Texas is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code as a religious organization and is classified as a public charity under §170(b)(1)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Assessments receivable from parishes and missions represent non-interest-bearing amounts due for services for which EDOT has completed all performance obligations. Management estimates credit losses based on historical collection experience adjusted for management's expectations about current and future economic conditions which indicate that there are no expected credit losses at December 31, 2023 or 2022.

Grants receivable that are expected to be collected within one year are reported at net realizable value. Grants receivable that are expected to be collected in future years are discounted, if material, to the present value of the expected future cash flows. Grants receivable at December 31, 2023 are expected to be collected within one year.

Property with a cost of \$500 or more and an estimated useful life of more than one year is capitalized and reported at cost, if purchased, and at fair value at the date of gift if donated. EDOT provides for depreciation using the straight-line method based upon estimated useful lives of 3 to 7 years.

Operating lease right-of-use assets – A right-of-use asset is recognized at the net present value of the lease payments at inception of the lease. Lease expense is recognized on a straight-line basis. EDOT recognizes leases with a lease term of 12 months or less as expense on a straight-line basis over the lease term. EDOT elected to use its incremental borrowing rate when the rate implicit in a lease is not readily determinable.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Diocesan assessments of parishes and missions – The Diocese levies assessments on its parishes and missions based on the size of operating revenues and certain other factors to support Diocesan operations. Revenue is recognized in the amount that EDOT expects to be entitled to collect when the assessment is levied.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *net assets with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before EDOT is entitled to receive or retain funding. Conditional contributions are recognized in the same manner when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Program fees are recognized as revenue at a point in time when the event occurs or the services are provided. Program fees are billed in advance and are due when billed. Payments collected but not yet recognized are deferred and recognized in the following year when the event occurs. Deferred program fees were \$113,777 in 2023, \$109,768 in 2022 and \$116,971 in 2021.

Changes in net assets from operations – EDOT includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Contributions and transition expenses associated with the reunification with the North Texas Diocese are excluded from the changes in net assets from operations.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on square footage. Information technology costs are allocated based on estimates of time and costs of specific technology utilized.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Financial assets: | | |
| Cash | \$ 1,106,650 | \$ 786,663 |
| Accounts receivable, net | 1,480,786 | 1,307,185 |
| Grants receivable from Diocesan operating entities | <u>3,866,438</u> | <u>5,751,881</u> |
| Total financial assets | 6,453,874 | 7,845,729 |
| Less financial assets not available for general expenditure: | | |
| Donor-restricted net assets subject to satisfaction of restrictions | (1,341,527) | (25,222) |
| Funds held for other related entities | <u>(118,554)</u> | <u>(140,409)</u> |
| Total financial assets available for general expenditure | <u>\$ 4,993,793</u> | <u>\$ 7,680,098</u> |

For purposes of analyzing resources available to meet expenditures over a 12-month period, EDOT considers all expenditures related to its ongoing program activities and disaster relief, as well as the conduct of services undertaken to support those activities, to be general expenditures.

EDOT is supported by assessments from related parishes and missions and by support from Diocesan operating entities. Assessments are approved annually by the Diocesan Council. EDOT monitors liquidity required to meet its operating budget and other contractual commitments. In addition to financial assets available to meet general expenditures, EDOT has a \$1.0 million line of credit with a bank with an interest rate of prime less 0.75% (6.75% at December 31, 2023) and a 2.8% floor, expiring in March 2026. The line of credit is guaranteed by Church Corporation. There were no amounts outstanding on the line of credit at December 31, 2023 or 2022.

NOTE 3 – LEASES

At December 31, 2023, operating lease right-of-use assets and lease liabilities included real property subleases from related Diocesan operating entities. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. EDOT elected to not separate the lease components and non-lease components for real estate leases where the components were explicitly stated. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

Lease costs recognized during the years ended December 31, 2023 and 2022 were approximately \$172,000 and \$121,000, respectively. During the years ended December 31, 2023 and 2022, cash paid for amounts included in the measurement of operating lease liabilities was approximately \$167,000 and

\$120,000, respectively.

Undiscounted cash flows related to operating leases as of December 31, 2023 are as follows:

| | |
|--|---------------------|
| 2024 | \$ 170,290 |
| 2025 | 173,253 |
| 2026 | 175,280 |
| 2027 | 155,514 |
| Thereafter | <u>755,456</u> |
| Total undiscounted cash flows | 1,429,793 |
| Less discount to present value | <u>(250,426)</u> |
| Total present value of lease liabilities | <u>\$ 1,179,367</u> |

The weighted-average lease term and discount rates are as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|-------------|-------------|
| Weighted-average remaining lease term | 166 months | 170 months |
| Weighted-average discount rate | 3.1% | 3.1% |

NOTE 4 – PROPERTY

Property consists of the following:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|---------------------|---------------------|
| Furniture, fixtures and equipment | \$ 2,948,262 | \$ 2,394,110 |
| Vehicles | <u>391,909</u> | <u>405,165</u> |
| Total property, at cost | 3,340,171 | 2,799,275 |
| Accumulated depreciation | <u>(1,520,600)</u> | <u>(1,345,854)</u> |
| Property, net | <u>\$ 1,819,571</u> | <u>\$ 1,453,421</u> |

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|-------------------|
| Subject to expenditure for specified purpose: Missions | \$ 1,268,343 | \$ 25,222 |
| Disaster relief program | 255,134 | 300,180 |
| Other | <u>88,151</u> | <u> </u> |
| Total net assets with donor restrictions | <u>\$ 1,611,628</u> | <u>\$ 325,402</u> |

NOTE 6 – RETIREMENT PLANS

Clergy Plan

EDOT is a participating employer in pension plans sponsored and administered by The Church Pension Fund (the Fund). The Fund, a corporation chartered in 1914 by the Legislature of the State of New York, was established by the General Convention of the Episcopal Church. The Fund and its affiliates are official agencies of the Episcopal Church and operate under the Canons of the Episcopal Church.

The Clergy Pension Plan (the Clergy Plan) is a defined benefit plan providing retirement, death and disability benefits to eligible clergy of the Episcopal Church. The Clergy Plan (the Plan) is exempt from the federal income taxes and, as church plans are exempt from the Employee Retirement Income Security Act of 1974, the Plan is not subject to Pension Benefit Guaranty Corporation requirements.

The assets of the Plan are pooled along with other assets of the Fund solely for investment purposes for the benefit of all participants. The Fund may amend, terminate or modify the terms of the Plan, including the employer assessment rate, at any time, without notice and for any reason. Should the Plan terminate, the Fund has the authority to distribute assets in accordance with the terms of the respective Plan's documents.

All bishops, priests and deacons who are canonically resident in a domestic diocese of the Episcopal Church and who are not participating in the International Clergy Pension Plan must participate in the Clergy Plan if the cleric receives \$200 or more per month in compensation for three or more consecutive months from the same employer. Participating employers pay assessments to the Plan on behalf of the eligible participants. Assessments for the Clergy Plan are equal to 18% of the applicable participants' compensation, which includes salaries, other cash compensation and the value of housing. Assessments are not held in individual accounts but are invested in a general fund of pooled contributions for all employees participating in the Plan.

EDOT recognizes its assessments in the period that the related services are provided by the clergy. During 2023 and 2022, EDOT recognized assessments to the Plan totaling approximately \$484,000 and \$453,000, respectively.

The funding positions of the Plan as of March 31, 2023 and 2022, as reported in the Fund's latest audited financial statements, are summarized below.

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|-------------------------|
| Net assets available for pension benefits – after amount designated for assessment deficiencies | \$ 14,016,095,000 | \$ 14,822,517,000 |
| Less: Actuarial present value of accumulated plan benefit obligations | <u>(6,044,892,000)</u> | <u>(6,683,016,000)</u> |
| Surplus | <u>\$ 7,971,203,000</u> | <u>\$ 8,139,501,000</u> |
| Funding percentage | 232% | 222% |

Non-clergy employees

EDOT sponsors a defined contribution benefit plan for non-clergy employees, which is qualified under §403(b) of the Internal Revenue Code. EDOT makes contributions based on employees' annual compensation. EDOT contributed approximately \$372,000 and \$388,000 to this plan in 2023 and 2022, respectively.

NOTE 7 – RELATED ENTITY TRANSACTIONS

EDOT uses Camp Allen Camp and Conference Center (Camp Allen) facilities for meetings and conferences and recognized expenses for use of those facilities totaling approximately \$538,000 and \$472,000 during 2023 and 2022, respectively. EDOT recognized expenses provided by FSC for administrative support totaling approximately \$337,000 in 2023 and \$322,000 in 2022, and for health costs totaling approximately \$350,000 in 2022. EDOT paid EFT approximately \$60,000 for rent in both 2023 and 2022. EDOT paid Church Corporation approximately \$206,000 for rent in both 2023 and 2022. The amounts are included in expenses in these financial statements.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 4, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Linda Riley Mitchell, CFO

HEALTH INSURANCE

The Diocese of Texas purchases its health insurance coverage through the group medical plans offered by the Episcopal Church Medical Trust (an affiliate of the Church Pension Fund). These plans cover all eligible active clergy, retired clergy, clergy spouses, diocesan lay employees, lay employees of churches, schools and institutions and the eligible dependents of each of these groups.

To active participants the Diocese currently offers ten Medical Trust Plans:

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

The Medical Trust offers UnitedHealthcare Group Medicare Advantage (PPO) plan to eligible retired clergy and their dependents with health and prescription drug coverage, the Group Medicare Advantage plan will continue to be offered in 2025. In addition, the Employee Assistance Program (EAP) is available to all diocesan Clergy, Lay employees, and dependents enrolled in medical coverage. For those employees who do not have active medical coverage, the EAP is also available as a stand-alone plan. All medical plans include integrated Behavioral Health benefits. In addition, the Medical Trust will provide Hearing Aid benefits to employees and dependents enrolled in any of the active or retiree medical plans. Hearing Aid benefits cover up to \$1,500 per ear every three years. Employees are encouraged to contact their health plan carrier for information about Hearing Aid benefits.

Overall, the cost of health insurance for active diocesan clergy, parishes and institutions' employees rose by 4.20% for 2025. This increase is less than the average for premium increases across the United States. In January 2022, the Insurance Task Force recommended to the Executive Board, and the Board passed, the following: Effective January 1, 2022, all eligible clergy and lay diocesan staff will have medical coverage for family paid for by the Diocese. Clergy and diocesan lay staff can elect single, family, spouse, and child(ren) coverage depending upon their personal circumstances at no cost to them. This does not apply to lay employees of churches, schools, and institutions. Those organizations may choose to pay for family coverage for lay employees. Diocesan clergy and lay staff hired before December 31, 2014, will continue to retain their benefits up to the family tier at no cost.

In February 2022, the Episcopal Health Foundation granted \$200 Million to the Bishop Quin Foundation for clergy and lay diocesan staff medical. These funds allowed churches to no longer have to fund insurance assessments. In 2023, this was a savings of \$517,000 for the churches.

Please call or email Zee Turnbull, Director of Human Resources, at 713-353-2120, zturnbull@epicenter.org for further information regarding health insurance.

Linda Riley Mitchell, CFO

CLERGY LIFE INSURANCE

Since January 1, 2018, the Church Pension Fund increased the life insurance coverage available to clergy and began providing up to \$150,000 in life insurance for all eligible, active clergy. This increased benefit generates imputed taxable income to the clergyperson under the Internal Revenue Code. **CPF provides a calculation of this imputed income annually to the Diocese.** Churches will need to include this amount on the clergy person's W-2 each year.

Retired clergy or clergy person with 25 years of credited service will continue to receive \$50,000 of life insurance for retiree life insurance. We emphasize how **extremely important** it is that pension assessments be paid currently for all active clergy. Failure to do so by their parishes could result in the loss of this important life insurance benefit to the clergy. If the pension assessments for a priest are in arrears by more than twelve months and the priest should die, life insurance benefit will not be paid.

Since 2002, Supplemental Life Insurance has been offered to all active clergy and lay employees under the age of 65. This plan offers the option to purchase Supplemental Term Life Insurance for the eligible clergy person or lay employee up to three times the life insurance benefit the Diocese provides. Or, they may purchase in increments of \$50,000 to a maximum of \$500,000 of coverage. Spousal coverage is based on the same calculation; however, it is limited to a maximum coverage of \$240,000. Clergy and lay employees will be responsible for the premiums and may apply at the date of hire. Premiums are based upon age and change in five-year increments. The supplemental term life insurance will be automatically reduced by 50% at age 65 and terminates at age 70.

For more information, please call or email Zee Turnbull, Director of Human Resources at the Diocesan Center at 713-353-2120, zturnbull@epicenter.org.

Linda Riley Mitchell, CFO

PENSIONS

Pensions are provided to the clergy through participation in the Church Pension Fund. This is funded by monthly contributions based on the compensation of clergy in each parish. Parishes are responsible for making monthly contributions. Individual clergy should also review their reports from the Pension Fund to assure the accuracy and timeliness of the amounts remitted to the Church Pension Fund. Delay in reporting changes results in retroactive adjustments, which are difficult to manage. In addition, adjustments can only be

made for the previous two years, so failure to report adjustments could result in lower pension bases and therefore reduced pensions at retirement.

The Pension Fund's total net assets for the fiscal year ending March 31, 2024, were \$17.5 billion. The fund has paid \$9 billion in employee benefits since inception. The portfolio continues to grow and is sufficient to cover promised future obligations. The Pension Fund paid out a total of \$460 million in pensions and other benefits from April 1, 2023, to March 31, 2024.

The following fact delineates the benefits summary for period ending March 31, 2024:

Fast Facts:

13,934 active and retired participants in defined benefits plans.

2,799 active and retired lay participants in a defined benefit plan.

2,123 active clergy participants in a defined contribution plan.

12,848 active lay participants in a defined contribution plan.

\$98.4m annual assessments received from clergy, lay employees, and CPG staff

\$417m annual benefits paid for pension, medical supplement and life insurance for clergy and dependents, lay employees, and CPG staff

As the number of retirees increases in every diocese, the Church Pension Fund, through its ministry to the retired, is available to assist chaplains designated by our bishop in the ministry established in our diocese. Through personal contact and educational services, they are willing to assist the chaplains in interpreting pension benefits as well as introduce proven programs for ministry to and with the retired. The Church Pension Fund, in conjunction with the Diocese, provides training to enhance the pastoral ministry of these chaplains. The Church Pension Fund's Department of Pastoral Care and Education continues to offer Planning for Tomorrow Conferences, presented in each diocese every five years.

Church treasurers should be aware that 30% of the clergy's compensation is the annual housing factor to be used when computing the pension base for a clergy person who lives in a home owned by the church. Amounts reimbursed to clergy for payment of their self-employment social security also form part of the pension base along with salary, housing allowance and utility allowances. Forms for calculation of clergy pension are available on the Diocesan website.

Church treasurers should promptly notify the Church Pension Fund office of all changes in compensation paid to their clergy staff. Monthly Pension assessment statements are issued by the Church Pension Fund and are based upon information on file. For questions or information, contact the Church Pension Group is 866-802-6333 or Zee Turnbull at 713-353-2120 or zturnbull@epicenter.org.

Linda Riley Mitchell, CFO

PROPERTY INSURANCE

Most congregations within the Diocese have property, casualty, and personal property insurance with the Church Insurance Company of Vermont or their product partners. Parishes, Missions, and entities within the Diocese are free to insure their property with any reputable company of their choice, so long as the coverages afforded are in accordance with Title II, Canon 5.2. This Canon requires that the coverages afforded under policies purchased from outside sources be comparable to those from the Church Insurance Company in the Diocesan master policy. Many commercial carriers will not write sexual misconduct insurance for churches and this coverage is required by the Diocese.

It is recommended to perform an annual review of your insurance coverage for general liability, sexual misconduct, non-owned auto, worker's compensation, director's and officer's liability and umbrella liability provisions.

Flood coverage at Church Insurance is a \$1,000,000 maximum limit, which is the minimum coverage to carry for flood. A Blanket Crime provision covers theft within churches with a \$25,000 limit, additional coverage is available at the church's expense. Specific entities may find that they require other more expanded coverages to protect fine art, stained glass, vestments, or other valuable church property. Church Insurance protects their insureds with all these coverages through their policy. They are also available to assist in reviewing coverage.

Church Insurance Agency has obtained product partners to provide quality coverage in several areas at a more affordable rate, such as director's and officer's and umbrella liabilities and this coverage is recommended by the Diocese.

For information and assistance with insurance through the Church Insurance Company, please contact our agent Mr. John Scheffler, Vice President of Client Services, at 972-355-0927 or via email to JScheffler@cpg.org or Jonathan Blaker, Director of Treasury at the Diocesan office at 713-353-2134 or jblaker@epicenter.org.

Linda Riley Mitchell, CFO

COMMITTEES AND BOARDS CREATED BY CANON

AUSTIN CONVOCATION

In 2024, the Austin Clericus gathered regularly for those conversations that draw us together as clergy and Episcopalians in the greater Austin area, such as Christian formation and discipleship, stewardship, and navigating this sociopolitical moment together. Ordinations of clergy brought us together in the spring and the fall as we celebrated with the Rev. Dr. Steven Tomlinson, the Rev. Amy Moenke, the Rev. Allen Junek, and the Rev. Zoe Cordes Selbin. We also came together to celebrate the installation of the Rev. Kathy Pfister at St. Luke's on the Lake and the Rev. Alyssa Stebbing at St. Christopher's.

Eileen O'Brien, Dean

CENTRAL CONVOCATION

Texas A&M-Prairie View- Canterbury House

We have seen a consistent turnout at our meetings, with an average attendance of 30 members. Our members are primarily graduate students from Prairie View A&M University, showcasing a strong commitment to our mission and community engagement. This high level of participation has fostered a vibrant and supportive environment, allowing for meaningful connections and collaboration in our activities.

The year 2024 was marked by numerous significant events for PVAMU Canterbury, fostering community engagement, spiritual growth, and support for those in need. Canterbury sent two delegates to diocesan council. Canterbury held regular opportunities for worship and Bible study and for fun a game night and bowling night we offered. Canterbury students served on Wednesdays at Waller High School, engaged in various projects such as assisting at local food banks and volunteering at a shelter, and assisted with ESL classes.

Saint Francis, College Station.

Much of 2024 was spent preparing for the arrival of Middleway Urban Monastery into our Education Building. Most of the renovations were done by professionals, but during September the finishing touches were shared by volunteers from Middleway along with our parishioners. We are also pleased to have the FIND program in spiritual direction meeting monthly in the Middleway building.

Simultaneously, we were able to implement several initiatives that would make our overall campus more welcoming to those visiting either of our communities. We have seen a dramatic increase in visitors and those seeking membership during the past 8 months.

Our Blessing Box Ministry continues to thrive as donations to the Food Pantry enable our volunteers to restock the Blessing Box every single day. We have even observed residents of the local community stocking the Blessing Box themselves! We are experiencing much joy as more people visit our campus and participate in the breadth of spiritual opportunities offered here.

Christ Episcopal Church, Eagle Lake

This year we had 1 adult baptized with the laying of hands on the day of Bishop Ryan's visit. We had 7 confirmations (adults and teens). We had 3 adults received into our church and we had 2 weddings. Our Average Sunday attendance grow from 31 to 37.

Recently, we received a generous donation from the Wintermann Foundation for our endowment, a total of \$300,000. This is the first time that we have received money to put towards the growth of the endowment.

We tried a Drive by Ashes for Ash Wednesday and we continued with the youth group and the blessing of the animals.

For the first time in the life of the church, we had a Dia de los Muertos celebration. Also, we joined with the Nacer de Nuevo Group to walk the streets of Eagle Lake and invite our neighbors to the Spanish Service. We plan to have our first Posada later in December.

We welcomed the Episcopal Health Foundation in December to meet with the Spanish Service members and discuss a pilot project for 2025. We also became sponsors for the Scouts Program to start at Eagle Lake from our parish hall.

Saint Andrew's, Bryan

This year we baptized two adults and two children, and twelve adults were confirmed or received. We also had a strong annual pledge campaign which was almost at pre-2020 levels of participation and pledging.

Though still under the auspices of Saint Andrew's we were glad that Middleway Urban Monastery found a home at Saint Francis, College Station. We hope this move will be beneficial for all.

We continue to work with the Diocese of Texas church planter the Rev. Ben Sanchez and the church plant, Espiritu Santo, to establish a Latino church in Bryan.

Saint Andrew's has worked with other organizations to form a hunger free coalition to address food insecurity. Saint Andrew's serves as the backbone organization for Brazos Hunger Solutions.

In 2024 Saint Andrew's offered Morning and Evening Prayer Monday through Friday and celebrated the Eucharist on saints' days which have provided members and visitors with more opportunities for prayer and worship.

Daryl Hay, Dean

EAST HARRIS CONVOCATION

The clergy of the East Harris Convocation met monthly on the 4th Thursday, except the summer months of June, July, and August. In addition, we did not meet in October because of clergy conference. All of the meetings were facilitated except for when we met with Bishop Monterosso during his annual visitation with us in the month of November.

Our meetings consisted of sharing what's going on with us personally and professionally, giving an opportunity for all to share what sort of changes and events that are happening in our ministries and in our families. In 2024, our facilitators focused on more pointed questions regarding specific goals that we have for ourselves and our ministries. It's a great time of connection and support. At the end of the meeting, we share information in regard to what's good for the whole group, especially any directives from the diocese.

Over the course of the years, we've been fortunate to have excellent facilitators for our group, who were persons who were gifted with the ability to handle a group of clergy leaders and give us space to be open. During 2024, we transitioned from Jayda Washington as our facilitator to Judy Burfict.

Victor J. Thomas, Dean

FORTWORTH CONVOCATION

In 2024, the churches of the Fort Worth Convocation and the North Region of the Diocese of Texas all report trends of steady growth and vibrancy. The convocation has enjoyed a strong sense of collegiality, with All Saints Episcopal School hosting our clericus meetings in the Spring, and different congregations hosting in the fall. The Rev. Karen Calafat did a wonderful job serving as dean for the convocation from the time of the region's entry into the diocese in 2022, stepping down in August of 2024. We are all grateful for her leadership. Reports from individual congregations in the convocation include:

All Saints' Episcopal Church, Fort Worth (Madeleine Hill, Priest in Charge)

2024 was a year of growth for All Saints' Episcopal Church! We have welcomed more than 80 new members to our parish and seen a significant increase in our Sunday morning attendance. Our programs are growing alongside our ministries! We began new small groups, Bible studies, and opportunities for fellowship. Our feeding program is now serving 465 meals every week to hungry children in our city. We worked with our mission partners in Kenya to build and dedicate a new apartment building for teachers, helping to attract and retain high quality instructors for the children in our care. There is excitement all around!

We are also in the midst of transition. In January, we celebrated the ministry of Fr. Jambor, the 6th Rector of All Saints', as he began his retirement. The search for the 7th Rector of All Saints' has begun.

All the while, our leadership has been hard at work making plans and laying the groundwork for our next chapter. The future is bright at All Saints' Episcopal Church.

All Saints Episcopal School, Fort Worth (Tad Bird, Head of School)

2023-2024 was another banner year for All Saints' Episcopal School of Fort Worth, the flagship EC-12th grade, college preparatory Episcopal School in the region. We opened the 2023-'24 year with a record enrollment of 1,230. Programs soared, highlighted by our Middle and Upper School Rocket Team's participation in the NASA Rocket Challenge National Finals, the only private school in Texas with such distinction to have had teams make the finals for 3 straight years. Perhaps most important, alongside excellence in the classrooms, the stage, and playing fields, remains our daily commitment to corporate worship in the Episcopal tradition. All Saints' Episcopal School continues to thrive because we embrace the dynamic, but complementary tension between faith and reason like no other school. The journey of the mind and spirit is alive and well in our community.

All Souls Episcopal Church, Arlington (Kevin Johnson, Rector)

After twelve years in an "interim" location and two years of discernment and coordination, All Souls moved into her permanent home at the [Wellspring on Main](#). Locating there is a strategic shift to intentionally integrating the life of the parish into the larger life of the surrounding community. As one of multiple non-profit entities utilizing the building, All Souls interacts with a wide variety of non-church and church people inside the walls of the church, affecting the larger culture and forcing us to remain aware of the world outside the church. In effect, we are Beta testing the 21st century church presented by Sam Wells in [A Future That's Bigger Than the Past](#).

This awareness helped us, for example, to create and fund a children's play area for the local homeless shelter, expand our hands-on activities with a neighborhood Title 1 school, successfully advocate for city policy changes regarding LGBTQ+ fellow citizens, and co-host a community Arts and Music festival which saw over 3000 people in the building. Internally, we are experiencing a significant increase in visitors, over half the parish signed up to participate in new ongoing small group gatherings, and 2025 pledges are up 15% (on top of an internal \$1m capital campaign). Changing things up has resulted in new start-up energy, commitment, and fresh perspective. It feels like a scary, tenuous time (just like with start-ups). We're making mistakes, feeling our way forward in this new way of being church. But, shared challenge is resulting in deeper relationships, hope, trust, and faith.

Episcopal Church of the Good Shepherd, Granbury (Bonnie McCrickard, Rector)

Good Shepherd Granbury continues to thrive as the only Episcopal Church in Hood County, also drawing people from nearby Johnson, Somervell, and Parker Counties. Membership has grown by more than 13% in the past year. Yet our growth is not only in numbers and infrastructure; with three more EfM graduates and three newly trained Godly Play teachers,

we continue raising the proportion of members possessing deeper knowledge of scripture and theology, as well as our ability to support our youngest members in their faith development. We've built bonds with our ELCA neighbors through shared seasonal programming, and a large percentage of our members volunteer regularly with community partners such as Meals on Wheels, a women's shelter, and 12 other outreach programs we support. Additionally, we recently completed our first full year with a full-time Rector who is being recognized and well received by the community.

In 2024, our facilities have been enhanced and improved through a number of gifts, including a beautiful stained glass window with the Episcopal shield at our entrance, new linens and brass candlesticks and altar cross to brighten our sanctuary, a pottery communion set for Lent, and numerous plantings around our exterior. Our columbarium was constructed in the nave and was blessed on All Saints' Sunday 2024. And thanks to a 50% grant from EDOT, we built additional signage with digital panels to broadcast to the more than 18,000 cars passing by each day (according to TXDOT). These signs allow us to display service times and programs, and to minister to the wider community with messages of welcome and hope.

Good Shepherd, Granbury is grateful to be part of EDOT, appreciates your prayers, and looks forward to our North Region's hosting of the 176th Diocesan Council in Fort Worth.

Fort Worth Church Plant (Joel McAlister, Vicar)

The Fort Worth Church Plant continues to meet at the North Region Diocesan Office on a monthly basis to worship together since February of 2024. They are a faithful group with a strong gift of hospitality. They are representative of the thriving and artful neighborhood in which they were formed in that they enjoy gathering for worship, art, and dinner parties regularly. Some of their ministry highlights for 2024 are hosting a number of Gallery Night for the neighborhood where local artists were able to showcase their latest pieces, and assembling bagged lunches on a monthly basis for Presbyterian Night Shelter, which is the second largest homeless shelter in Texas. This is the newest church plant in the Fort Worth area and they hope to continue to grow in grace and numbers into 2025!

National Association of Episcopal Schools (NAES)—(David Madison, Executive Director—and resident of the Fort Worth Convocation)

In November, NAES hosted its Biennial Conference in Ft. Lauderdale. Our theme this year was "Let Your Light Shine" inspired by the fifth chapter of the Gospel According to Matthew. Approximately 600 leaders from Episcopal schools across the country gathered for three days of fellowship and professional development. Steve Pemberton, author of The Lighthouse Effect, provided the keynote address and reminded us all of the impact of teachers on the lives of young people. In addition, 38 chaplains participated in our Chaplains Mentoring Program. This is an opportunity for new school chaplains to be matched with an experienced chaplain mentor as a way to provide support and encouragement in their new ministry. Both mentees and mentors report tremendous professional growth from participating in the program.

Earlier in the year, NAES hosted the Jonathan T. Glass Institute for Future Leaders on the campus of St. Stephen's Episcopal School in Austin. This is a gathering of school leaders discerning a call to headship. NAES is committed to supporting the next generation of leaders in our schools.

St. Christopher's Episcopal Church, Fort Worth (Paula Jefferson, Vicar)

St. Christopher's celebrated several new ministries in 2024. Among them, initiating Catechesis of the Good Shepherd was a ministry of the entire community. Two atria were developed during Spring and Summer. Teams of volunteers worked together to create holy space for our youngest folks to wonder, sing, and learn. Another team of Sunday leaders formed, became certified, and began teaching in August. Also new in 2024, our welcome ministry lit-it-up with both exceptional greeting *and* recordkeeping of those we've welcomed. We're now able to continue conversations after a first visit. And, our Daughter's of the King® changed its matron saint to Saint Hildegard of Bingen; we welcomed 38 Daughters from around the north region to our Advent Quiet Day.

We shared meaningful celebrations this year, too. On Easter Day, a newly-forged processional cross led us into worship. St. Christopher's had surrendered its processional cross due to a litigation loss in 2021. During 2023, we found the company that made the previous cross and commissioned a replica. After seven months of waiting, the cross arrived just days before Easter Day. Our Choir Director, Shirley Johnson, composed and dedicated a hymn to St. Christopher's. And in July 2024, we welcomed our first curate, The Rev. Paul Flynn.

St. Luke's in the Meadow Episcopal Church, Fort Worth (Karen Calafat, Vicar)

St. Luke's in the Meadow has focused on NURTURE in 2024. We have nurtured the parish community with Sunday Fundays: all-parish gatherings for relationship building, food, and fun. We have nurtured our minds with Coffee Hour Book Studies, and we have nurtured our souls with contemplative programs: monthly Taize Worship and regular Quiet Day Retreats. We have invested in loving our neighbors by nurturing the bodies of those living with food insecurity through our involvement with the mission of 4Saints & Friends Food Pantry.

St. Luke's Episcopal Church, Stephenville (Bradley Dyche, Rector)

St. Luke's, Stephenville is a little church that does big things, serving God and our neighbor. We operate the St. Luke's Food Pantry as well as minister to and feed students, staff, and faculty of Tarleton State University. Our Episcopal Campus Ministry helps young adults ground themselves in faith. St. Luke's is currently undergoing a Capital Campaign to update spaces to be more accessible for people in wheelchairs as well as rejuvenate our sanctuary and buildings. Additionally, this year St. Luke's has received a grant from the Lilly Clergy Renewal Program as administered through Christian Theological Seminary. Next summer,

our Rector Bradley Dyche will be on sabbatical, and we will focus on renewal. Living in a semi-arid zone, we will be exploring God's abundant love through the resource of water.

St. Martin-in-the-Fields, Keller (The Rev. Alan Bentrup, Rector)

2024 was a year of continued growth for St. Martin's. Yes, our ASA and budget continued to grow, but that's just statistics. We grew our ministry to families by hiring a youth minister and launching a children's choir. We grew our mission partnerships by working with the organization Undue Medical Debt, raising \$15,000 to eliminate nearly \$2 million of medical debt. We grew our formation offerings on Sunday and throughout the week.

We also celebrated the ordination of our curate Gavin Tomlin, who has now gone on to serve as Associate Rector at St. Paul's in Waco. We were blessed by his time among us and wish him well in his continuing ministry. We also bid farewell to our seminarian, Tony Kroll, who now serves as curate at Holy Comforter in Spring.

St. Stephen's Episcopal Church, Hurst (Allison Sandlin Liles, Vicar)

St. Stephen's Episcopal Church in Hurst continues growing in love and membership. All year long we witnessed the impact of our primary ministries within the community (4Saints & Friends Episcopal Food Pantry, Transgender Support Group, Grief Support Group, and a partnership with a local elementary school). In August, St. Stephen's celebrated our 10th anniversary of worshiping in our current space in Village Plaza. While we've outgrown the square footage, we continue to offer thanks for the home and stability it provided our congregation following the Fort Worth schism.

This was a year of getting our house in order, AKA aligning it with the Episcopal Diocese of Texas expectations. Policies, procedures, and bylaws were created, our Bishop's Committee was restructured, Safeguarding training began, our certificate of incorporation was filed, and Secretary of State documents were received. With these administrative tasks accomplished, we enter 2025 committed to living our belief that love, through our actions and God's will, can conquer despair, heal the wounded, and bring peace among people.

Trinity Episcopal Church, Fort Worth (Robert F. Pace, Rector)

Trinity Episcopal Church has continued to experience steady growth in 2024, despite having some difficult transition in our clergy leadership in the spring. We are grateful for the ongoing support and leadership of the Diocese of Texas in guiding and supporting the parish through challenging times. Trinity has also demonstrated a strong sense of faith and resolve to be the Body of Christ for a hurting world.

To this end, Trinity's mission and ministry programs have continued to grow and blossom this past year. Trinity Episcopal School (our preschool) is bursting at the seams with enrollment, and has recently been accredited by the Southwestern Association of Episcopal Schools. Our Trinity Reaching Out Ministry partnered with more than eight major

organizations in Fort Worth to have relational and financial support for people in need. Our Peace and Justice Ministry continues to educate, advocate, and collaborate on issues of justice—especially related to race and LGBTQ+ issues. We also have a relatively new and growing Senior Ministry that has become a vibrant point of connection and hope. Most notably, our Vestry took on the task this year of making Newcomer Ministry its primary focus. They spent the whole year studying best practices and working to rebuild our approach to newcomers from the ground up. We are already seeing great results in connecting new people with the parish.

Also this year, Trinity put together a “Renew Committee” to apply for a grant to the Lilly Clergy Renewal Program, administered through Christian Theological Seminary. We were thrilled to receive this grant, which will fund a sabbatical for our rector, the Rev. Dr. Robert Pace, in the Summer of 2025. It will also support “renewal activities” around the arts and culture here at the parish while he is on sabbatical. Finally, we are very pleased that the Rev. Eric Bumgardner, who has served as our Curate since last year, has accepted the call to be Associate Rector beginning in 2025.

Robert F. Pace, Dean

GALVESTON CONVOCATION

This past year saw three clergy changes in the convocation

- The Rev. Michael Briggs became rector to Grace, Galveston
- The Rev. Eric Ellis was appointed priest-in-charge of St. Augustine of Hippo in Galveston
- The Rev. Bob Flick was appointed priest-in-charge of St Michael’s and All Angels in LaMarque

The Galveston convocation met regularly for clericus, twice alongside their ELCA clericus for fellowship and presentations from Biblical scholars, and united in service to service easily ignored families in Galveston County by meeting the need of all families for St Vincent’s house for Christmas gifts.

Grace Episcopal, Alvin 2024

- Daughter of the King Chapter added 2 new members and 3 rededications; hosted Fall Assembly at Camp Allen
- Formation of First ever Junior DOK chapter at Grace which is thriving (8 young ladies meeting monthly to learn to pray, serve and evangelize) Adopted seminarian, Stephanie Townes, to encourage and support during her 3 years of seminary at Virginia Theological Seminary
- Lay Eucharistic Visitor Ministry with licensed LEV’s to bring communion to sick and home-bound back up and running

- Jill Lewis and Kati Garner represented Grace at National Verger Conference in San Diego
- Grace has had 6 baptisms this year.
- Grace had 3 marriages this year.
- Bishop Monterroso's visit on Palm Sunday (April 2): 5 confirmations and receptions!
- Grace voted "Favorite Church" in the Alvin Sun and The Facts for Brazoria County
- Episcopal Health Foundation chose Grace to make a short documentary about food ministry
- Grace is now part of *Together for Alvin*, the ministerial alliance in Alvin
- Fish Fry (285 tickets sold) and First ever Silent Auction was a success. The Women's Shelter received the proceeds from Silent Auction ~(\$4,000)
- Back to School Event (460 backpacks given away in 2021) (656 in 2022 and 825 in 2023)
- Second Annual "Grace All-Church Fishing Trip" in June. 27 were able to attend.
- Partnership with Seminary of the Southwest for Theological Education Sunday (October 1, 2023) loose plate offering given
- Christmas Walk-a-Mile participation
- Brand New Vestments rolled out on December 3, 2023

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

- This ministry continues to meet the need of feeding our neighbors. 50-85 home-bound folks a week, 230 cars receive food on a drive-by basis. In total, we are blessing nearly 300 families each week by way of this Thursday morning ministry.
- The Blessing Fridge and Box ministry has expanded and now they are being filled 4-6 times by an army of volunteers.
- At one time, the priest discretionary account was what funded this...we are now receiving donations from the community
- Stanfield Properties, Cameron Recycling and Bel Sanchez Elementary volunteer at Food Pantry...along with 20 other community organizations and local churches
THP: Between the Mobile Food Pantry, Blessing Box and Refrigerator, over 2000 people a week are being fed in Alvin by Grace.
THP: As of October 31, 2023, **695,353 pounds of food has been given away to 26,705 people**

Sant Augustine of Hippo Galveston

The people of Saint Augustine faithfully maintained their worshiping community during a six-month clerical absence. The Lay-Led Community continued outreach with the Seaside Seniors monthly fellowship luncheon, the weekly women's AA meeting, hosting the weekly ecumenical gospel choral rehearsal, and participation in islandwide Episcopal offerings.

New CEEd opportunities are being offered and additional fellowship opportunities are being developed to reflect the vibrant attitude of this community.

The bishops committee and senior leadership continued working on a project to establish national historical designation for St Aug, and continued to pursue a financial granting plan with the purpose of restoring the chapel.

In cooperation with Trinity and Grace, a Talbot fund grant has been awarded to honor the earthly resting place of Fr. Cain, 2nd rector of St. Aug, in an Island wide remembrance of his service to the Episcopal Church, St. Aug, and the people of Galveston; reverend Cain died in this service during the 1900 storm.

Celebrating the 140yr, St. Aug is preparing for the ordination of a Priest, commencement of building restoration, growing the outreach community into the college and high school mission field, and continuing the friendship and fellowship that has maintained this congregation through 140 faith filled years.

St. Michael's Episcopal Church, La Marque Report to the 175th Council of the Diocese of Texas

The Community of St. Michael's has restarted some of the customs that we discontinued during the pandemic. The "Passing of the Peace" is back and as robust as ever and the offering of the Sacrament of Unction on Sundays has been resumed. We again gather for a Wednesday evening meal and Bible study at the IHOP in La Marque. We also started having an evening meal while watching an episode of "The Chosen" in our Parish Hall followed by discussion. On the last Sunday of the month 12 to 15 folks gather after church at The Olive Garden and enjoy good food and fellowship.

Our Wednesday Lenten soup and salad suppers with guest speakers were well attended and bring in both former active communicants as well as folks from the neighborhood and current active communicants..

The Rev. Eric Ellis was allowed to participate, during his third year at Iona, in his mentoring process at St. Michael's. Our relationship, with Eric and his ordination to the diaconate has been very exciting for St. Michael's and the people of St. Michael's look forward to an ongoing relationship with Fr. Ellis.

St. Thomas the Apostle Episcopal Church, Nassau Bay

St Thomas continues to livestream and record all services and Christian education offerings on YouTube, using streaming equipment that was aided by the diocesan grant a growing pool of volunteers. Streaming has helped newcomers get a feel for the parish before coming, kept us connected with folks who have had to move from life changes, and allowed for funeral attendance from afar. We remain committed to our streaming ministry in 2024 and beyond and have consistently reached 1.5 our in-person attendance through streaming. We have further expanded our accessibility through podcasting sermons and weekly reflections

on the RCL Gospel on Substack, adding auto-entry doors to the campus, and plan to add chancel area ramps for lectors, LEMS, and future clergy.

Meanwhile, St Thomas continued a monthly fresh food distribution through the Galveston Food Bank, serving an average of 553 people from more than 139 families each month. St Thomas returned \$8000 in donations to the Food Bank, underwrote the Have Shears Will Travel training school initiative at more than \$25,000, sponsored St Vincent's House and Interfaith Caring Ministries Galas, sponsored two area summer swim teams with both contributions and a family night cookout and playground day, sent 7 foster children to Camp Allen for summer camp, and shared more than \$8000 as a sponsoring parish of Lords of the Streets Episcopal Church in service, contributions, and membership on the Bishop's Committee. The Nearly New Thrift Shop, an all-volunteer resale shop, funded St Thomas community service at more than \$44,000, half of which will fund a new ministry in Clear Lake in 2025 by offering Respite care for folks with dementia 2-3 days a week. St Thomas was also awarded a Strategic Mission Grant from the Diocese of Texas for this new venture, which will be headed by our first associate rector in our 59 year history: the Rev. Sean Steele, beginning January 1, 2025. The city of Nassau Bay's Economic Development Corporation awarded St Thomas three aeroponic growing towers, the same ones NASA plans to send to the moon and to mars to grow food for astronauts, as a pilot to grow fresh produce as supplements for monthly fresh food distributions.

A group of clergy traveled in pilgrimage to Greece, under the guidance of the Rev. Mike Stone, and, formed in the Daily Office, explored the footsteps of St Paul and the Orthodox tradition. 38 parishioners from St Thomas will visit as pilgrims in 2025.

Youth and children's programming continues to grow and develop as St Thomas Scouting send a unit to Philmont and prepares for 4 new Eagle Scout awards. Our youth enjoyed first solemn communion program and family minster Alex Hillis and The Rev. Mike Stone were program leads at Camp Allen summer sessions 5 and 8.

St Thomas looks to re-wire and install an almost 4000 pipe organ, having raised more than \$60,000 in a spring gala and received a \$225,000 HOT grant from the city of Nassau Bay. In 2022, St Thomas was awarded the Talbot Grant to help affect racial reconciliation through a memorial honoring the contributions of black Americans to NASA throughout the last 50+ years and looks to begin construction of a stunning, thoughtful, and interactive memorial in early 2025, to be completed around May with Mjr. General Charlie Bolden, a former Sr. Warden at St Thomas, featured prominently. Parishioner Todd Parker is composing a documentary featuring interviews with Charlie, Bobby Satcher, Vanessa Wyche, and Bishop Doyle, to name a few.

St Thomas Confirmed 7 new Episcopalians in November, celebrated 7 baptisms and more than 12 funerals in 2024 and hosted a group of Tibetan Buddhist monks in October for an intricate sand mandala workshop. St Thomas continues to facilitate interfaith dialogue and exploration as a member of the Clear Lake Interfaith Council.

Mike Stone, Dean

NORTHEAST CONVOCATION

The congregations and institutions that form the Northeast Convocation report some inspiring stories of resilient and faithful ministry in their contexts. Together, we are striving to be faithful to the Gospel of Jesus and his call to serve.

Trinity, Marshall is making great progress since the unfortunate matter last year after a group left for ACNA. Interim, Kevin Wittmayer, and Curate, Dana Jean, work very well together and are pleased with the direction the church is heading. Over the last year, the parish has seen membership increase and finances stabilize. They are fortunate to have a vestry that is strong and attuned to the needs of the parish. The leadership of the church is able now to focus on the spiritual health of the congregation while continuing to bolster the infrastructure and administration, and look forward to even better progress in the next year. The congregation described the parish as being more loving and caring than before the split. One woman in particular said, "We hug each other so much more now! We are so much better now!"

All Saints Episcopal School in Tyler has had an incredible 2024 with the realization of several significant goals for its 554 students in 3K through 12 Grade. First, All Saints has moved from one weekly divisional Chapel to a total of 12 Chapels each week, for an average weekly attendance of around 2000. Second, with the strong support of Bishops Doyle and Fisher and Head of School Dr. Mark Desjardins, the school for the first time has two full-time priests and a full-time children's faith formation teacher: Senior Chaplain The Rev. Tim Kennedy, Assistant Chaplain The Rev. Leesa Lewis, and Faith Formation Teacher Mrs. Mika Campbell work as a team to lead our school's Spiritual Pillar in the Chapel, in the classroom, and across campus. This past summer, we were able to take 18 students and 4 adults on our annual service-learning mission trip to visit our sister Episcopal Diocese of West Texas, staying on the beautiful campus of TMI-Episcopal and doing ministry in downtown San Antonio.

All Saints also recently achieved two significant academic achievements: (1) All Saints school achieved Gold Status on the National College Board's Advanced Placement Honor Roll and (2) All Saints was awarded a charter in the Cum Laude Society which is dedicated to honoring scholastic achievement in secondary schools, joining only 12 other Texas private schools and a total of 382 chapters. Finally, All Saints Trojans made history this year with its Varsity football team making it to the TAPPS Division III playoffs and earning our first postseason football win! Go, Trojans!

Sunday mornings at **Christ Church, Tyler** are bustling and full of energy! This is true at both our traditional, downtown campus as well as at our contemporary campus in south Tyler. In

this past year we've renovated and increased our spaces for children's worship and Christian formation to accommodate the dozens of children who are learning to follow Jesus in our community. Our new Christian education wing at our south campus gives us plenty of room to minister to children this year and into the future, and our refreshed facilities downtown will provide top-notch space to foster discipleship for all ages.

St. Clare's, Tyler had a busy year in 2024 addressing the needs of the communities they serve. They began a program, through their Just As I Am missional community, to address the mental health needs of the LGBTQIA+ community in East Texas. They created Mental Health Matters Wednesday where they have conversations around mental health facilitated by a mental health professional once a month. They also began a program, with financial assistance from EHF, where they are able to help pay for one-on-one counseling with a licensed therapist at a local counseling center. St. Clare's also created a new community called The Religious Trauma Recovery Collective that meets once a month to offer support to victims of religious trauma.

St. Michael and All Angels, Longview has enjoyed a great year in 2024. Bishop Fisher did his visitation in February where he confirmed 6 people, received 2, and reaffirmed 6. We have consistently had between 50-60 people at worship on Sundays taking us past our pre-covid attendance numbers. In October, we began "The Path" Bible study (from Forward Movement) on Sunday mornings with 21 or more people present.

Trinity, Longview is reaping a harvest of some strategic investments in calling an Associate Rector and a Youth and Children's minister to help reestablish basic ministries and undertake new initiatives after the worst of the Covid-19 pandemic. At Bishop Fisher's recent visitation, he confirmed or received 16 people into the Episcopal Church, and baptized an infant. On a recent Sunday, 25% of the roughly 100 people in attendance have joined the church in the past 4 years. Incorporating these new members was a team effort that involved the new program staff, as well as laypeople who radiate the love of Jesus and seek to follow him in the world. Our average Sunday attendance continues to grow. And we now have several new small groups emphasizing Bible study, intercessory prayer, and several other opportunities for spiritual growth and face-to-face fellowship.

Bill Carroll, Dean

NORTHWEST CONVOCATION

ALL SAINTS EPISCOPAL CHURCH (Cameron, Texas)

All Saints' Church in Cameron continues to offer an Episcopal presence in our small town by holding a service of Holy Communion at 9:30 am on Sundays.

The church continued to reach out to the community by allowing our facilities to be used for NA/AA and other organizations like the Texas Master Naturalists program.

As an outreach offering, All Saints collected food stuffs to support the Thanksgiving baskets from our local Food Pantry. We support a number of local charities with both time and donations.

We added an additional outreach offering collecting gently used winter jackets and held an event at the church in November to bless the needy in our community with warm clothing.

All Saints submitted an application to the EHF Holy Currencies Incubation program based on the void in care available to those transitioning into paradise and the loved ones left behind. We joined forces in the application with St. Thomas Rockdale, and St John's United Methodist Church in Rockdale for the creation of a "Rural Respite & Transition Center. The Congregational Engagement team and Kaleidoscope Institute crew were "thrilled to invite you to be part of the fall EHF / KI Holy Currencies Cohort."

We held our annual Pet Blessing this year and offered pet vaccinations at a discounted rate through our local veterinarian. We blessed and vaccinated over 85 animals. In addition, we had a petting zoo and counted over 150 attendees.

CHRIST EPISCOPAL CHURCH (Mexia, Texas)

Christ Church, Mexia, enjoyed a year of worship, witness, and ministry, as well as a mid-year surprise! For over a century, we have been blessed with good, dedicated members who have worshiped together, witnessed to the community about the reconciling love of Jesus Christ, and ministered to those in need. In 2024, we continued our longstanding traditions, such as our Ash Wednesday and Holy Week services. We celebrated the Resurrection with an Easter Egg hunt on our expansive lawn. We continued our Second Sunday Sharing ministry, and also provided Thanksgiving and Christmas baskets to ten needy local families which included gifts of clothes, toys, and gift certificates. Our Blessing of the Animals offered blessings for community members and their pets along with free rabies vaccinations. Our ECW Chapter assembled hygiene kits for those in need. In addition, the ECW awarded scholarships for youth so they could experience Camp Allen summer camp and retreats.

In the empowerment of the Holy Spirit, we added worship ribbons, an origami dove flying over the people, and a joyful procession into the church where we broached a new way of worshipping, every member present entering together with joy and awe! We could sense that something new was on the horizon. On June 16th, a significant moment in our church's history unfolded as the Bishop's Committee voted to extend an invitation to the Rev. Karen Pettit to serve as our Deacon-in-Charge. Karen officially assumed her new role on July 7th.

Rev. Karen introduced a children's sermon on Sunday mornings, and we have seen an increase in the youth and young family population. They are taking on more roles in our morning services and bringing new life to us. We have had three baptisms since mid-year, and six youth and adults will be confirmed, received, or reaffirmed in January after a six-week class that renewed and revitalized us all. Additionally, we have added a Blessing Box

to our parking lot, which provides canned goods for the community. We have experienced a new era of worship, prayer, and learning as we work together to discern where God is taking us.

Our leadership met in August to dream and plan for the coming year. We look forward to enhancing our missional reach. We also desire that we continue to form and grow as we seek a deeper relationship with Jesus Christ.

CHRIST EPISCOPAL CHURCH (Temple, Texas)

2024 brought joy and difficulty to Christ Episcopal Church; the joys included confirming 13 new members and having 7 baptisms throughout the year. Our difficulty came with a tornado and storms that happened on Mother's Day, and in Early June, we spent much of the year working to repair damage and have a new roof. We began a new Advent series, Advent Tea and Reflections, and continued our Pub Theology. We started a Lenten series outside the parish that brought in many new visitors. Moving our Parish Meeting to late October frees us to think about the new year in the height of the fall and has proven to be well attended and enjoyed by the congregation.

HOLY SPIRIT EPISCOPAL CHURCH (Waco, Texas)

For Holy Spirit, Waco, 2024 has been a transformative year of renewal and growth. In January, we hosted three weeks of appreciative conversations to simplify our ministry and align it with our parish's actual capacity. This process revitalized the programs we retained, including our formation offerings, which now enroll numbers close to our average Sunday attendance each semester. Since then, we have celebrated a 30% increase in attendance, welcomed new members, and rejoiced in the baptism of two adults on All Saints Sunday. Looking ahead, we are preparing to launch a new service at Easter, marking another exciting step in our journey.

ST. ALBAN'S EPISCOPAL CHURCH (Waco, Texas)

St. Alban's continued to thrive in 2024. We kicked off the year with Dean Dan Mazimbo of St. Paul's Cathedral, Blantyre, Malawi, preaching at our Epiphany Evensong. Later in the month, we hosted the ordination to the priesthood of our curate, the Rev. Garrett Lane, by Bishop Doyle. Our guest preacher was the Rev. Cn. Dr. Kara Slade, who reminded us to "preach the ding dang gospel."

Formation is always a big part of what we do. Over the last two years, our Small Group ministry has grown from 70 participants to over 200. In January, we offered our annual Theology on Tap series at a local pub. The topic was "The Science of the Bible." Over the year, we hosted adult formation classes including Dr. Les Carter teaching on "Jesus and Narcissism," clergy and staff teaching "The Via Media" on Anglican Identity, Dr. Philip Jenkins teaching on church history, and Dr. Rachel Toombs teaching a series on Ecclesiastes. In the fall, we had a class called "1 Lord, 1 Faith, 1 Baptism," about the gift of theological diversity in the Body of Christ. For our annual Jonathan Daniels Day we welcomed guest preacher the Rev. Cn. Alex Montes-Vela of the Diocese of Texas. Our children's ministry continued to love the curriculum from Storymakers; they also had 90 kids

at Vacation Bible Camp, a new record. Stephanie Drum, our Director of Youth and Young Adult Ministry began a new role as also serving as the Campus Minister of Waco's Episcopal Student Center near Baylor's campus.

It was a year of travel. Over the summer, members of our church took a pilgrimage to England. Our choir, under direction of our Music Director Eugene Lavery, sung during Sunday services at the Cathedral and Abbey Church of St Alban. Other sites visited included St. Paul's London, Westminster Abbey, Christ Church Oxford, and St. Martin's Canterbury, the oldest existing parish church in the English-speaking world, where our rector preached and celebrated a service for our pilgrims. Our younger members took a youth mission trip to Tulsa, OK, where they partnered with Christ Church, Tulsa, to serve the community. They visited the Greenwood Rising museum covering the history of Black Wall Street and the site of the Tulsa Massacre.

Turning to worship, our 9:10 AM Folk Eucharist service celebrated its one-year anniversary, and averaged 120 worshipers per Sunday (and growing). This was due in large part to the leadership of our Associate Rector, The Rev. Dr. Andrew Armond. In total, St. Alban's averaged almost 500 people attending in person each Sunday, with another 200 online. Our folk/Americana music at the 9:10 continues to complement our choral services at 9 and 11:15, our choral Evensong service at 5:30 PM, and our 7:30 AM said Eucharist. One highlight of the year was our Easter services. For the first time in our history, we welcomed over 1,000 people to our campus for worship that day. Another first: on All Saints, our rector, The Rev. Aaron Zimmerman, presided over our first bilingual baptismal service in English and Spanish.

Over the year, we have been in prayer for our three postulants for Holy Orders, two for the priesthood and one for the diaconate. Postulant Dr. Brian Gamel began studies at the Seminary of the Southwest. Postulant Dr. Rachel Toombs transitioned from our staff, where she served as Director of Formation and Connection, to a position at Ascension Episcopal Church, Stillwater, MN, where she continues to read for orders. Postulant Alan Jones began his studies at Iona. In the fall of 2024, two additional parishioners applied for postulancy, one for the priesthood and one for the diaconate.

We continue to share our space, resources, and volunteers with community partners: St. Francis Ministries, Waco Independent School District, Mission Waco, Baylor Student Ministries, Waco Family Medicine, Suzuki Academy of Waco, The Cove, Cedar Ridge Elementary, Caritas, the Community Race Relations Coalition, the Family and Foster Care Coalition, Youth Chorus of Central Texas, and 12-Step Recovery Groups.

Growth continued to be a hallmark of St. Alban's. We had over 80 newcomers registered for our St. Alban's 101 class. 48 people were confirmed or received. 30 were baptized. The Rev. Kara Leslie greatly expanded our Lay Eucharistic Visitor ministry, allowing us to bring Communion to those unable to attend church.

Throughout all of this, we continued to be faithful to our mission: to proclaim to all, in word and deed, the grace of God in Jesus Christ.

ST. CHRISTOPHER'S EPISCOPAL CHURCH (Killeen, Texas)

Much has happened at St. Christopher's in 2024. After a long search, the parish called me as Rector. The celebration of new ministry took place in September with Bishop Ryan. A finance committee was established. Average Sunday attendance has more than doubled since my arrival. Sunday morning formation has occurred for the first (recorded) time in eight years.

There have also been many traditions and practices that have continued. For example, the Outreach Auction happened in October; while no firm numbers exist, it was reported as returning to pre-Covid numbers. The parish has also completed the installation of a new sound system. It has helped with the sound for those attending online worship and greatly improved the in-person worship experience.

Rebuilding community continues to be a growing edge. The parish had become accustomed to the gap in Priestly leadership due to past challenges. Change takes time and is effortful. I am grateful for those involved and the newcomers slowly becoming engaged.

A ministry story that was particularly meaningful for me this year is when I presided at the funeral for our parish handyman's mother. The handyman has been connected to the parish for several years. No one in his family has attended services at St. Christopher's. Indeed, I had only met him once before his mother died. He called and asked if I would do her service. He and his mother have a long history with the Catholic Church, and his son attends the Catholic school here in town. He wanted a rosary and visitation the day before the funeral service. I offered to help him get in touch with a Catholic priest and explained that I could help in the service or simply attend as he desired. He said they wanted me to do it because St. Christopher's is his Church.

It is remarkable to me how many people feel this parish is their spiritual home and return here for solace and care in moments of significance. Of course, I hope that translates into weekly worship. Yet, I am grateful this is a place people identify as home.

ST. CORNELIUS EPISCOPAL CHURCH (Belton, Texas)

This was a big year for St. Cornelius. Our main strategic goal was to get our house in order both literally and metaphorically. We moved into our own space in November of 2023 so the first part of this year was getting our physical building ready and reflective of our community.

Additional items of note are as follows:

- Became a fellowship and rang the bell at council
- Appointed and developed our bishop's committee
- Filed and were approved for all paperwork to become a legal entity
- Opened our own bank account
- Hired a bookkeeper

- Continued to strengthen and develop our Ministry Teams of Lectors, Acolytes and Children's Ministry while adding Technology, Hospitality and Outreach
- Had our first annual stewardship campaign where we met and surpassed our goals
- In the second half of the year we grew our membership, adding new core members that have stepped up into roles around facilities, Children's Ministry and Music Ministry
- Our Music Minister: Michele Crowder left in September for school on the east coast and we were blessed to have a new member and old member step into the role and we now have instruments during worship
- We finished interior renovations on our shed so that it is finished out on the inside providing a space for children's chapel and small groups
- We had our first lay led book study
- We did renovations in our building to increase our capacity from 32 to 56
- Will host an Advent Service that was put together entirely by the congregation
- By the end of the year will have transitioned the church to Realm as a central system to replace Quickbooks, Zeffy giving platform, Wix communication and web hosting, Flocknote text services and member directory, achieving a goal set by our Bishop's Committee
- Have almost completed cleanup of property from 20 something downed trees when we were hit by a tornado in May and hope to have the largest tree chopped up by this weekend and grounds in order
- Confirmed 4 new members in August, baptized one of our college students and saw one of our original members graduate from college
- The members have grown exponentially in learning what it means to be church and take responsibility so that the solo vicar is not burning out over and over again
- As a community have supplied a single dad with everything he needs for a new baby, donated over 500lb of food to the Leopard Food Pantry at Temple College, Packed and donated 50 literacy bags to local kids, provided over 35 cake kits to Foster Love Bell County, helped get a young mom out of a trafficking situation and into a shelter and provided local Bell County children with gifts for Christmas.

In closing, it has been a momentous year for St. Cornelius and despite the challenges and tragedies that the majority of our congregation have experienced this year we are on track to close 2024 having accomplished every goal we set. This will give us a strong foundation to strengthen our outreach and growth in 2025.

ST. FRANCIS' EPISCOPAL CHURCH (Temple, Texas)

A brief note about St. Francis of Temple, and calendar year 2024

2023 was perhaps one of the more challenging years for our physical plant. Now, we all know that the church is far more than *merely* the buildings that we use. However, much of what we do in ministry is made possible by having the place, space, and opportunity to gather and carry out our ministries. Well, if we thought 2023 was a challenge...

Mother's Day 2024 brought a severe hailstorm with roof and facilities damages that had us all soberly assessing our buildings. Just a few days later, tornados hit Bell County, and one of them was a nearly direct hit upon St. Francis' building and grounds. As part of the careful recovery efforts of various utility companies, the congregation of St. Francis was asked to stay off the property for several days.

Recovery efforts continue at the end of the year, but... Several parishioners jumped right in to clean up what wasn't covered by insurance. Several members of the community who were involved in the efforts of everyone in the community to re-establish themselves physically, gave us lots of help and directions.

But the ministry of this place and these people continues. Our school is at its capacity, we've welcomed several new members, said good bye to several who have moved away from our area, and developed new and helpful bonds with local congregations who have both been impacted by, and helped us recover from, the storms of 2024.

ST. JOHN'S EPISCOPAL CHURCH (Marlin, Texas)

St John's, Marlin, began the year supported by a clergy rotation that provided Eucharist for this lay-led congregation once a month. St Alban's, Waco, provided clergy support several times, and Holy Spirit, Waco, provided clergy support as well. A team of lay-leaders including a musician led quality worship the other Sundays of the month. This worship stability allowed the congregation to grow. St John's had one reception at the Bishop's visit and two baptisms later in the year, including an adult baptism. In Sunday workshops, the congregation began reviewing the basics of the Book of Common Prayer to encourage their at-home prayer practices and also reviewed the congregation's gifts and strengths. Care for children and elderly were noted as important markers of the congregation's mission over the decades. Therefore, this year the congregation gathered diapers for local families and caroled at a local nursing home as part of their Christmas service. With support from St Alban's, Waco, four-lay leaders were trained and began safeguarding to become Lay Eucharistic Visitors to be able to continue the relationship with the nursing home in 2025.

ST. JOSEPH'S EPISCOPAL CHURCH (Salado, Texas)

St. Joseph's Episcopal Church continued on its path of growth seeing new members from all age ranges. After the successful sale of an inherited property, the congregation is beginning to think of ways to invest the proceeds into the expansion of campus buildings in order to accommodate the growing congregation. The congregation saw its usual set of festivals and celebrations dotted the year, including the Blessing of the Pets, our Celtic Service done at the same time as the Salado Gathering of the Scottish Clans, the annual Joseph's Pumpkin Patch, which is our major fundraiser, and the planting of Poinsettias at the Down Home Ranch (for developmentally disabled adults) that are brought into the chapel for the Christmas Eve Service. St. Joseph's also continued its outreach efforts with our

primary community partner Helping Hands Ministry of Salado, TX, and through our Little Free Library program. The year's high point was the celebration of 18 new confirmands during the visit of Bishop Doyle over the summer.

ST. MARTIN'S EPISCOPAL CHURCH (Copperas Cove, Texas)

St. Martin's has weathered a year of transition with the departure of Rev. Beth Woodson. Lay leaders stepped up at this challenging moment with several people training to become licensed worship leaders. This allowed St. Martin to continue their 11am Sunday morning services with a combination of lay-led morning prayer services and visiting priests. They have also continued their outreach ministry to provide Thanksgiving meals for families in need. Lay leader Nichole Gailey says that "St. Martin's has been blessed to come together through this year as the family we are. We know that like all families there are patches, and we are so very grateful to lean on each other and have faith that God will see us through. We look forward to when we will have a priest again but, in the meantime, we will do what we do best and celebrate as a family."

ST. PAUL'S EPISCOPAL CHURCH (Waco, Texas)

In 2024, Saint Paul's found new vision. The school continues to grow and thrive, holding its best fund raiser in recent memory and installing a new playground for the whole campus to use. The church vestry took on a new strategic plan and is beginning to implement its goals both programmatically and administratively with the help of the staff and our parish volunteers. A master planning committee was formed to seek the aid of an architecture firm in order to redefine and restore our campus to its best and highest uses as we pursue our mission and ministry into the next decade. We've enjoyed and benefited from the ministry of the Rev. Preston Yancey as our Interim Associate Rector, and we look forward to sending him and his family off to seminary next fall as his wife, Hilary, pursues holy orders. There are new parish committees in their early stages of being formed and trained, focusing on Welcome, Formation, Outreach, and Parish Care. It has been a year of discernment and organization, finding firm footing for our congregation and school to move forward into an exciting future together.

ST. THOMAS' EPISCOPAL CHURCH (Rockdale, Texas)

Our congregation at St. Thomas' Rockdale continues to serve our local community in a variety of outreach ministries. This year, we were especially excited to participate in Rockdale's sesquicentennial celebration, hosting tours of our historic building and a concert featuring local artists during the evening. We also participated in Rockdale's Night of Peace vigil, where our vicar, Heath Dewrell, delivered the keynote sermon. To provide for a weekly time of fellowship and adult formation, we began a weekly Bible study this fall, in which we have been working through the book of Mark. This year, in addition to our normal Ash Wednesday and Good Friday services, we opened our building all day for members of the community to come for prayer and meditation. We're a small congregation, but a faithful and devoted one working to serve our community both inside and outside our walls.

Aaron Zimmerman, Dean

SAN JACINTO CONVOCATION

The San Jacinto Convocation Clericus meets once a month from September through June. While mostly meeting at Trinity, The Woodlands, the Clericus is hosted by other parishes in the Convocation every other month.

The San Jacinto Clericus gathers the first Wednesday of the month. These meetings begin with Holy Eucharist, celebrated by the host parish. After Eucharist we gather for lunch and then a “check-in” which consists of sharing one item from the last month that is personal and then one item that is ministry in nature. Once check-in is complete the remainder of the meeting is conversation covering a variety of issues and concerns.

Below are the parish clergy changes in 2024, as submitted to the Dean:

Trinity, The Woodlands - The Rev. Joanna Unangst became Associate Rector, and The Reverend Gerald Sevick retired as Rector at the end of December.

Holy Comforter, Spring - The Rev. Tony Kroll joined clergy staff as Curate .

Saint Stephen’s, Huntsville - The Rev. Deacon Jonathan Maresca joined the clergy staff as Curate. The Rev. Blake Rider was appointed as Dean effective December 1, 2024

Good Shepherd, Kingwood - The Rev. Bill Richter retired as Rector;
The Rev. L. Celeste Geldreich, was named Locum Tenens

Saint Isadore’s, Spring - The Rev. Sean Steele left his position as Vicar.

Gerald Sevick, Dean

SOUTHEAST CONVOCATION

St. Stephen’s Episcopal Church, Beaumont

The year 2024 was a transition year for St. Stephen’s. After two years of increased participation and giving, we were given the go-ahead to begin a Rector Search. Our preparation included participating in Holy Cow and developing a parish profile as well as submitting our 2022 and 2023 audits to the Diocese.

St. Stephen’s hosted the annual Interfaith Lenten Preaching Series this year with the Rev. Brad Sullivan, Vicar of Lord of the Streets. We also began a dialogue with the mosque across the street from us and plan on potluck exchanges with the Imam and the Rector offering orientations.

Our outreach included year-long participation in Some Other Place including a tasting booth at their annual fundraiser. We developed a stronger partnership with Just As I Am,

an LBGTQA+ missional community. St. Stephen's hosted its 2nd Annual Teacher Appreciation Breakfast for All Saints Episcopal School in the fall and participated in the school's 70th Anniversary events.

Adult Education included offerings on How Can We Know the Way, Mark's Gospel, The Intertestamental Period, and Luke's Gospel. Trainings were held for Lay Readers, Eucharistic Ministers, and Eucharistic Visitors.

St. Stephen's also hosted a Storm Preparedness Workshop for local area churches led by Mosaic in Action.

Bishop Doyle visited for confirmation on Palm Sunday, and we confirmed 3 and baptized one.

November saw us reinstate Sunday Morning Nursery as we saw our first babies in attendance this year!

St. Mark's Episcopal Church, Beaumont

2024 was year full of exciting life and ministry at St. Mark's. Traditional worship services continued to take place. Last year's Lessons and Carols welcomed community clergy to participate as guest readers. St. Mark's choir helped lead worship in Lenten and All Saints Evensong services.

Bishop Kai Ryan led a day-long women's retreat in June and returned to St. Mark's in August to preach, confirm, receive, and celebrate. 7 individuals were either confirmed or received. That August Sunday was also Rally Day, and a festive lunch and parish celebration was enjoyed by Bishop Ryan and parishioners.

Extensive work on St. Mark's campus also took place in 2024. 84 brand new, double-pained windows replaced the original single-pained windows from the 1960's. This has already helped provided a better seal to the building to keep water from finding its way inside.

Work has commenced to fully restore and refurbish St. Mark's historic Aeolian-Skinner pipe organ. This instrument was installed in 1962, and it is now time to do this work to steward this gift for the next generations. Almost 3,000 pipes were removed in September, and it hoped that completion and reinstallation will take place in late 2025 or early 2026.

The bell at St. Mark's has not functioned for over 4 years. The repair project for St. Mark's bell was completed in early November, and now this historic bell is heard as worship begins each Sunday.

St. Mark's hosted, and was joined by clergy and parishioners from St. John's, Silsbee and Holy Trinity, Port Neches on November 2 for the livestreamed service of the investiture of Bishop Sean Rowe as the new presiding bishop. This service was followed by a chili lunch for those attending.

The youth and children's ministries continue to see growth and renewal. Over 200 guests were welcomed onto St. Mark's campus for our annual Easter Egg Hunt. 50 kids and adults participated in VBS in June. Our acolyte ministry has grown to where there are 4 to 5 children/youth each Sunday participate in this worship ministry.

St. Mark's 83rd consecutive chili supper/bazaar, by all accounts, was a smashing success. Between take out and in-person dining, over 1,400 bowls of chili were served. Combined with the annual proceeds from our Treasure House resale shop, St. Mark's was able to share over \$65,000 in grants to non-profits in Southeast Texas.

There is much to give thanks for this past year. An atmosphere of friendship and joy permeate life at St. Mark's, which leads to great excitement for whatever is in front of us in 2025.

Holy Trinity Episcopal Church, Port Neches

2024 was a year of transition for Holy Trinity, Port Neches. During our rector search, we relied on Morning prayer with an occasional supply priest. Gathering together is important for us and after our Lenten "Soup and Soul" suppers, we continued to meet for dinner every other week. We also served meals at the Hospitality Center in Port Arthur once a month. We have opened our doors to several community groups such as the Girl Scouts, several sewing groups and a historical reenactment group. In October, the Rev. Rohani Weger became our rector - just in time to lead our Pet Blessings. Our attendance has grown now that we are celebrating the Eucharist once a month. We look forward to what God has in store for us in the coming year.

St. John's Episcopal Church, Silsbee

St. John's celebrated our 70th anniversary in 2024 with a gathering of parishioners past and present, as well as one former rector. Several friends and former parishioners traveled from around the state to mark the occasion with worship and a luncheon.

Marie McDonald, 95, the last surviving charter member, was on hand, as were the children of several other charter members. Several attendees, some of whom have called St. John's home for 50-plus years, shared their childhood memories of St. John's. Others, including one who has been part of the St. John's community for just a couple of months, commented on how she quickly felt right at home at St. John's. It was a glorious celebration.

We continue working to connect with the community, inviting community groups to utilize our facilities. The Silsbee Garden Club, the Silsbee Women's Club, stamp club, boy scouts and girl scouts, all meet at St. John's. Additionally, St. John's provides office space for the Samaritan Counseling Center to ensure essential counseling services are available to those in Hardin County.

We financially support the Christian Care Center, a local social service organization providing food and other assistance to those in need. In addition to financial support, St. John's is a collection center for non-perishable food items and supports the organization's

Christmas toy drive.

We are active in the Silsbee Chamber of Commerce and participated in the community Trunk or Treat. We've commissioned a refresh of our logo, and we've supplied parishioners with newly-redesigned invite cards to share in the community.

We are in the design phase of a new patio/plaza/outdoor gathering space, which will serve as a transition space between the parking lot and the building, as well as creating a space for outdoor worship and other activities. This project was made possible through a generous gift from the family of the late Elizabeth McClelland, another charter member of St. John's.

We've actively participated in diocesan and convocational events, including the Small Church Network, the St. Mark's Lenten series and a gathering at St. Mark's Beaumont to watch the investiture of the new Presiding Bishop. After 70 years, we are excited for the future!

St. Paul's Episcopal Church, Orange

We have been richly blessed with the services of two phenomenal priests – Rev. Meg Lovejoy and Rev. Mark Wood. They love us and have faithfully returned week after week to serve our parish. In addition, we have our very own Deacon Margaret Light and LEM Miles Hall III who always have a good sermon and always willing to lend a hand wherever needed. In addition, Dr. Don Ball is our music director and provides the perfect music for every service. This team has guided our small parish and enriched our worship services tremendously.

We are also blessed with the generosity of our members and were able to carry out our outreach mission. We continued to donate to Orange Christian Services, the Salvation Army and the City of Refuge. And its not always monetary donations ... sometimes it is as simple as collecting food and supplies or ringing the bell at Christmas. We do many little things everyday to make our community a better place.

Our biggest concern is the financial health of our parish. We have yet to recover from the pandemic. Our expenses are usually more than our income. Our beautiful building is old and requires quite a bit of maintenance. Our insurance is very expensive. And the list could go on & on. Thankfully we have had enough reserves to carry us through this rough spot. We are blessed with some very faithful parishioners that continue to tithe even though their own situation isn't that great.

Our true unsung hero is our parish secretary, Kelly Guillot who works tirelessly to see that every task is completed. From printing the weekly pew bulletins, to making sure we have a priest scheduled every week. She not only films the video each week, but she stays after to make sure it is available to others via social media for those that could not watch the live version. We simply could not do church without her.

And last but certainly not least ... we are blessed to have a very faithful congregation. This year we saw a small increase in attendance and even a few new members. Our sanctuary is filled with God's love and it can be felt every Sunday.

St. Stephen's Episcopal Church, Liberty

On March 17, Saint Stephen's celebrated the arrival of their new Rector, the Rev. Brandon S. McGinnis. The whole parish got to know Brandon through a month-long series of one-on-one meetings, culminating in a celebration of new ministry on April 15.

The parish also welcomed a new Parish Administrator, Melissa Price, following the retirement of Stephanie Quimby who faithfully served in that position for 23 years.

Saint Stephen's is currently in the process of designing a new parish website and visual branding, which will launch early next year. In the meantime, the parish is also updating its campus security system and renewing its book of policies and procedures.

James Pevehouse, Dean

SOUTHWEST CONVOCATION

This year was many things it seems; certain parishes enjoyed continued success while others saw varying degrees of decline. But what is true of us all is that we experienced the gamut of emotions as we pastored our contexts, which, of course, colored and deepened how we've gathered and shared in Clericus meetings. In short, we have enjoyed a year of conscious blessing as a whole. From the reaches of the convocation we serve in concert and are honored to share our experiences of 2024:

Beginning in the far west end of our convocation, The Reverend William 'Bill' Bullard reports from St. John's in Palacios how Saint John's continued in its mission stalwart mission to Palacios, Texas as it has for the last 102 years. Church attendance and revenue remain steady although some reduction in giving is noted but the year is not yet ended and no programs have been impacted. Children's formation and nursery remain active with upwards of 10-12 children under age 12 participating with sufficient numbers of safeguarding certified volunteers available. We continue to have plenty of licensed lay Eucharistic Ministers, readers, and Altar Guild volunteers. The Community Blessing Box, a continuously accessible self-service food pantry started in 2022, remains a vital church ministry for addressing local food security concerns. The Palacios Ministerial Alliance financially contributes to this ministry as well.

St. John's lay members continue to regularly participate in Small Church Network workshops and Diocesan Council. Community participation in the annual Shrove Tuesday Pancake Supper rebounded to pre-pandemic levels, and Ash Wednesday ashes-to-go and evening services were well attended. In Holy Week, ecumenical services were held at the Methodist Church on Maundy Thursday, The Presbyterian Church on Good Friday and St. John's for the Vigil of Easter. Each of these services were well attended. Easter Sunday service, at 70 persons, was as usual our highest attendance service.

The Vicar officiated weddings in April and October.

A May 5th visitation, by the Rt. Rev. Katheryn M. Ryan, Suffragan Bishop, was well attended as we baptized two infants and received an adult into the Church, followed by a festive Cinco de Mayo themed reception afterward. There was another infant Baptism in August.

The church property and furnishings remain in excellent condition and suffered no weather or climate related damage, despite being in the eyewall of Hurricane Beryl last July. Some parishioner's property was severely damaged as a result of storm winds and rains.

The Vicar completed his fifth year in September and continues to be active in the local Chamber of Commerce, and Palacios Ministerial Alliance. The Vicar also continues to serve on the Board of Directors for the Palacios HUB, a local 501.c.3 coordinating a variety to community outreach services including child literacy and ESL/GED training, health and indigent care, wellness programs, vocational assistance and legal aid to the local community. The Vicar led a discernment committee for a postulate last spring, and as of mid-September is the only Episcopalian Clergy in Matagorda County available for pastoral emergencies. The Vicar will celebrate the Eucharist at Christ Church, Matagorda, and also St. John's, Palacios on Christmas Eve.

Jumping to the other side of the convocation, to Angleton, the Rector of Holy Comforter, Travis Smith, notes the completion of the first significant capital campaign projects in more than ten years; the bathrooms along with the adjoining rooms and hallway (one large project) and finishing the Prayer Garden. These alone demanded most of our collective energy and attention. And once completed, we were able to continue the final stages of our long-awaited revamped website in the new year.

Amidst the construction Holy Comforter enjoyed some sacred milestones throughout the year, the year beginning with a pregnant stray cat adopting the parish office as her own. She and they have proven a blessing to many.

Lent proved to be full of blessing; with a very successful season of Fish Frys (which we have done for decades as an outreach to the community) and with a wonderful visit from by Bp. Hector Monterroso in February, confirming and receiving five members and reaffirming three more. Not even a tornado in the neighborhood dampened the excitement of our cherished Lenten tradition of frying the best catfish in all the land.

The parish's chapter of the DOK enjoyed a peaceful transition in leadership, which has proven beneficial for all. The parish's longest ongoing mission to the community, the Holy Comforter Day School, also enjoyed a transition of leadership, our former director (Mrs. Annette Jones) retiring. To stave off closing mid-year the members of the school board, along with the new director Ms. Sciobhan Short, reduced the staff significantly. And with a more stewarded budget the school will be financially stable, at least, until the end of the school year (the Day School being open beyond this school year is still an unknown). Regardless, this year marks forty-seven years of the School's impact in the community. It has been heartening to witness how the staff has rallied around Ms. Short, creating a real sense of cohesiveness and effectiveness.

In all the change most things have remained significantly consistent most notably our Peach

Street Farmers Market celebrating seven years in August. While we do not boast large numbers, we enjoy a loyal fanbase and passionate vendors. Saturdays at the Market continues to be its own missional community, which includes our two-night concert series in June (a tribute to local song writers).

This year has seen slightly increased numbers in both our Sunday services, in part because of our creative music program. This year the choir treated us with a robust choral and musical schedule, including our first community choir concert which was a huge hit. As well, we began Walking the Mourner's Path (a grief group program) which has proven powerful to the first participants. We will undoubtedly continue with future groups. We look to the new year with optimism and confidence in good things to continue.

Just twenty minutes south of Angleton rests St. Timothy's in Lake Jackson, squarely in the midst of a fertile mission field. The Reverend Robin Reeves-Kautz, Rector of St. Timothy's reports:

This year, St. Timothy's celebrates 70 years of being empowered by the Holy Spirit to help people experience the love of Jesus and share it. For 68 years this Advent, St. Timothy's members and friends have brought the word to life via a Living Nativity. A gift St. Timothy's offers the region come rain or shine, Co-vid or not, for their neighbors to experience the reality of Emanuel, God en-fleshed amid our messy lives. This creative offering reflects the heart of St. Timothy's love for their neighbor and desire to help them experience God's love and know His peace.

This year we have continued to live into our mission and ministry in deliberate ways according to Isaiah 61. Grounding all we do in prayer and study of the word, the Daughters of the King and the Brotherhood of St. Andrews have grown not only in numbers but in their service. The DOK have taken on serving the youth in the CPS and foster care system with backpacks, school supplies, and being pen pals. A growing number of our members serve the hungry via the Food Basket with donations each month, as well as serving at the Food Pantry and picking up donations weekly. Almost half of our Brotherhood have gone to serve the imprisoned at the Clemens Unit with 2 Kairos weekends and ongoing groups there. The parish covers these weekends in prayer.

This year, our members, the DOK and Brotherhood have united our prayers for all in our schools. This prayer focus came in response to the principal at the neighboring Junior High asking us to pray for Peace for her kids. She said with tears in her eyes when asked, "what is one thing we can pray for your kids?", "you cannot imagine what they are facing." As such, we are uniting our voices and calling other churches and business leaders to join us in this prayer: "Lord, bless the students, teachers, administrators and staff and their families with your peace and love, in Jesus Name." All are encouraged to pray for this blessing as they pass a school. The principal reported the first week of school was the calmest they have ever experienced. She excitedly said, "No one went to detention! Last year over 20 kids went to detention on the first day."

We challenge you to consider challenging your members and community to unite your voices in pray for blessings and peace over your communities kids, in Jesus's name. This

is one way we can "be" the church and bless our communities and usher in the peace of Christ! While it is a simple act, we expect mighty results because of who our God is! They could take it one step further and pray this blessing for all the meet wherever they go!

There is much more that can be said about the ministries of St. Timothy's, and their growing strength. At this time, we wanted to share this challenge. Ministry continues to grow at St. Timothy's as new members come and we grow our partnerships with community ministries and serve others by hosting them in our space. May God Bless You and Yours with His peace and love, in Jesus name.

And moving even further south to Freeport, The Reverend Christopher Weis reports from St. Paul's:

We continued our weekly collection of goods as an offering, but we also acted in good stewardship of our neighbors and did one specific item drive for the most needed items for the community. For the season of Eastertide, we decided to givers after coming through the season of Lent and abstaining. We spoke to the Brazosport Cares Food Pantry about what their pressing needs were, and all through the season of Easter we collected diapers and diaper pads. People could either gather these items or donate funds for a large purchase. On Pentecost Sunday, we blessed \$1200 worth of goods for the community and transported them over to the Food Pantry the next day. *(picture)*

Our Adult Formation for the year 2024 included a Lenten series on the physical journey Jesus took from the Transformation to Palm Sunday, a new organic study of the week's scriptures called "What in the Word", and an Advent study connecting the readings to the themes of Peace, Joy, and Love

In January we did a Facebook live service for the Chalking of the Door during the late afternoon on Epiphany as Evening Prayer. In February we welcomed Bishop Kai Ryan as well as continued our tradition of Pancake luncheon the Sunday before Ash Wednesday. On Easter Sunday we had a parish breakfast with a 3-table spread of all sorts of items, followed by our Easter service in which attendance totaled almost 50 people. In November we celebrated the "Saints of St. Paul's" as our birthday of 105 years came, and we honored the greatness of all those years until now. In December 2023, St. Paul's got together after Advent 3 service for a cookie exchange, in which the members baked/brought their favorite cookies and laid them all out for everyone to take and eat and have merry fellowship.

A little further north, the Reverend Andrew Ellison, Rector of St. Catherine of Sienna in Missouri City reports of the wonderful things going on in the Sienna Plantation:

2024 was an exciting year for St. Catherine of Sienna Episcopal Church. We saw tremendous growth this year, adding multiple new families. It was also a year of change, as our youth director began her studies at Iona for the priesthood. We are so excited for her, and the benefit she will be to the church.

This year we got to host our friend, Bishop Orlando Gomez from Costa Rica. He was in the Houston area, and spent Sunday morning at St. Catherine's. He preached and celebrated, as well as hosted a Q&A session with parishioners and other visitors. St. Catherine folks

are always treated with warmth and hospitality by him when we visit Costa Rica, it was great being able to show that same hospitality to him.

Our children's ministry has been very active this year, finding fun ways to reach out to the community around us. We began a glow in the dark Easter egg hunt, where we welcomed a couple hundred children and families. We also had a very busy fall weekend, where we welcomed over 400 people at our Pre-K fall festival on a Saturday. Then we turned around and welcomed around 500 or so people the next day at our church's Trunk or Treat. Bringing around 1000 people to our church over that one weekend. Unfortunately we had to cancel our VBS this year due to Beryl, but we will be back next year.

We have been blessed in 2024, and are so excited to see what God has in store for our church over the levee in 2025.

Moving even further to far the North end of the deanery, Reverend Ralph Morgan reports from Calvary-Richmond, writing:

In the 66th year of the current building Calvary Episcopal Church in Richmond is occupying (of the three) we truly had to question our "One Sure Foundation". The floor dropped over 8 inches in some parts of the naïve and sanctuary causing candles to lean to the north, Crosses to lean to the south and the preacher to fall out of the ambo. The wine in the chalice didn't know which way to flow but it continued to be shared. After a yearlong renovation and remodel, we are back in our beautiful new building we call home. We have had continued growth during these months out of the sanctuary while we have worshiped in our Parish Hall or our Family Life Center (the Gym).

We lost a curate in December of 2024 to a Church down the street from us and it has been a joy to celebrate and worship with him/them on several occasions. We were blessed to have Jeremy for a year and a half and are still blessed to call him our neighbor. We have a bunch of babies crawling around, a good number of small children, a nice group of middle-aged adults and a lot of seasoned mature parishioners – if anyone has any teenagers they can spare or don't want, send them our way. All in all, Calvary Richmond is doing GREAT!

And pretty close by, Reverend Jeremy Bradley reports from St. Marks in Richmond, writing:

St. Mark's, Richmond, has had an incredible year of revitalization, growth, and community engagement. On March 10, we installed our eighth rector, Rev. Jeremy Bradley! Over Lent, we partnered with Calvary to create an evening program and dinner with local artist Sarah Beth Bacas, who led a weekly discussion on women in the Bible. The gathering reminded us that we are all members of the Body of Christ, and together, we can better serve the community around us. We also hosted two fish fry events during Lent, bringing community members to St. Mark's for Fort Bend County's best fish fry!

The parish made a valiant effort to reimagine what St. Francis day-Blessing the Animals, could look like and how to better invite the community to join us. We asked local animal businesses and non-profits to partner with us at the event and publicized it at local dog parks, coffee shops, and on social media. We tripled the attendees and formed beautiful relationships with our partners and those who joined us for worship. St. Mark's is living into

our mission to know Jesus Christ and to make him known.

A little further north Fr. Roy Varghese reports from Good Shepherd Episcopal Indian Church, Stafford;

We are delighted to share that the Good Shepherd Indian Congregation continues to grow both numerically and spiritually. The year 2024 was marked by a strong focus on empowering lay leadership and expanding community outreach. Lay leaders, including the Bishop's Committee, played a pivotal role in nurturing spiritual growth, building relationships, and advancing the church's mission.

During the Vicar's sabbatical, the lay leaders embraced the opportunity to deepen their understanding of the church's mission, values, and goals. This alignment allowed them to lead with purpose and remain committed to the broader objectives of the congregation.

Our outreach program, "Be with the Buddies", continues to make a meaningful impact in the community. It has become a model for outreach initiatives that can be adapted in diverse contexts. Some children from the program have even become ambassadors, promoting its values within their own communities and fellowships. While the program welcomes new admissions after each recital, a few participants have had to step away due to relocations or other life changes.

Additionally, Good Shepherd organized a Back-to-School Backpack Blessings event for children within the congregation and the broader community. This initiative served as another way to address community needs and reinforce our presence in the neighborhood.

In Sugarland, the Reverend Scott Thompson, Rector of Holy Cross reports:

Holy Cross continued in COVID recovery with another year's increase in average Sunday attendance. The Pumpkin Patch proved stronger this year (after closures 2020 & 2021) with expanded programming, a stronger volunteer base, and broader community participation. Regular small group fellowships continued (for women, men, youth, and children), as did the 101 Newcomers' Luncheon and the Belonging Course, both of which ran in the spring and the fall. In addition, a full calendar of regular mission outreach events took place in partnership with the Lord of the Streets, Fort Bend Family Promise, The Village at Sugar Land (assisted living & memory care), and Operation Christmas Child which operated January through November.

Clearly, we have enjoyed a year of conscious blessing as a whole. As reported, we do, indeed, serve in concert from the reaches of the convocation. And we remain proud of the bond we share within this Clericus, still giving a goodly amount of credit to our monthly facilitator, Maureen Bacchi. We are most grateful for her and pleased that she will continue to be with us for years to come.

We live and move in God's gracious abundance.

Travis Smith, Dean

WEST HARRIS CONVOCATION

I am honored to have begun on December 1, 2024, as the new Dean of the West Harris Convocation after Rev. Jimmy Grace served as Dean through the end of November 2024. West Harris Clericus gathered the second Thursday of each month with the exception of the summer months. We gathered at a different church in the convocation each time which gives us a chance to visit one another's churches. At each gathering we began by praying Noonday Prayer together then had lunch, fellowship, and check-in. The check-in provided an opportunity to share information about all that was going on in our congregations and communities. This summer we welcomed three new curates in the convocation: Rev. Gregory Cross at St. Martin's, Rev. Tori Gilliland at Episcopal High School, and Rev. Sutton Lowe at St. John the Divine. We appreciate that Bishop Monterroso was able to join us at our December meeting. We look forward to gathering together as we move forward into 2025 to share knowledge, resources, and prayers.

Lisa R. Neilson, Dean

CAMP ALLEN CONFERENCE AND RETREAT CENTER

Division of Diocesan Camps

In 2024, Camp Allen welcomed over 60,000 visitors, including more than 8,000 students and faculty through the Discovery Education Program. Our summer camp hosted 2,005 children across 30 sessions, with tuition set at \$894—29% below the national average for weeklong overnight camps.

Significant progress has been made in the Back to Nature Campaign, with \$8.6 million raised toward the \$10.6 million goal. This fall, we broke ground on the Bishop Quin Hotel Building, a cornerstone of the campaign that will replace the 50 year old Hines and Quin hotel wings.

The Starry Nights fundraising events in Austin and Houston set a new record, generating over \$201,000 for camper and student scholarships. In 2023, Camp Allen experienced a record year in revenue, exceeding forecasts with a \$7.4 million budget and a \$297,000 surplus. We anticipate another surplus in 2024, thanks to strong donor support and high usage by Episcopalian groups.

As always, Camp Allen remains committed to honoring God, serving our guests, and maintaining excellence in our facilities, guided by close attention to guest feedback and needs.

Allen Kight, President

2023 Audited Results

Revenues:

| | |
|-----------------------------|--------------------|
| Conference Center Fees | \$3,671,515 |
| Summer Camp Fees | \$1,478,779 |
| Campsites and Cabins | \$731,800 |
| Discovery Fees | \$939,441 |
| Gift Shop Sales | \$77,746 |
| Contribution & Fundraising | \$1,734,389 |
| Equestrian and other income | \$174,644 |
| Total Revenues | \$8,897,657 |

Expenses:

| | |
|---|--------------------|
| Program services | \$6,576,067 |
| Management and general | \$919,605 |
| Fundraising expenses | \$634,310 |
| Total expenses (less depreciation) | \$8,129,982 |

Net change in assets **\$767,675**

Allen Kight, President Elect



The Episcopal Diocese of Texas

FINANCIAL CATEGORY SUMMARY* REPORT

*Summary by Categories Only
2023 vs. 2024 through October

Organization Name: Camp Allen

| | 2023 | 2024 (through October) |
|-------------------|----------------|------------------------|
| Income | \$8,897,657.41 | \$7,904,496.28 |
| Cost of Sales | \$107,713.41 | \$107,038.89 |
| Gross Profit | \$8,789,944.00 | \$7,797,457.39 |
| Expenses | \$8,022,268.76 | \$6,856,512.51 |
| Operating Profit | \$767,675.24 | \$940,944.88 |
| Other Grants/Etc. | \$3,701,806.94 | \$4,318,177.41 |
| Other Expenses | \$1,574,588.51 | \$1,125,921.22 |
| Net Profit/(Loss) | \$2,894,893.67 | \$4,133,201.07 |

Allen Kight, President Elect

CHAPLAINS TO THE RETIRED

Austin, Central and Northwest Convocations

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

This group consists of 129 households, some consisting of clergy with spouses, others single clergy, and 30 are surviving widows/widowers. 62% of our households are canonically resident in the Diocese of Texas and 28% have retired to this area from various other dioceses. The Pastoral Care office of the Church Pension Group (CPG) are now including all non-stipendiary clergy when they turn 70 years old. Of course, not everyone in this group consider themselves retired and work every Sunday, just like many other retired clergy do. My list of non-stipendiary clergy is not as complete as I would wish.

Most of my chaplain's work is done via mail, e-mail, text, or phone and I rely on folks to let me know of any pastoral needs. Every person in our group gets a birthday card and, when I learn of illnesses and deaths, I support folks with a phone call, e-mail, or condolence note. I also try to notify our bishops when I learn of particular issues facing any of our retired folks as well as get folks in touch with the right staff at CPG or at the Diocese.

Quite a few of our folks attended the Camp Allen October Retreat for Retired Clergy Households and enjoyed the time together. Several have expressed thankfulness that this event is offered at no cost to participants, just like Clergy Conference. Folks appreciate being able to earn a few Continuing Education Credits and enjoy common worship and visiting with friends as well as with Bishop Fisher and Susan.

The CPG Chaplain's Office did a marvelous job of supporting the national group of chaplains. We have regular zoom meetings with Sean Scheller. The Rev. Laura Queen retired this past year and Sean will retire in a few months, so new times are ahead for the Chaplain's Office of CPG. I imagine your chaplains will learn more when we attend the National Conference in May 2025.

The CPG continues to provide dependable support to all church retirees and I encourage any retiree to check out the CPG webpages and take advantage of the very informative articles, podcasts, and videos. I try to send emails to my group of retirees informing them of especially helpful CPG items as well as communication around especially challenging pastoral issues.

Again, I am thankful to serve in this position. It is especially a privilege to serve with our other Diocese of Texas Chaplains with the support of Bishop Fisher. A special thanks goes to Kathy Dunn in the Tyler office and Haley Townsend in the Austin office. Both are always so very helpful and encouraging.

Janne Alrø Osborne, Chaplain

East Harris and West Harris Convocations

Chaplains to the Retired Clergy and Surviving Spouses is a program of the Church Pension Fund Group (CPG) Pastoral Care Department designed as an extension of the pastoral ministry of diocesan bishops. In each diocese the Bishop Diocesan appoints chaplains and CPG provides those chaplains with a list of all retired clergy physically residing in the Diocese, regardless of their Canonical residency.

In the Diocese of Texas there are five clergy couples (organized by Convocation) who serve as chaplains under the supervision of the Rt. Rev. Jeff Fisher. In 2024 in the East and West Harris Convocations, Pam and I sent birthday cards to 117 retirees and spouses, Christmas cards to 94 families, attended two funerals of retired clergy, made 133 personal contacts, 39 phone calls, sent 145 emails and texts, received correspondence from 11 retirees and participated in 15 zoom meetings and webinars with Church Pension Group.

On the national level 2024 was a year of transition for the CPG Pastoral Care Department as the Rev. Laura Queen (Pastoral Care Coordinator) retired in June, but the program continues under the capable direction of Mr. Sean Scheller (Senior Relationship Manager, Chaplains and Retirees Benefits) and his team at CPG. In October (I-4) Pam and I again participated in the Church Pension Group Regional Chaplains Meeting for Provinces V, VI, & VII which was held in Cleveland, Ohio. This year we heard from Dr. Karen Keune who presented a program on "The Pursuit of Wellness." We also received information and an update on The Medical Trust from Marc A. Savasta, Senior Executive UnitedHealthcare Retiree Solutions as well as the Rev. Chris Hamby from CPG.

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

In closing let me again remind all spouses of retired clergy to establish your own account with CPG apart from the cleric's own account. This will facilitate the continuation of all benefits due upon the death of the cleric. Simply contact the Church Pension Group (800) 223-6602 or online at www.cpg.org

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

Galveston and Southwest Convocations

We have served as chaplains to the retired clergy and surviving spouses residing in Galveston and Southwest convocations. We decided to retire as of August of 2024.

There are 50 retired clergy and surviving spouses residing in these two convocations. We sent out various e-greetings for birthdays and anniversaries as well as on other occasions such as Easter. We were blessed to attend the Retired Clergy Conference in October and the Bishop's Retired Clergy Luncheon in December along with a number of others from this area. We have kept in touch with the retirees through email, snail mail, zoom and phone calls.

We had two deaths during the first half of the year. I preached at the funeral of the Rev. Deacon Carol Ann Mills in April at Good Shepherd Episcopal Church in Friendswood. I also assisted in leading music for the funeral of the Rev. Mike Gemignani in June at Holy Trinity Episcopal Church in Dickinson.

We are now officially retired from our chaplaincy work, and the Rev. Jim Liberatore and his wife, Christine, have taken over that responsibility since August.

Nan L. Doerr, Chaplain
Samuel P. Doerr, Chaplain

San Jacinto and Southeast Convocations

We serve as Chaplains to the Retired in two Convocations: Southeast and San Jacinto. We live in The Woodlands and serve this Convocation and also the SE Convocation that we called home for 12+ years.

There are approximately 30 retired clergy and surviving spouses in our two areas. We have tried to faithfully serve them in a variety of ways:

- Visiting several retired clergy when they have been hospitalized
- Sending personal birthdays cards.
- Sending special occasion cards, get well cards, and sympathy cards when appropriate. Our friends especially seem to like the Jacquie Lawson cards that they receive as they can then respond back to us.
- Pastorally following up on situations with phone calls, encouragement and prayers and offering support to the family

- Informing clergy and spouses of the Employee Assistance options available to them when they need confidential counseling. Of special note is the CareLinx program offered by United Healthcare for household assistance up to 2 hours a week.
- We saw several retired clergy when we have attended funerals. Sad occasions, but a delight to re-connect.
- Visiting with retired clergy at social functions: retired retreats, parties, etc.
- Providing extra emotional and spiritual support when families are facing difficult situations (attending to an elderly parent, supporting a spouse with Alzheimer's).

Clergy Pension Group (CPG) supports our ministry with monthly Zoom meetings that help us share ideas with other chaplains to the retired all over the United States.

Other things of special note:

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

Our shepherds at CPG, the Rev. Laura Queen and Sean Scheller have both retired this past year. They have been tremendous support for we chaplains and will be sorely missed. CPG is reorganizing. We shall see if communication and care is up to the excellent example of Laura and Sean.

We have one new retired clergy on our list of special note: Gerry Sevick, who was our very own rector at Trinity, The Woodlands. We welcomed into our fold a new chaplain: Jim Liberatore who is taking Nan and Sam Doerr's place.

It is always a challenge to have updated Retired Clergy and Surviving Spouses lists. We persevere in the midst of bounced emails, returned snail mail and phone numbers that have been disconnected. The bishop's office has assisted greatly in getting bi-vocational priests and permanent deacons added to our lists.

Because of sickness, we were unable to attend the Bishop's Christmas Luncheon held early December in Houston. (Nancy had surgery). We shall make every effort to attend next year as it is a festive occasion with so many friends that have been dear to us for decades. As Nancy was recovering a meal was brought to us by another Retired Clergy Chaplain. (How about that!)

Nancy DeForest, Chaplain
Bill DeForest, Chaplain

COMMISSION ON SCHOOLS

The EDOT sponsored a day-conference at Camp Allen for the heads & directors of our Episcopal schools on March 20, 2024. At this gathering, Jimmy Abbott, rector of Trinity, Galveston, and David Dearman, presented a workshop on the rector/head relationship; Southwestern Association of Episcopal Schools Executive Director Rob Devlin spoke on ways that school leaders can inspire others; and Bishop Doyle closed the day interviewing research professor and best-selling author Brené Brown in a fireside chat. The discussion included ways that school leaders can resist unconsciously mirroring the high intensity of others who may confront them. The overall objective of the gathering was to support resilient leadership.

A school was closed in May by the mission committee of its sponsoring church, because the congregation was no longer able to provide the required Episcopal governance. The school subsequently re-configured as a private Christian school and is no-longer tracked by the Commission on Schools. Another parish day school, Hillside Early Childhood Center, Austin, was previously left off this report in error. The total number of schools in the EDOT is unchanged at 54.

Enrollment diocesan-wide increased by 232 students from the previous report with a total opening day enrollment of 12,674. Since the “Covid” low of 9,937 (2020), total enrollment has increased year-over-year 4 years in a row. Two schools gained accreditation since the last Council: First Steps Montessori, Houston (AMS) and St. Luke’s Episcopal School, Lindale (SAES). A total of 45 schools are now fully accredited.

| | |
|--|---------------------------------|
| Holy Comforter Episcopal School, Angleton | Sciobhan Short, head of school |
| St. Cyprian’s Episcopal School, Lufkin | Amber Miller, head of school |
| St. James’ Episcopal Day School, Conroe | Lacy Young, head of school |
| St. Mary’s Episcopal Day School, Bellville | Holly Monk, head of school |
| St. Michael’s Episcopal Day School, Austin | Rebecca Beavers, head of school |
| St. Thomas Episcopal School, Houston | Bill Mott, head of school |

Just 6 transitions were noted among the heads & directors. This number matches the pre-covid annual average turnover! The leaders who replaced others during the reporting period are as follows:

Finally, I have stepped-down as chair of the Commission on Schools after 7 years of service. *Catherine* (Scootie) Clark has been appointed to chair the group beginning with this 176th annual council. Well-known among Episcopal school leaders, Scootie serves as head of school at All Saints’ Episcopal School, Beaumont. Scootie is the current board president of the Southwestern Association of Episcopal Schools.

David C. Dearman, Chair

School Summary, 2024-2025 Reporting Period

| EDOT Schools Total Number of Students: 12,674 ▲ | | | | |
|---|-----------|--|--|-----------|
| <i>Schools by Highest Grade Level</i> | | <i>Schools by Total Enrollment Groupings</i> | | |
| Preschool/Kinder (may include Infant-Kinder) | 30 | ▼ | with ≤ 50 students | 10 |
| Elementary (may include up to 5 th Grade) | 4 | ▲ | with > than 50 students and < 300 students | 33 |
| Middle School (may include up to 8 th Grade) | 10 | ▲ | with > 300 students | 11 |
| High School (may include up to 12 th Grade) | 10 | ▼ | | |
| Total Schools in the EDOT | 54 | | Total Schools in the EDOT | 54 |

| Other Stats | |
|--|---|
| Students of Color - Total Enrollment: 3,301 ▲ (approx. 26%) | Total # of Employees: 2,938 ▲ |
| Students Receiving Financial Aid: 1,895 ▲ (approx....15%) | # Accredited Schools: 45 ▲ (83%) |

Location of Schools by City

| | |
|-----------------|---------------------------------|
| Angleton | Holy Comforter |
| Austin | All Saints' |
| | Good Shepherd |
| | Hillside Early Childhood Center |
| | St. Andrew's |
| | St. David's |
| | St. George's |
| | St. Mark's |
| | St. Matthew's |
| | St. Michael's |
| | St. Stephen's |
| | Trinity |
| Bastrop | Calvary |
| Beaumont | All Saints' |
| Bellaire | Episcopal High |
| Bellville | St. Mary's |
| College Station | St. Thomas' |

| | |
|---------------|-------------------------|
| Conroe | St. James' |
| Friendswood | Good Shepherd |
| Fort Worth | All Saints' |
| | Trinity |
| Galveston | Trinity |
| Georgetown | Grace |
| Houston | Archway Academy |
| | Ascension |
| | Cathedral House |
| | First Steps Montessori |
| | Grace |
| | Holy Spirit |
| | St. Andrew's |
| | St. Christopher's |
| | St. Cuthbert's |
| | St. Francis' |
| | St. Mark's |
| | St. Martin's |
| | St. Stephen's |
| | St. Thomas' |
| Killeen | St. Christopher's |
| Kingwood | Good Shepherd |
| LaGrange | St. James' |
| Lindale | St. Luke's |
| Longview | Trinity |
| Lufkin | St. Cyprian's |
| Marshall | Trinity |
| Missouri City | St. Catherine of Sienna |
| Nacogdoches | Christ |
| Pearland | St. Andrew's Academy |
| Richmond | Calvary |
| Round Rock | St. Richard's |
| Sugar Land | Holy Cross |
| Temple | St. Francis' |
| The Woodlands | Trinity |
| Tyler | All Saints' |
| Waco | St. Paul's |

David C. Dearman, Chair

SEMINARY OF THE SOUTHWEST

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

One of seven Episcopal seminaries, Seminary of the Southwest stands boldly at this intersection of tradition and innovation. Rooted in the theology, liturgy, and rich history of The Episcopal Church, Southwest lives within the fertile conversation about the identity and role of the church in the contemporary world. Offering in-person formation for ordination, spiritual direction, and mental health counseling and resourcing local formation for leadership throughout the Episcopal Church, Seminary of the Southwest has a unique profile among its peers, offering in-person formation for ordination, spiritual direction and mental health counseling, while resourcing local formation for leadership throughout the Episcopal Church.

Mission/Vision/Core Values

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

Mission

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

Vision

The insight and creativity with which Seminary of the Southwest engages the Christian tradition with the reality of the contemporary world makes it a leader among institutions of higher learning, both within and beyond The Episcopal Church. Sustained by innovative teaching and research, Southwest forms servant leaders who minister in a diverse culture with confidence and humility. The seminary has the financial and spiritual capacity to discern and develop new programs to advance God's mission of healing and reconciliation.

Core Values

The following core values describe what Seminary of the Southwest stands for and believes in:

- Hospitality: creating a common life that welcomes difference and ensures that all voices are heard
- Mutuality: nurturing a collaborative environment that promotes mutual inquiry and accountability
- Respect: cultivating the virtues of patience, justice, and charity, so as to affirm the dignity of every member of the community
- Rootedness: embodying the richness of the Episcopal and Anglican traditions in

particular contexts, especially that of the American Southwest and its Hispanic cultures

- Celebration: glorifying and enjoying God in worship, prayer, study, service, and fellowship, so as to create a community of gratitude and gift
- Conversation: listening to and critically engaging a variety of cultural and religious voices in order to commend the Christian tradition and discover fresh wisdom

Strategic Plan

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

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

The 24 measurable goals are divided among these four areas of focus, and each area of focus supports at least one of the 9 visionary outcomes that support the overall Vision Statement of Southwest. Southwest faculty and administration have begun work to carry out the goals in each pillar and remain within the projected timeline. The Board of Trustees continues to monitor progress toward these goals throughout the plan.

Academics and Programs

The seminary offers the following degrees and diplomas:

- Master of Divinity
- Master of Arts in Religion
- Master of Arts in Clinical Mental Health Counseling
- Master of Arts in Spiritual Direction
- Diploma in Anglican Studies

A total of 104 students enrolled at Seminary of the Southwest for Fall 2024. The 34 ordination track students include students from the following dioceses: Central Gulf Coast, Chicago, Georgia, Mississippi, North Dakota, Northern California, Olympia, Pennsylvania, Rio Grande, Southern Ohio, Southwest Florida, Texas, Virginia, and West Texas. Additionally, we have a student in our MDiv program from a non-Episcopal tradition, increasing the diversity of our student body.

The faculty is made up of nineteen highly qualified scholars who hold faculty positions in Old and New Testament, Church History, Christian Theology, Christian Ethics and Moral Theology, Liturgics and Anglican Studies, Preaching, Church Music, Pastoral Theology, Spirituality, Theology and Arts, Leadership Formation, Counselor Education, and Latinx Studies. The faculty includes six administrators: Dr. Scott Bader-Saye, dean and president; The Rev. Dr. Ben King, academic dean and dean of chapel; Dr. Marlon Johnson, dean of community life; Dr. Gena St. David, director of the Loise Henderson Wessendorff Center for Counseling and Spirituality; the Rev. Nancy Frausto, director of the Latinx Studies Program, and the Rev. Dr. Nandra Perry, director of the Iona Collaborative. Additionally, over 12 professionals from the Austin and San Antonio areas teach adjunct in the counseling and spiritual direction programs.

Seminary of the Southwest is providing a 100% tuition scholarship to nearly every graduate student in its Master of Divinity degree program and our Diploma in Anglican studies during the academic year 2024-2025, as was the case last year. Due to a generous gift from the Episcopal Foundation of Texas, our Pastoral Leadership Initiative continues to allow us to provide housing, medical insurance, book and fee grants for many of our students in the Master of Divinity program. Such funding allows Seminary of the Southwest to offer financial support commensurate with awards available from other Episcopal seminaries. In addition, full- and part-time students in most other degree programs were recipients of institutional financial aid funded by the seminary's permanent endowment.

The revised Master of Divinity curriculum was launched in 2023-2024 and is currently in its second year. The roll out of the new curriculum will be complete in 2025-2026. The highlights include the addition of a case-based Seminar in Applied Theology that will meet weekly for all three years, a new sequencing of courses that allows for more content overlap and team teaching, a deeper integration of theory, practice, and pastoral identity, and a cross-curricular commitment to preparing students to build beloved community in response to racial injustice and political polarization.

The Clinical Mental Health Counseling (MHC) program offers a 60-hour degree designed for students seeking graduate-level instruction in professional counseling that prepares the student to pass the Texas state LPC qualifying exam and provides an opportunity to integrate professional counseling competencies with spiritual competencies, along with antiracist and social justice practices. All MHC courses address the knowledge, skills, and dispositions required for competent professional counseling practice in a diversity of settings.

Seminary of the Southwest met its goal by enrolling 20 new students in Fall 2023 and 21 new students in Fall 2024 into the Master of Arts in Clinical Mental Health Counseling. With the approval of the Board of Trustees of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), Seminary of the Southwest's continues to offer blended instruction (with both in person and online instruction and student engagement) which enables Seminary of the Southwest's MHC program to fulfill its mission "to prepare counselors through a social justice oriented curriculum and a spiritually integrated foundation so that they can be builders of beloved community," and admit a diversity of students from a variety of backgrounds and stages of life.

In 2023, Southwest completed a two-year pilot program, the Racial Healing Initiative, funded by the Moody Foundation, to train local mental health professionals and clergy in best practices for identifying and addressing racial trauma and promoting racial healing through

spiritual and psychosocial resources. The MHC program also offers yearly continuing education (CEUs) to our constituents and as part of the culmination of the Racial Healing Initiative, Dr. Marlon Johnson led the closing event: *The Fall Learning Experience*. This event was open to clergy, students, and mental health professionals in the local community and offered 4.5 hours of continuing education.

The MHC faculty embarked on a three-year process to evaluate the outcomes of their revised curriculum which now infuses antiracist practices and spiritual competencies within the entire curriculum across all twenty of the required counselor education courses. The MHC faculty collaborated together to co-author a journal article entitled, *Infusing antiracism into counselor education: A model for CACREP Programs*, published in the Counselor Education and Supervision Journal in Fall 2024. During the Fall of 2024, they also co-presented a panel presentation at the Southern Association of Counselor Education and Supervision (SACES) conference on their published work that provides an overview of MHC program's curriculum revision.

In 2022, the MHC program was also the recipient of a renewed multi-year grant from the Episcopal Health Foundation to further and expand the Bishop Dena A. Harrison Fellows Program, which places Southwest counseling graduates in underserved rural communities. Harrison Fellows have the opportunity to complete their LPC-Associate hours at the Center's partner sites, Burke, in East Texas, or at the Heart of Texas Behavioral Health Network, in Waco, Texas. Both sites are integrated health and mental health centers serving the underserved populations in multiple counties in their geographic area.

Since the launch of the Harrison Fellows Program in 2015, there have been 16 MHC graduates selected to be fellows. Many of these fellows have opted to continue full-time employment at Burke post-fellowship with three former fellows making the decision to make East Texas their permanent home where they continue the important work of increasing access to mental health care in that rural community. There are currently two MHC program alumni employed as Harrison Fellows working at the Heart of Texas Behavioral Health Network which just became our partner in August 2024. We anticipate a high rate of retention there post-fellowship. Harrison Fellows receive additional monthly supervision from Dr. Gustavo Barcenas, LPC-S, and an Assistant Professor in Counseling Education.

In August 2024, the seminary was awarded a five-year grant of \$4.85 million from The Henderson-Wessendorff Foundation to establish the Loise Henderson Wessendorff Chair of Latinx Counselor Education and continue to fund the well-established Richmond Area Bilingual Fellows Program. This transformational investment will establish a fully-endowed faculty chair to lead the Latinx Counseling Concentration of the Master of Arts in Clinical Mental Health Counseling degree at Seminary of the Southwest, as well as create long-term stability for the Richmond Area Bilingual Fellows Program, which sends qualified Southwest graduates as bilingual counselors to provide spiritually-integrated, culturally-responsive counseling to Latinx children and families in Richmond, Texas, and the surrounding areas.

Dr. Stephanie Ramirez, who helped establish and continues to lead both the Latinx Counseling Concentration and Richmond Area Bilingual Fellows Program, is the inaugural faculty member to hold this Loise Henderson Wessendorff Chair, which is named in honor of beloved family member, Loise Henderson Wessendorff. The Richmond Area Bilingual Fellows Program is modeled after the Harrison Fellows Program, building a pipeline of bilingual MHC graduates who will move to the Richmond area post-graduation to work as LPC-Associates at AccessHealth providing much-needed counseling services to the Latinx

community. We currently have two MHC program alumni working as fellows.

The Latinx Counseling Concentration led by Dr. Stephanie Ramirez, has 9 MHC students enrolled in this specialized concentration. The Latinx Counseling Concentration (LCC) was developed for Clinical Mental Health Counseling students interested in providing a deeper level of culturally responsive counseling services to the Latinx community, currently one of the largest growing minority groups nationally and regionally throughout Texas. Our goal remains to train curious, culturally empathic, accepting, self-aware counselors with or without Spanish-language proficiency. During their time at the seminary, LCC students engage in a differentiated curriculum in Latinx counseling to supplement their clinical mental health counseling training.

The Spiritual Integration in Counseling Scholars Program provides mentorship for MHC students interested in engaging in research, professional development, and service to the field of counseling through written publications and presentations. As part of her leadership in this initiative, in the summer of 2023, Dr. Awa Jangha published an e-book entitled, *Mental Health Basics for Spiritual and Religious Leaders*, a free resource on the seminary's website. The SIC Scholars program also offered a workshop focused on rest in the Spring of 2024 for the community at large.

The Master of Arts in Spiritual Direction (MSD) is a -39-hour degree that engages the theology and practice of Christian spirituality and spiritual direction. The MSD is designed for students who wish to explore the spiritual tradition of the Christian path as well as for lay and ordained ministers seeking to develop skills in spiritual direction. The MSD curriculum provides a biblical, theological, historical, and ethical foundation for spiritual direction with individuals and with groups and communities.

The Iona Collaborative at Seminary of the Southwest oversees all non-degree educational programming for the seminary. Formerly the Iona Center, it was rebranded as the Iona Collaborative effective June 2021.

The Iona Collaborative itself continues to grow. As of December 2024, it provides curricular resources to 35 dioceses in the United States. To date, the seminary has awarded 250 certificates in theological studies to Iona Collaborative diocesan graduates, as well as 49 Certificates in CPE/Pastoral Care Education.

Curriculum development and student assessment have been our primary areas of focus in 2024. In collaboration with Seminary of the Southwest faculty, the Iona Collaborative is creating the first ever curriculum customized to address the special challenges and capitalize on the unique affordances of diocese-based formation. It features a modular academic "core," with interlocking "tracks" for lay, diaconal, and priest formation, a lectionary integration component, and significant attention to developing practical skills for ministry. The first year of this curriculum is expected to be available to member dioceses in Summer 2025. In collaboration with Iona deans, we have also created the first ever field ed guide for local formation.

Our growing edge for 2025 is lay leadership curricula, specifically curricula in lay chaplaincy, Spanish-language lay preaching and English language lay preaching. In all cases, we are working closely with local Iona school deans, Seminary of the Southwest, and TEC partners (Episcopal Preaching Foundation, EDS, Center for Lay Chaplaincy, and the Office of Latino/Hispanic Ministries) to create contextually sensitive, user-friendly resources. On the lay chaplaincy front, we have entered into a pilot project in partnership with the Center for

Lay Chaplaincy of the Diocese of Los Angeles to offer Zoom-based cohorts in “Adapted CPE” to Iona Collaborative partners.

As of 2024, we have created 5 skills-based assessment matrices for diaconal formation, priest formation, and lay leader formation. The priest and deacon matrices distill the competencies outlined by the Association of Episcopal Deacons and the (TEAC) ministry grids of the Anglican Communion into a user-friendly format suitable for course planning and for student and program assessment. This project has now been incorporated into part of a larger initiative that will be supported by a \$5million grant from Lilly Endowment Inc. Micro-grants to 20 Iona dioceses will support the dissemination throughout the Iona Collaborative network of clear benchmarks for priest, diaconal, and lay-leader formation.

In December of 2024, the Iona Collaborative was awarded a \$5million dollar grant from Lilly Endowment Inc. through its *Ministry in Rural Areas and Small Towns Initiative*. In addition to disseminating a culture of student assessment (as outlined above), our project (Locally Grown Leaders) will invite participating dioceses into a data-based visioning and program evaluation process for their schools of formation. This process will be supported by tools developed in partnership with FaithX. Our vision is to help dioceses leverage the agility of local formation to become better anchor institutions within their regions. To that end, we’ve established a cadence of data gathering, goal setting, student assessment, and program evaluation. Our intention is to share everything we learn via the grant with the wider Church, with the goal of establishing a TEC-wide sense of best practices around local formation.

The Iona Collaborative received a \$500,000 grant in 2023 from the Lilly Endowment to continue its Thriving in Bi-Vocational Ministry (TBVM) program. *The Equity Project* grant through Trinity Wall Street (received in 2022) provides matching funds (\$200,000) to support building curricula for this program. TBVM is a continuing education program supporting bi-vocational priests, deacons, and lay leaders serving in small churches throughout the Iona Collaborative network. The program also facilitates the building of relationships with peers and experienced instructors to support leaders who can feel isolated or overwhelmed. This cohort-based program has served over 400 clergy and lay leaders by providing practical, skill-based course offerings in preaching, pastoral care, social justice, church administration, Biblical interpretation, and spiritual formation. In 2024 we launched a podcast (available on Apple Podcasts and Spotify) that makes resources created for TBVM readily available for busy leaders.

Thriving Bi-Vocational Congregations (TBVC) is a program launched in 2021 through a second \$1M grant from Lilly Endowment, Inc. We are in the fourth year of a five year grant. TBVC invites leadership teams from bi-vocational congregations to participate in 3-day workshops that helps them make the intellectual, emotional, and spiritual shift from expecting to have a full-time, paid priest as a leader toward an acceptance and enthusiasm for bi-vocational ministry in its many forms. TBVC helps congregations understand their unique charisms as well as discern how the Holy Spirit is calling them today. To date, TBVC has worked with three cohorts of churches (13 congregations in the first cohort; 5 congregations in the second cohort; and 9 congregations in the their cohort). We will offer one last workshop before this phase of the grant ends in 2025. The Lilly Endowment, Inc. invited the Iona Collaborative to write a second grant to continue this program for five more years. The grant proposal will be for \$1M or up to \$2M. The Iona Collaborative staff will spend the spring semester of 2025 discerning the future of this program and what size grant makes sense for

the next phase. The grant proposal is due July 1, 2025.

In keeping with our stated goals in the Strategic Plan, the Iona Collaborative is working to become a trusted voice throughout TEC on bi-vocational ministry and small-church vitality. In 2024, we have made several important steps in that direction. We have a refreshed brand, a new website, and a new newsletter, *Small Church Voices*. *Small Church Voices* celebrates the ministry of small-church leaders (lay and ordained) and disseminates resources suitable for small congregations. In Summer 2024 we were a presence at General Convention, and in Summer 2025, we will host our second UnConference in partnership with Trinity Church Wall Street. A biennial offering, this conference is designed to be a fully collaborative experience, with carefully structured processes for engagement and collective experimentation on key questions related to a common theme. This year, our theme is “money” and we are inviting and seeking input from important stakeholders at this stage.

Finances

The seminary’s investment portfolio is managed by Episcopal Church Foundation, New York, with State Street Global Advisors, Boston as portfolio manager. The portfolio had a market value of \$48.7 million at 2 QE 2024, up 9.19% since June 30, 2023, net of fees, investment income, capital contributions, and preauthorized endowment fund distributions.

During the second quarter, the portfolio achieved a net return of 1.34%, underperforming its 1.45% benchmark by 0.11%. The asset allocation is aligned with policy. Three-year performance return is 3.51% versus 2.50 benchmark.

On October 2, 2024, Montemayor Britton Bender, PC—the seminary’s independent external auditors—delivered to the Audit Committee the financial statement audit and federal awards audit reports for the fiscal year ended May 31, 2024. The firm has delivered unmodified (clean) opinions for both audits and there were no adverse findings.

The consolidated statement of financial position for the fiscal year ended May 31, 2024, reports \$94.3 million in total assets, up \$5.32 million (6%) since a year ago; \$6 million in current debt, of which ~ \$4 million is for construction-in-progress; \$88.34 million in net assets, up \$3.18 million since a year ago.

The consolidated statement of financial activities for the fiscal year ended May 31, 2024, reports \$14.02 million in revenue and \$10.84 million in expenses, resulting in a net operating gain of \$3.18 million for the year, of which \$1.86 million is without donor restriction. Cash flows from operating activities produced <\$2.65> million.

During its fiscal year 2024, the seminary completed a \$23 million construction renovation project on its campus on September 13, 2023, opening a new learning complex and the Bishop Dena A. Harrison Library.

The Board of Trustees, chaired by The Rt. Rev. Kathryn M. Ryan, bishop suffragan, has established several objectives described in the seminary’s strategic plan including, for example:

- Seminary of the Southwest’s MDiv program will train a diverse group of ordained leaders for the church with a curriculum rooted in Jesus Christ and the organic dynamism of the Anglican tradition, the antiracist vision

of beloved community, the exploration of new models of ministry, and the centrality of conversation and collaboration with others inside and outside the church.

- Seminary of the Southwest will be known as one of the educational and cultural treasures of Austin, a place that convenes interdisciplinary conversations about things that matter most and serves the community in times of challenge.

Toward this end, the seminary is focusing tactical efforts and resources to achieve this objective.

Academic Scholarship Awards

During academic year 2023-2024, the seminary has awarded scholarships funded by endowments created in support of racial justice initiatives, subject to the limits of our endowment spending policy:

Pauli Murray Scholarship

AY 20-21: 2 students, \$25,000

AY 21-22: 1 student, \$10,000

AY 22-23: 4 students, \$50,000

AY 23-24: 7 students, \$75,000

AY 24-25: 7 students, \$85,000

David Franklin Taylor Scholarship

AY 21-22: 4 students, \$23,567

AY 22-23: 1 student, \$500

AY 23-24: 7 students, \$54,751

AY 24-25: 6 students, \$50,904

The Bertha Sadler Means Endowment supports the salary for the Dean of Community Life, who oversees the beloved community work of the seminary. It also funds programming related to the seminary's racial justice initiatives, including the faculty and students' participation in the annual Civil Rights and Jonathan Daniels Pilgrimage.

Institutional Advancement

The Office of Institutional Advancement (IA) partners closely with the seminary's executive leadership, the Board of Trustees, the Institutional Advancement Committee, faculty and staff, donors and alumni, and the community at large to drive the seminary's comprehensive strategic fundraising and public relations initiatives, including but not limited to: the annual fund, major gifts and planned giving, the endowment, capital campaigns, foundation grants, donor and alumni relations, external events, and public relations.

In alignment with the seminary's strategic plan, Institutional Advancement aimed to grow fundraising by >5% over the previous year, along with strengthening community support, awareness, and engagement. In 2023, the annual fund met and exceeded its goal of \$1,075,000 with a total of \$1,085,000, without a full-time annual fund manager.

Personnel changes included the retirement of Wally Moore, Director of Planned Giving and Major Gifts on August 1, 2024, and the resignation of Kaye Warren, Executive Assistant of IA on October 10, 2024. April Kerwin, CFRE, CFRM, LMSW was appointed Director of Major

Gifts and Planned Giving on August 28, 2024 and Emily Tumbusch was appointed the Executive Assistant of IA on October 28, 2024. The Manager of Annual Fund position remains vacant.

IA represented the seminary locally, regionally, and nationally at public engagements, such as, but not limited to: Episcopal Parish Network Conference, Diocese of Texas, Diocese of West Texas, and Diocese of Mississippi Council Meetings, Diocese of Texas Clergy Conference, General Convention, Episcopal Church Foundation 75th Anniversary Gala, Chamber of Commerce meetings and events.

IA plans and hosts the annual Alumni Convocation and Blandy Lecture, three annual Monday Connection Luncheons, John Hines Day Luncheon, and alumni receptions and breakfasts.

IA organizes and leads the Institutional Advancement Committee of the Board of Directors, and the Alumni Steering Committee. IA also participates in the Strategic Plan Coordinating Committee, the Diocesan Relations Committee, Presidential Installation Planning Committee, Presidential Transition Committee, the Bishop Advancement Council, and the President's Cabinet.

Key strategic program-related grants have also been secured to fortify our efforts within the following Southwest initiatives:

| <u>Donor</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------------------------|--------------------------|--|
| Episcopal Foundation of Texas | \$3,600,000 over 5 years | Pastoral Leadership Initiative |
| The Henderson-Wessendorff Foundation | \$4,850,000 over 5 years | Loise Henderson Wessendorff Chair of Latinx Counselor Education' and The Richmond Area Bilingual Fellows Program |

Accreditation and Leadership

Seminary of the Southwest is accredited by The Southern Association of Colleges and Schools Commission on Colleges and the Commission on Accrediting of the Association of Theological Schools of the United States and Canada. The seminary is also accredited by the Council for Accreditation of Counseling & Related Educational Programs for our Master of Arts in Clinical Mental Health Counseling degree.

In the summer of 2024, Dr. Scott Bader-Saye began his first year as the ninth Dean and President of the seminary. He came to this position after fifteen years of serving as the Helen and Everett H. Jones Professor of Christian Ethics and Moral theology. The last eleven years he has also served as Academic Dean.

An outstanding Board of Trustees chaired by the Rt. Rev. Kathryn “Kai” Ryan, Diocese of

Texas, leads the seminary. Other trustees and representatives include:

Mr. Clarke Heidrick, executive chair, Diocese of Texas
Dr. Scott Bader-Saye, Ex Officio (non-voting) Dean and President, Seminary of the Southwest
Dr. Anthony Baker, faculty representative (non-voting), Seminary of the Southwest
Ms. Gabrielle Munn, student representative (non-voting), Seminary of the Southwest
The Rev. Morgan Allen, Seminary Treasurer, Diocese of Massachusetts
The Rt. Rev. Diana Akiyama, Diocese of Oregon
The Rev. Bert Baetz, Diocese of West Texas
Ms. Taylor Bowles, Diocese of Texas
Mr. Anthony Chapple, Diocese of Texas
Mr. John Hancock, Diocese of Texas
Ms. Josephine Hicks, Diocese of North Carolina
The Rt. Rev. Carlye Hughes, Diocese of Newark
Ms. Shannon Hunter, Diocese of Texas
Mr. Fred Kalema-Musoke, Diocese of Virginia
The Honorable Lora Livingston, Diocese of Texas
The Rev. Lisa Mason, Diocese of New York
Mrs. Lynn Meredith, Diocese of Texas
The Rev. Hugh Page, Diocese of Northern Indiana
The Rev. Kathy Pfister, Alumni Representative, Diocese of Texas
The Rev. Genevieve Razim, Diocese of Texas
The Rev. Rhonda Rogers, Diocese of Texas
The Rev. Roman Roldan, Diocese of Texas
The Rev. Jemonde Taylor, Diocese of North Carolina
The Very Rev. S. Chadwick "Chad" Vaughn, Diocese of Atlanta
The Rev. Greg Warren, Diocese of Atlanta
Mrs. Patricia Young Brown, Diocese of Texas.

Details about the seminary's programs, faculty and news can be found at <http://www.ssw.edu>.

Scott C. Bader-Saye, Dean and President



The Episcopal Diocese of Texas

COMPARATIVE FINANCIAL STATEMENTS

Organization Name: The Episcopal Theological Seminary of the Southwest

FYE 2024 STATEMENT OF FINANCIAL POSITION ASSETS

| | |
|--------------------|---------------------|
| Cash & Investments | \$55,894,613 |
| Fixed (net) | 31,811,073 |
| Other | <u>6,637,719</u> |
| Total Assets | <u>\$94,343,405</u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|-------------------|-----------|
| Current | 6,001,518 |
| Non-current | <u>0</u> |
| Total Liabilities | 6,001,518 |

NET ASSETS

| | |
|---------------------------|-------------------|
| Without donor restriction | 26,913,904 |
| With donor restriction | <u>61,427,983</u> |
| Total Net Assets | 88,341,887 |

Total Liabilities and Net Assets \$94,343,405

FYE 2024 STATEMENT OF FINANCIAL ACTIVITIES

Revenues \$14,023,782

Expenses

| | |
|----------------|------------------|
| Program | 8,117,519 |
| Administrative | 1,211,832 |
| Fundraising | <u>1,513,196</u> |
| Total Expenses | 10,842,547 |

Change in Net Assets \$3,181,235

FYE 2023 STATEMENT OF FINANCIAL POSITION ASSETS

| | |
|--------------------|---------------------|
| Cash & Investments | \$52,970,448 |
| Fixed (net) | 26,493,679 |
| Other | <u>9,557,639</u> |
| Total Assets | <u>\$89,021,766</u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|-------------------|-----------|
| Current | 3,861,114 |
| Non-current | <u>0</u> |
| Total Liabilities | 3,861,114 |

NET ASSETS

| | |
|---------------------------|-------------------|
| Without donor restriction | 25,049,559 |
| With donor restriction | <u>60,111,093</u> |
| Total Net Assets | 85,160,652 |

Total Liabilities and Net Assets \$89,021,766

FYE 2023 STATEMENT OF FINANCIAL ACTIVITIES

Revenues \$12,798,166

Expenses

| | |
|----------------|------------------|
| Program | 7,263,840 |
| Administrative | 998,745 |
| Fundraising | <u>1,135,263</u> |
| Total Expenses | 9,397,848 |

Change in Net Assets \$3,400,31

Scott C. Bader-Saye, Dean and President

EPISCOPAL HIGH SCHOOL

Founding

Episcopal High School, founded in 1983, opened its doors in 1984 on a 34-acre campus in Bellaire, Texas, as a four-year co-educational private day school with an enrollment of 130 students. Episcopal is celebrating its 41st year as a destination for students seeking the Four Pillar experience. The school community is faith-centered and provides instruction to 808 college-bound students with a wide range of abilities who come from across the Houston area.

Episcopal High School admits students of all races, colors, and national/ethnic origins to all the rights, privileges, programs, and activities accorded or made available to students at the School. The School does not discriminate based on race, color, or national/ethnic origin in the administration of its educational and admission policies, scholarship and loan programs, or athletic and other school-administered programs.

Mission

Episcopal High School, founded and guided by the Diocese of Texas, is an inclusive and joyful Christian community where students discover and develop their individual talents through the Four Pillars – academics, arts, athletics and religion – preparing for meaningful lives in service to others.

Guiding Principles

As shared by The Rt. Rev. C. Andrew Doyle, The core values of Episcopal High School were established with great care in order that the School might encourage the best in our students and ensure each of them a well-founded and well-rounded high school experience. Through the Four Pillars of academics, arts, athletics and religion, we hope to form virtuous citizens today who will become effective leaders tomorrow. Our alumni certainly bear this out, reflected in their many different careers, in every corner of the globe. We work to nurture a student's unique, God-given gifts in every part of life so that our students will flourish.

Accreditation and Memberships

The School is accredited by the Independent Schools Association of the Southwest. EHS also holds memberships in the National Association of Independent Schools, the National Association of Episcopal Schools, the Council for the Advancement and Support of Education, the Educational Records Bureau, the College Board, the National Association for College Admission Counseling, and the Southwest Preparatory Conference.

School Leadership

Ned Smith, Head of School

Rev. Tyler Montgomery, Associate Head of School - Academics & Student Life

Evelyn Cambria, Associate Head of School - Finance & Operations

Dr. Antonio Avalos, Principal

The Rev. Art Callaham, Interim Dean of Religion

Jason Grove, Director of Athletics

Wayne Jones, Director of Diversity, Community, and Inclusion

Jessica Morales, Director of Communications

Nguyet Xuan Pham, Dean of Faculty

Paul Revas, Dean of Arts

Margaret Young, Chief Development Officer

Student Overview

EHS has an enrollment of 808 students:

- 462 female and 346 male students
- 27% of our students self-report as students of color
- 18% are Episcopalian
- 213 new students – 207 freshmen (2028), 2 sophomores (2027), and 4 juniors (2026)
- Representing 39 zip codes and 52 different feeder schools from across Houston

Other interesting facts about the class of 2028:

- 6 sets of twins and 1 set of triplets
- 56 siblings
- 23 children of alumni

Academics

This year's average class size is 14.5 students, which allows for highly personalized and effective teaching and learning. Students have access to 146 unique offerings including 21 AP classes and 19 classes designated as Honors courses. The faculty consisting of 92 men and women, with over 60 percent holding advanced degrees, is committed to preparing EHS students for college and a significant life thereafter.

Each year, the academics pillar sees increasing numbers of students taking two department courses simultaneously with some taking three. For this school year, we are thrilled to report:

- Computer Science: 181 students are taking one of four computer science courses: Introduction to CS, CS Principles AP, CS AP, or Projects in CS Post-AP
- AP Statistics: 48 students in three sections are taking Statistics AP
- Linear Algebra and Differential Equations Post-AP: We continue to see freshmen place out of Algebra I and Geometry, which places them on track for this post calculus level class

- 39% of sophomores, 43% of juniors, and 27% of seniors are enrolled in two or more Mathematics & Computational Sciences classes.

Academics continued

High-level STEM classes: This year, 115 junior and senior students (29% enrolled in these grades) are enrolled in engineering and AP sciences classes.

- 37% of seniors (70 students) are enrolled in 2 or more Science classes
- English, History, and Social Sciences: Students continue to expand their knowledge with significant enrollment in at least two of the respective subjects.
 - 67% of seniors (128 students) are enrolled in two or more History & Social Sciences classes
 - Two students are in five History classes

For 2024, 386 AP students took 823 AP exams. 73% scored a score of 3 or higher.

Out of the 386 AP students:

- 51 AP Scholars: Scores a 3 or higher on 3 or more AP exams
- 19 AP Scholars with Honor: Scores a 3 or higher on 4 or more AP exams
- 43 AP Scholars with Distinction: Scores a 3 or higher on 5 or more AP exams

Interim Term

Interim Term, typically held for two weeks at the beginning of each January, provides underclassmen at EHS a unique opportunity to enrich their high school experience through the inquiry of diverse topics unavailable in the regular curricular program. Interim electives encourage students to explore personal interests or dive into new areas of study, through which they can discover and develop their individual talents. In addition to these electives, Interim Term Grade Level Learning (GLL) classes educate students in areas that will lead them to greater success in high school and prepare them for meaningful lives in service to others. The Freshman GLL program on Civil Discourse emphasizes personality psychology, empathy-building, and digital citizenship. Sophomores participate in Community, Care, and Character, a program centered on cultural appreciation, self-care, and healthy relationships. Juniors enjoy in-depth presentations from College Counseling on essay writing, test-taking strategies, and the college application process. Each day during Interim Term, EHS students also engage in Community Time, during which they break off into advisory groups for team-building exercises and exciting competitions. In addition to the abundant offerings on campus, EHS offers travel experiences every January.

College Counseling

Members of the Class of 2024 (200 students) were accepted to 207 different colleges and universities and attended a total of 80 schools. In total, the Class of 2024 was offered over \$27 million in merit scholarships.

The Class of 2024:

- 95% attended a 4-year university
- 45% attended a private university

- 43% will stay in Texas
- 11 – Commended Students
- 15 – National Recognition Program Honorees

Faculty

EHS recruits, sustains, and appropriately compensates a faculty and staff of the highest academic and moral standards who are fully committed to the School's mission and who instill excellence in the Four Pillars. The School's faculty represents diversity in age, experience and ethnicity with 60 percent holding advanced degrees. Respect and personal honor, reflected in daily attitudes and behaviors, are expected of those who belong to, serve, and support the EHS community.

Campus

Episcopal is proud of and grateful to the many members of our community whose philanthropic support has kept the School debt-free while completing large-scale capital projects over the past 40 years. These large-scale capital projects have transformed the EHS campus from the original 1930s buildings of Marian High School to a thriving campus in central Houston. With the completion of the Visual and Performing Arts Center in January 2026 and the anticipated renewal of the Benitez Chapel and the new Mental Health and Wellness Center, we will fully realize the vision of the 2014 Master Plan. As we complete these projects, we will ensure that we meet our promise to provide outstanding programs, instruction, and facilities across all Four Pillars.

Fundraising

The success of these projects is reflective of the community's belief in an institution that is committed to its mission and guiding principles. In the 2023-2024 academic year, generous gifts from parents, trustees, alumni, alumni parents, grandparents, friends, and foundations totaled \$2.7 million in support of the School's \$36 million operating budget. Furthermore, approximately ten percent of EHS's operating revenue is allocated to Financial Aid. The Endowment Fund had total assets of \$59 million as of June 30, 2024.

In 2023-2024, The *Stand for EHS* campaign raised an additional \$21,289,118 in support of the completion of the 2014 Campus Master Plan. The Visual and Performing Arts Center (VPAC), which is already under construction, and the renewed Benitez Chapel are the two remaining elements of the plan. We have secured commitments of more than 97 percent of the VPAC with an anticipated building opening date of January 2026. And we are well on our way with early support reaching 25 percent of the Chapel's campaign goal in a short time. Every member of the Board of Trustees is supportive of these projects, and we are also grateful for the generous support we have received from many members of the EHS community.

These projects will ensure that we meet our promise to provide outstanding programs, instruction, and facilities across all Four Pillars. Our students are smart, capable, and well-rounded, and our school spirit is second to none. Whether in the classroom, on the

field, in the Chapel, in the studio, or on stage, our students live joyful lives with enthusiastic support from the entire Knight family.

Arts

Having the Arts as one of the Four Pillars, EHS students not only fulfill their required participation in four classes but exceed the requirement with additional coursework. The overall participation in the arts for the class of 2024 saw graduates with approximately five arts classes as opposed to the required four. With 47 different arts courses, students have an array of options and have demonstrated their growing interest in the arts throughout their time in high school.

In the 2023-2024 school year, the performing arts saw over 5,000 in audience combined for a total of 22 full public performances including theatre productions, music, and dance concerts. Theatrical productions included the fall production of *Nevermore! Edgar Allan Poe, the Final Mystery*, the Winter play, Ken Ludwig's *Treasure Island*, and the Spring musical, *The Drowsy Chaperone*.

Scholastics regional competition for the visual arts saw EHS students receive 13 gold-key, 15 silver-key, and a total of 90 awards across all competitions. The Publications Program celebrated last year's yearbook receiving its twelfth Yearbook Gold Leaf Award for Excellence. Three EHS students showed their work at Hardy Nance Studios during Fotofest and an EHS student exhibited her photography at Drexel University in Philadelphia, Pennsylvania.

Religion

The Religion Pillar of Episcopal High School is where our community lives out its mission as a "joyful Christian community [...] living meaningful lives in service to others."

Daily Chapel is the beating heart of our community where we express our joy and revel in the hope that is Christ's calling. More than 140 times a year, the entire community (nearly 1000 students, faculty and staff members) gathers for prayer. Using the Book of Common Prayer as our guide, we attend to God's presence in our midst, celebrating the gifts that the Spirit has so richly bestowed upon us. Over the course of a year, a full third of our community plays some role in chapel leadership, reading, acolyting, singing, or facilitating one of more than 80 small-group-style "Family Chapel" groups.

Religious formation is another key element of our work here. Whether in the context of academic Religion Studies coursework, Catechesis, or faith-based clubs and activities, we strive to help our students make meaning of their lives by training their attention into a love of God and neighbor. Each student is required to take four semester-long, religion studies courses during their tenure at the school. These classes, taught by subject-area experts, include explorations of the Christian scriptures, religion in cultural and historical context, and applied ethics. For students interested in deepening their relationship with God and the Church, preparation for Baptism and Confirmation is offered. And, the school sponsors several faith-based clubs and activities, including Fellowship of Christian

Athletes, Theology Club, Jewish Heritage Club, and Canterbury Circle for the enrichment of our students' faith development regardless of their specific faith commitments.

Religion continued

Service at Episcopal High School is multi-faceted and holistic. Our service-learning efforts involve every single student at some point in their time at school. For students interested in deeper experiences, service-learning opportunities with community partners, including The Beacon, are offered weekly. In the 2023-2024 school year, students logged over 8,000 hours of service across 1,700 different projects. Additionally, EHS provides its students with Spiritual, Mental, and Physical Wellness support from a team of three full-time clerics, two counselors, and two nurses, believing that true compassion arises only when one learns both to care and be cared for.

Athletics

And lastly, under the Athletics Pillar, 2023-2024 proved to be another amazing year for Knight Athletics. The Knights won a record eleven SPC Championships and earned four runners-up finishes. In addition to the SPC success, the Girls Lacrosse team won the Texas Girls High School Lacrosse D-II State Championship.

As for our current school year, we have already seen considerable success from the hard work and dedication of our student-athletes. The Knights captured their fourth consecutive Girls Cross Country Championship while both the Football and Boys Volleyball teams finished as runners-up.

Conclusion

In 1983 when EHS was founded, the intent was to provide a co-educational, college preparatory experience that fostered potential and unlimited opportunities for every student. Now celebrating our 41st year, EHS has continued to build upon the guiding principles of our founders by instilling excellence in the Four Pillars – academics, arts, athletics, and religion – in which each student is both challenged and nurtured, known and loved.

C. Edward Smith, Head of School



The Episcopal Diocese of Texas

FINANCIAL CATEGORY SUMMARY* REPORT

*Summary by Categories Only

Organization Name: Episcopal High School

| 2022-2023 Final Budget | | 2023-2024 Final Budget | |
|--|---------------------|--|---------------------|
| REVENUE | | REVENUE | |
| Tuition & Fees | \$28,277,000 | Tuition & Fees | \$29,172,000 |
| Annual Giving | \$ 2,960,000 | Annual Giving | \$ 3,144,000 |
| Auxiliary Services | \$ 2,709,000 | Auxiliary Services | \$ 2,729,000 |
| Endowment Distribution | \$ 1,532,000 | Endowment Distribution | \$ 2,050,000 |
| Other Income | \$ 665,000 | Other Income | \$ 1,125,000 |
| Total Revue | \$36,143,000 | Total Revue | \$38,220,000 |
| EXPENSES | | EXPENSES | |
| Compensation | \$16,057,000 | Compensation | \$16,701,000 |
| Benefits | \$ 5,630,000 | Benefits | \$ 5,970,000 |
| Total Compensation & Benefits | \$21,687,000 | Total Compensation & Benefits | \$22,671,000 |
| Instructional | \$ 2,134,000 | Instructional | \$ 2,281,000 |
| Plant Maintenance | \$ 3,645,000 | Plant Maintenance | \$ 3,745,000 |
| Transfer to PRRSM | \$ 1,050,000 | Transfer to PRRSM | \$ 1,548,000 |
| Auxiliary Services | \$ 1,827,000 | Auxiliary Services | \$ 1,992,000 |
| General & Administrative | \$ 2,244,000 | General & Administrative | \$ 2,283,000 |
| Financial Aid | \$ 3,556,000 | Financial Aid | \$ 3,700,000 |
| Total Expenses | \$36,143,000 | Total Expenses | \$38,220,000 |

C. Edward Smith, Head of School

ST. STEPHEN'S EPISCOPAL SCHOOL

St. Stephen's Episcopal School, a coeducational boarding and day school for students in grades 6-12, is a caring and diverse community, grounded in the Christian tradition that nurtures moral growth and values the potential and dignity of every human being. The school challenges motivated students to live intelligently, creatively and humanely as contributing members of society, developing the whole person by providing rigorous academic preparation, stimulating physical activities, and rich opportunities in the fine arts.

The school continues to benefit from the leadership of Christopher Gunnin, who is in his ninth year serving as head of school at St. Stephen's. Under Chris' leadership, we opened the 2024-2025 school year with strong enrollment after realizing record retention and strong yield for both day and boarding openings.

Bishop Hines' founding vision of a talented and diverse student population is alive and well at St. Stephen's. The total enrollment of the school for 2024-2025 is 706. Our 182 boarding students represent 21 cities in Texas, 10 states beyond Texas, and 24 nations beyond the United States, bringing diversity of race, ethnicity, and religion to our campus. Students of color represent approximately 52 percent of the student body institution-wide when including international students. \$5.8 million in need-based and merit-based financial assistance was awarded to 152 students (21 percent of the student body) for 2024-2025. St. Stephen's admissions and enrollment trends are extraordinarily strong, allowing the school to meet our strategic enrollment goals with well-qualified, mission-appropriate candidates. We were thrilled with a 93% retention rate among eligible students in both our boarding and day student communities.

Chris Gunnin appointed St. Stephen's veteran Kimberly Garey to a newly created role, Associate Head of School for Academics and Student Programming. Garey oversees the Academic Leadership team of the Heads of Upper and Middle School, Dean of Faculty, College Counseling, and Outdoor Education. With the creation of this role, the Senior Administrative team is rounded out with an Associate Head for Finance and Operations and an Associate Head for Enrollment Management and Financial Aid. Aaron Snyder, a St. Stephen's English teacher, football coach, and member of the Equity and Inclusion leadership team, was appointed as Head of Upper School.

St. Stephen's is in the third year of the advanced gifts phase of a proposed five-year, comprehensive campaign with a working goal of \$75 million. To date, donors have committed \$43 million. Gifts of note include a \$17 million gift from the Still Water Foundation toward the construction of an Aquatic Center, a \$5 million gift from an anonymous alum toward the construction of a new science center, a \$3 million gift from an anonymous alum toward the Spartan Gateway project, which will provide enhanced campus roads and parking, and \$1.6 million in gifts toward the expansion and renovation of the campus chapel. St. Stephen's is grateful to the Episcopal Foundation of Texas for their generous grant of \$1 million to the chapel project. The Annual Fund is a component

of the comprehensive campaign; in 2023-24, donors gave a record \$1.92 million to the Annual Fund, with current parents setting a new giving milestone of \$1 million.

We have broken ground on the Still Water Aquatic Center and look forward to cheering on Spartan water polo players and swimmers in this new facility in fall of 2025.

When we concluded our Spark 2023 Strategic Plan, we knew the work would have to be continued and ongoing in order for the school to continue to grow in its ability to live fully into our mission. This school year has been the first year of implementation of the new strategic plan. Guided by a new Strategic Vision Statement: “The St. Stephen’s Episcopal School community will be increasingly healthy, inclusive, caring, and well-resourced, inspiring lives of meaning and impact from The Hill to the world”, the pathways of the plan are living more fully into Bishop Hines’ vision, supporting faculty and staff excellence and creating a philanthropically funded transformation.

Humanities teachers at St. Stephen’s showed innovation in developing assessment techniques for the teaching of writing. The introduction and widespread availability of ChatGPT in 2022 led to increased concern about the authenticity of student work, which continued with our investigation of student use of online summaries, translators, and grammar checks. We adopted an approach whereby we assume that students are using these tools when they have access to their devices; when we require completely original thinking, we assess this thinking in the absence of internet access. This is accomplished not merely by the use of old-fashioned paper and pen, but more significantly, through the use of a lockdown browser called Digiexam. This tool allows us to give students the accessibility of a typing interface with control over the limitless information available on the Internet. Teachers developed methods for scaffolding both shorter and longer writing assignments during class time using these tools.

Civil discourse is a major area of focus for us this year. This topic guided many of our opening meetings, and we have created a standing committee to work towards improvement. The article from the E. E. Ford Foundation entitled “A Framework for Schools” was required reading for all faculty, and recommended reading included the books [I Never Thought of It That Way](#) by Monica Guzman and [Try to Love the Questions](#) by Lara Hope Schwartz. Our approach is based upon the belief that all students would benefit from increased engagement in challenging topics; if we can increase our ability to conduct meaningful dialogue about pressing issues while continuing to look out for our most vulnerable students, we will help our students both learn more and respect each other. Multiple school leaders and faculty have engaged in conferences, workshops, and webinars around building community in polarized times. An additional elective course was added for this school year on the election. Our goal is to combine a sense of respect for the fundamental dignity of every human being with the space and grace to explore complex subjects without fear. We have crafted five pillars of civil discourse based upon our school prayer, and we hope to improve at implementing these principles across school life.

During the 2025-26 school year, the school will mark its 75th anniversary. As part of this year-long celebration, the St. Stephen’s Board of Trustees expects to announce the public

goals of our comprehensive campaign. As our community honors and celebrates 75 years of academic excellence and nurturing students in mind, body and spirit, we are excited by the ways the campaign will continue to ensure that St. Stephen's is positioned for success in the next 75 years.

Christopher Gunnin, Head of School



The Episcopal Diocese of Texas

FINANCIAL CATEGORY SUMMARY* REPORT

*Summary by Categories Only

Organization Name: St Stephen's Episcopal School, Austin, TX

| | 2023-2024 | 2024-2025 |
|---|----------------------|----------------------|
| Revenue | | |
| Tuition | \$ 31,228,730 | \$ 32,581,910 |
| Fee Revenue | \$ 564,762 | \$ 517,100 |
| Other Revenue | \$ 1,428,111 | \$ 1,344,560 |
| Auxiliary Services | \$ 4,489,451 | \$ 3,785,040 |
| Total Revenue | \$ 37,711,054 | \$ 38,228,610 |
| Expenses | | |
| Instruction & Student Services | \$ 15,338,120 | \$ 16,704,302 |
| Administration | \$ 6,280,719 | \$ 6,882,587 |
| General Institution | \$ 1,250,366 | \$ 1,729,500 |
| Plant Operations | \$ 6,827,418 | \$ 6,936,680 |
| Financial Aid | \$ 5,298,070 | \$ 5,528,465 |
| Remission | \$ 410,150 | \$ 316,200 |
| Auxiliary Services | \$ 4,376,980 | \$ 3,590,476 |
| Total Expenses | \$ 39,781,823 | \$ 41,688,210 |
| Gifts, Funding & Transfers | | |
| Annual Giving - Unrestricted | \$ 1,931,075 | \$ 1,800,000 |
| Annual Giving - Restricted | \$ - | \$ - |
| Subtotal Annual Fund | \$ 1,931,075 | \$ 1,800,000 |
| Transfers & Endowment | | |
| Transfer - Restricted Funds | \$ 323,620 | \$450,000 |
| Transfer - Restricted Endowment | \$ 1,092,857 | \$1,209,600 |
| Subtotal Transfers | \$ 1,416,477 | \$1,659,600 |
| Total Transfers & Gifts | \$ 3,347,552 | \$3,459,600 |
| Principal debt payments | - | - |
| Reserves - Financial Aid | \$ 100,000 | \$ - |
| Total Debt & Reserves | \$ 100,000 | \$ - |
| Net Change in General Fund | \$ 1,176,783 | \$ - |
| Fiscal year runs from August 1 to July 31 | | |

Christopher Gunnin, Head of School

ST. VINCENT HOUSE

This year marked the 70th year of service for St. Vincent's House (SVH). SVH has provided essential, holistic services under one roof to our vulnerable brothers and sisters. As we continue to expand and find impactful ways to serve the growing needs of our community, SVH has become the largest social service organization in Galveston County. Below is a brief overview of some of our 2024 accomplishments:

- **Assistance Services**
 - **114,726 duplicated individuals** and **11,258 distinct individuals** received assistance services from St. Vincent's House and Clinics. (*December data is incomplete as the last two weeks are still being entered.)
- **Programming Expenditures**
 - Year-to-date, over **\$879,421** has been spent on programming, averaging **\$76,471** monthly.
- **Food & Hygiene Pantry**

A comprehensive pantry offering cleaning and hygiene supplies, child and adult diapers, and fresh fruits and vegetables.

 - Awarded ***Excellence in Service*** and recognized as the ***Largest Pantry in Galveston County*** by the **Galveston County Food Bank**.
 - **7,017 distinct individuals** and **21,057 duplicated individuals** received groceries.
 - An average of **130 new households** signed up for services each month.
 - **903 self-identified unsheltered individuals** received **8,335 snack packs** (provided Monday–Friday).
 - **547 unduplicated individuals** received **7,565 homebound deliveries** (averaging 200 weekly deliveries for families, seniors, and those who are homebound, lack transportation, or are disabled).
 - **250 families** received Thanksgiving food boxes, including a choice of turkey, spiral ham, or rotisserie chicken, feeding over **1,600 friends and neighbors**.
 - Through our two our Narcan Distribution sites, we **distributed 627 units** to combat the opioid crisis in our community. Every dose represents a potential life saved, and we're so grateful for this vital work.
- **Partnership with Galveston County Diaper Bank**
 - Distributed **2,002,998 diapers** to an estimated **1,300 duplicated individuals** in 2024, including adult incontinence supplies and baby diapers for over 40 community partners.
 - At St. Vincent's House alone, **11,938 diaper supplies** were distributed to **878 duplicated individuals** in 2024.
- **Homelessness Prevention Program**
 - **678 families** received rental assistance to stay in their homes.

- **786 families** received utility assistance to keep lights and water running.
- The Case Management team processed over **2,000 applications** through October.
- **St. Vincent's House/ The Clericus of the Southern Convocation Episcopal Churches Christmas HOPE Tree**
 - **180 children** were blessed with Christmas gifts.
- **Pathway to Citizenship – Immigration Efforts**
 - Continued support and resources for individuals pursuing citizenship.
- **Community Outreach Efforts**
 - SVH staff represented the organization at over **80 community events**.

Paula Tobon, Executive Director



The Episcopal Diocese of Texas

FINANCIAL CATEGORY SUMMARY* REPORT

*Summary by Categories Only

Organization Name: St. Vincent's House

| 2023 January - December 2023 | | 2024 January 1 - December 10, 2024 | |
|---|------------------------|---|------------------------|
| | <u>Total</u> | | <u>Total</u> |
| Income | | Income | |
| Total 4010 Affiliated Organizations | \$ 570,411.06 | Total 4010 Affiliated Organizations | \$ 549,984.92 |
| 4020 Contributions | 121,502.75 | 4015 Fundraising | 153,764.82 |
| 4030 Foundations | 356,000.00 | 4020 Contributions | 58,921.62 |
| Total 4030 Foundations | \$ 786,018.00 | 4030 Foundations | 154,000.00 |
| 4050 Grants | 37,233.67 | Total 4030 Foundations | \$ 766,166.00 |
| Total 4050-8 United Way | \$ 60,762.31 | Total 4050-8 United Way | \$ 63,407.74 |
| Total 4050 Grants | \$ 194,586.88 | Total 4050 Grants | \$ 387,888.57 |
| In-kind Services (UTMB, FSC, GCFB, GHIRP) | 3,813,981.84 | In-kind Services (UTMB, FSC, GCFB, GHIRP) | 3,813,981.84 |
| Total Income | \$ 5,740,980.36 | Total Income | \$ 5,963,518.04 |
| Gross Profit | \$ 5,740,980.36 | Gross Profit | \$ 5,963,518.04 |
| Expenses | | Expenses | |
| Total 5000 Salaries | \$ 688,788.49 | 5000 Salaries | 775,222.10 |
| Total 5270 Emergency Assistance/Direct Aid | \$ 663,201.20 | Total 5270 Emergency Assistance/Direct Aid | \$ 879,421.62 |
| in-kind Services (UTMB, FSC, GCFB, GHIRP) | 3,813,981.84 | in kind Services (UTMB, FSC, GCFB, GHIRP) | 3,813,981.84 |
| Total Expenses | \$ 5,661,645.26 | Total Expenses | \$ 6,002,823.07 |
| Net Operating Income | \$ 79,335.10 | Net Operating Income | -\$ 39,305.03 |
| Other Income | | Other Expenses | |
| 6040 Depreciation | 51,384.02 | 6040 Depreciation | 64,042.00 |
| Net Income | \$ 28,119.67 | Total Other Expenses | \$ 64,042.00 |
| | | Net Other Income | -\$ 64,042.00 |
| | | Net Income | -\$ 103,347.03 |

Paula Tobon, Executive Director

EPISCOPAL SENIOR FOUNDATION

Episcopal Seniors Foundation once again was pleased to award grants around the diocese to further its mission to enrich the lives of our aging population in the Diocese of Texas by improving the quality of life with specific goals of:

Promoting the health and wellbeing of seniors, especially those who are least served

Fostering the faith formation and spiritual growth of seniors

Educating through information to seniors, caregivers, congregations, and others.

Encouraging missional communities and community life for seniors wherever they live.

We were especially pleased to spread our giving to new geographic regions, including West Columbia and the Ft. Worth region, while still supporting ministries we have helped in the past. Grants were awarded for feeding ministries such as food banks, Meals-on-Wheels, and other hot meal programs; a chaplaincy program; church-sponsored social/educational/spiritual events; support of housing for senior women; and a guardianship program, as well as other social services.

ESF is the smallest of the diocesan foundations, created from the assets of St. James House, Baytown, the former diocesan-owned nursing home and independent living facility. As we sold St. James House and planned for future ministry to seniors, we dreamed of all that could be done by making small grants around the diocese, and we have been thrilled with the results. Up to now, we have been able to fund almost anything for which we have been asked. The requests for our assistance, however, are now exceeding the available funds, so we are having to make some hard decisions and expect to adjust some of our policies before accepting grant requests in 2024.

The ESF policies and procedures for grants are available on its webpage, www.epicenter/esf/. Grant applications are generally accepted mid-to-late summer for funding in late fall. The exact dates will be posted on the webpages when they are set.

In addition to The Rt. Rev. Jeff Fisher, Chair of the Board, and me, our Board members are: The Rev. Robby Vickery, the Rev. Wanda Cuniff, Lisa Kraus, Cory Macdonald, Maggie Abbott, Eric Kennedy, Aaron Smithers, Kerry Hancock, and Barbara Evans-Chowning. If you feel a call to this ministry, please let Bishop Fisher or me know.

As always, we ask you to keep us, and those whose lives we touch, in your prayers.

Pamela S. Nolting, President



The Episcopal Diocese of Texas

FINANCIAL CATEGORY SUMMARY* REPORT

*Summary by Categories Only

Organization Name: Episcopal Seniors Foundation through 11/30.024

| 2023 | 2024 |
|---|---|
| Beginning capital balance at 1.1.2023 \$4,055,845.15 | Beginning capital balance at 1.1.2024 \$4,114,965.15 |
| Withdrawals (49,166.70) Note A | Withdrawals 52,358.55 Note A |
| Contributions 961.29 Note B | Contributions 575.32 Note B |
| Capital Gains (Losses) (31,894.51) | Capital Gains (Losses) 239,384.68 |
| Net Investment Income (3,498.88) | Net Investment Income (650.34) |
| Change in unrealized gains/losses 105,983.38 | Change in unrealized gains/losses 227,465.23 |
| Change in account balance 22,384.58 | Change in account balance 414,416.34 |
| Ending capital balance @ 10.31.23 \$ 4,078,229.73 | Ending capital balance @ 11.30.2024 \$4,529,381.49 |
| Note A: Fees to diocese 29,166.70 Grant to Camp Allen 20,000.00 | Note A: Fees to diocese \$32,083.37 Grant to Camp Allen 20,000.00 Polk ct. property taxes 92.27 Retreat expenses 182.91 |
| Note B: Royalties from outside oil and gas holdings | Note B: Royalties from outside oil and gas holdings |

Pamela S. Nolting, President

UNIVERSITY OF THE SOUTH

Located on the Cumberland Plateau in southern Tennessee, Sewanee is the Episcopal University. Coming to the Mountain can be like coming home. And we touch the lives of Episcopalians through a superb College of Arts and Sciences, a School of Theology with rigorous and innovative new programs and a commitment to supporting Episcopalians preparing for lay and ordained ministry, and a full slate of summer programs that enrich the lives (and faith journey) of youth. To learn more, to recommend a student, or to become a partner with us in this important work, visit episcopal.sewanee.edu.

This past year we hosted the Director of Athletics, John Shackelford,, at the Briar Club in Houston on October 24. This was an excellent opportunity for alumni, future and current students to meet one another. Students came from throughout Texas.

I have provided some statistics and facts of Diocesan support below for the fiscal year ending June 30, 2023.

Diocesan Support

The Diocese has pledged a gift of \$1,000,000, paid out in annual installments of \$200,000. There was also additional support from parishes in the diocese.

Diocesan Engagement

College students from the diocesan area: 75

Seminarians from the diocese: 3

School of Theology alumni currently serving in the diocese: 43

EfM groups in the diocese: 20

The Rt. Rev. C. Andrew Doyle

The Rt. Rev. Jeff W. Fisher

The Rt. Rev. Kathryn M. Ryan (serves concurrently on the Board of Regents)

Kristine Devine, 2024

Dr. Catherine Foster, 2025

The Rev. David Goldberg, 2026

Diocesan Seminarians

Christopher Hilton, T'27

Jessica Johnson, T'27

Michael Sturdy, T'25

Staff Contacts:

The Rev. Casey Perkins, T'22, Director of Church Relations • 931.598.1316 | casey.perkins@sewanee.edu

Mary Catherine Alexander, Assistant Director of Church Relations • 931.598.1237 | mcalexan@sewanee.edu

David M. Goldberg, Trustee