

**THE PROTESTANT EPISCOPAL CHURCH
OF THE DIOCESE OF DELAWARE
DIOCESAN COUNCIL, INC.**

**Financial Statements as of
December 31, 2024
Together with
Independent Auditor's Report**

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INDEPENDENT AUDITOR'S REPORT

September 29, 2025

To the Diocesan Council, Inc.
Wilmington, Delaware:

Opinion

We have audited the accompanying financial statements of the Diocesan Council, Inc. (the "Council") a nonprofit organization, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council as of December 31, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's 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 auditor's 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 of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 Council'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 Council's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The financial statements of Council as of December 31, 2023 were previously audited by Cover & Rossiter, PA, who merged with Bonadio & Co., LLP as of December 1, 2024, and whose report dated September 11, 2024 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of financial position and statement of activities and changes in net assets by fund as of and for the year ended December 31, 2024 are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**THE PROTESTANT EPISCOPAL CHURCH OF THE
DIOCESE OF DELAWARE DIOCESAN COUNCIL, INC.**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,525,933	\$ 1,824,584
Endowment investments	6,993,338	5,740,427
Investments - other	349,918	260,071
Accounts receivable	342,671	106,808
Acceptances receivable	6,633	37,831
Prepaid expenses	161	40,071
Bequests receivable	-	656,366
Pledges receivable	60,049	294,669
Property and equipment, net of depreciation	<u>9,048,930</u>	<u>8,922,522</u>
Total assets	<u>\$ 18,327,633</u>	<u>\$ 17,883,349</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 70,165	\$ 95,421
Advance deposits	340,008	331,283
Deferred revenue	24,847	23,399
Loans payable	41,325	45,600
Line of credit	<u>-</u>	<u>200,000</u>
Total liabilities	<u>476,345</u>	<u>695,703</u>
NET ASSETS:		
Without donor restrictions -		
Undesignated	1,759,374	1,782,361
Council designated	<u>12,989,400</u>	<u>12,490,318</u>
Total without donor restrictions	14,748,774	14,272,679
With donor restrictions	3,102,514	2,914,967
Total net assets	<u>17,851,288</u>	<u>17,187,646</u>
Total liabilities and net assets	<u>\$ 18,327,633</u>	<u>\$ 17,883,349</u>

The accompanying notes are an integral part of these statements.

**THE PROTESTANT EPISCOPAL CHURCH OF THE
DIOCESE OF DELAWARE DIOCESAN COUNCIL, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024**
(With Comparative Totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND OTHER SUPPORT:				
Acceptances	\$ 1,014,556	\$ -	\$ 1,014,556	\$ 966,702
Winter retreats	363,032	-	363,032	446,460
Summer family program	302,339	-	302,339	226,568
Summer campferring	1,295,475	-	1,295,475	1,284,850
Special events	61,333	-	61,333	7,000
Store sales	87,783	-	87,783	137,149
Contributions	76,416	138,812	215,228	119,293
Investment income	199,953	111,768	311,721	302,004
Unrealized gain, net	293,182	199,373	492,555	234,673
Realized gain, net	-	-	-	3,578
Gain on disposal of equipment	-	-	-	17,165
Grants and support	41,349	-	41,349	18,142
Other income	2,632	-	2,632	13,453
Trust funds -				
Support of ministries	564,700	-	564,700	603,700
Administrative	116,500	-	116,500	113,500
Net assets released from restrictions	<u>262,406</u>	<u>(262,406)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	4,681,656	187,547	4,869,203	4,494,237
EXPENSES:				
Episcopal function	461,919	-	461,919	522,682
Common work	702,969	-	702,969	708,858
Memorial House	499,481	-	499,481	501,543
Camp Arrowhead	1,595,554	-	1,595,554	1,561,408
Management and administrative	937,800	-	937,800	963,217
Fund-raising	<u>15,127</u>	<u>-</u>	<u>15,127</u>	<u>7,250</u>
Total expenses	<u>4,212,850</u>	<u>-</u>	<u>4,212,850</u>	<u>4,264,958</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>468,806</u>	<u>187,547</u>	<u>656,353</u>	<u>229,279</u>
NON-OPERATING:				
Capital campaign contributions	2,289	-	2,289	27,436
Bequests	5,000	-	5,000	656,366
Transfer of investment funds from closed parishes	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,009</u>
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>7,289</u>	<u>-</u>	<u>7,289</u>	<u>845,811</u>
CHANGE IN NET ASSETS	476,095	187,547	663,642	1,075,090
NET ASSETS - beginning of year	<u>14,272,679</u>	<u>2,914,967</u>	<u>17,187,646</u>	<u>16,112,556</u>
NETS ASSETS - end of year	<u>\$ 14,748,774</u>	<u>\$ 3,102,514</u>	<u>\$ 17,851,288</u>	<u>\$ 17,187,646</u>

The accompanying notes are an integral part of these statements.

**THE PROTESTANT EPISCOPAL CHURCH OF THE
DIOCESE OF DELAWARE DIOCESAN COUNCIL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024**
(With Comparative Totals for 2023)

	2024					2023			
	Program Services								
	Episcopal Function	Common Work	Memorial House	Camp Arrowhead	Total Program	Management and Administrative	Fundraising	Total	Total
Salaries and wages	\$ 260,976	\$ -	\$ 170,190	\$ 709,062	\$ 1,140,228	\$ 477,080	\$ -	\$ 1,617,308	\$ 1,658,840
Employee benefits	191,370	1,000	39,912	122,330	354,612	65,433	-	420,045	412,352
Other payroll related expenses	5,060	-	13,013	51,194	69,267	21,326	-	90,593	96,610
Total payroll and related expenses	457,406	1,000	223,115	882,586	1,564,107	563,839	-	2,127,946	2,167,802
National church	-	264,050	-	-	264,050	-	-	264,050	232,683
Professional fees	-	-	9,714	26,514	36,228	133,675	15,127	185,030	78,990
Advertising and promotion	-	-	-	-	-	41,500	-	41,500	31,840
Office	-	-	14,537	-	14,537	91,672	-	106,209	98,086
Information technology	-	-	-	11,664	11,664	45,709	-	57,373	57,700
Occupancy	-	2	180,882	386,098	566,982	35,523	-	602,505	668,294
Travel	4,513	-	46	-	4,559	11,797	-	16,356	14,881
Interest	-	-	-	-	-	333	-	333	4,460
Depreciation	-	222,339	-	-	222,339	-	-	222,339	213,351
Insurance	-	-	3,073	139,270	142,343	11,064	-	153,407	133,824
Program expenses	-	210,940	67,352	148,341	426,633	-	-	426,633	431,087
Miscellaneous	-	4,638	762	1,081	6,481	2,688	-	9,169	31,960
Bad debt expense	-	-	-	-	-	-	-	-	100,000
	<u>\$ 461,919</u>	<u>\$ 702,969</u>	<u>\$ 499,481</u>	<u>\$ 1,595,554</u>	<u>\$ 3,259,923</u>	<u>\$ 937,800</u>	<u>\$ 15,127</u>	<u>\$ 4,212,850</u>	<u>\$ 4,264,958</u>

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

**THE PROTESTANT EPISCOPAL CHURCH OF THE
DIOCESE OF DELAWARE DIOCESAN COUNCIL, INC.**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 663,642	\$ 1,075,090
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized gain on investments, net	(582,402)	(53,783)
Depreciation	222,339	213,351
Capital campaign contributions	-	(13,840)
(Increase) decrease in assets:		
Accounts receivable	(235,863)	(34,229)
Acceptances receivable	31,198	(21,344)
Prepaid expenses	39,910	6,204
Bequests receivable	656,366	(656,366)
Increase (decrease) in liabilities:		
Accounts payable	(25,256)	(79,594)
Advance deposits	8,725	(24,697)
Deferred revenue	1,448	-
Net cash flows from operating activities	<u>780,107</u>	<u>410,792</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(760,356)	(568,798)
Proceeds from sale of investments	-	729,383
Purchase of capital assets	(348,747)	(194,021)
Proceeds from sale of capital assets	-	22,400
Net cash flows from investing activities	<u>(1,109,103)</u>	<u>(11,036)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital campaign contributions received	234,620	695,546
Repayment of debt	(4,275)	(5,700)
Repayment of line of credit	(200,000)	(600,000)
Net cash flows from financing activities	<u>30,345</u>	<u>89,846</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(298,651)	489,602
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,824,584</u>	<u>1,334,982</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,525,933</u>	<u>\$ 1,824,584</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Interest paid	<u>\$ 333</u>	<u>\$ 4,460</u>

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

**THE PROTESTANT EPISCOPAL CHURCH OF THE DIOCESE OF DELAWARE
DIOCESAN COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. NATURE OF ACTIVITIES

Diocesan Council, Inc. (the "Council") is a not-for-profit organization incorporated in the State of Delaware. The purpose of the Council is to have charge of the unification, development and prosecution of the missionary work, church extension, religious education, and Christian social service of the Protestant Episcopal Church of the Diocese of Delaware, and such other matters as may be committed to it by the Convention of the Diocese.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). All intra-fund activity has been eliminated. The Council's financial statements consist of the following funds:

Operating Fund

The Operating Fund represents the portion of expendable funds that are available for the support of the Council's general operations and approved by Diocesan Convention.

Special Fund

The Special Fund represents funds reserved for specific ministries. The Camp Arrowhead capital campaign is being accounted for in the Special Fund.

Property Fund

The Property Fund represents the book value of property and funds reserved or restricted for property acquisitions.

Bishop's Discretionary Fund

The Bishop's Discretionary Fund is utilized to account for special projects conducted by the Bishop.

Memorial House

Memorial House is the Diocesan Conference Center located in Rehoboth Beach, Delaware.

Camp Arrowhead

Camp Arrowhead is a 145-acre summer camp and retreat center located in Lewes, Delaware.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The Council has designated, from net assets without donor restrictions, net assets for specific purposes identified in Note 9.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues and other support are reported as increases in net assets without donor restriction, unless the use of the related assets is limited by donor-imposed restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from net assets with donor restriction to net assets without donor restriction. Expenses are reported as decreases in net assets without donor restriction. Restrictions on gifts of long-lived assets and cash restricted for the acquisition of long-lived assets, expire when the assets are placed in service. Gains and losses on investments are reported as increases or decreases within the net asset class to which they relate.

Investments

Investments owned are carried at market value. The difference between cost and market value is reflected as unrealized appreciation (depreciation) on investments. Security transactions are recorded on the trade date. Realized gains (losses) from security transactions are determined for financial reporting purposes on the average cost basis. Dividend income is recognized on the ex-dividend date, and interest income is recognized on the accrual basis.

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of investments. Concentrations of credit risk with respect to investments are limited due to the placement of its investments with professional investment advisors subject to the Council's investment policies.

Master Fund "A" invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and current economic conditions, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Council's statement of financial position.

Fair Value Hierarchy

GAAP establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Hierarchy (Continued)

The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Income Taxes

The Council is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, but can be subject to tax on unrelated trade or business. During the years ended December 31, 2024 and 2023, the Council did not realize any unrelated business income.

The Council is a public charity under Section 509(a) and is not subject to private foundation excise tax on net investment income.

The Council's policy is to expense all penalties and interest assessed by income taxing authorities, if any, as incurred. No penalties and interest were recognized by the Council during the years ended December 31, 2024 and 2023.

Cash and Cash Equivalents

The Council considers all cash and investments with a maturity of three months or less when purchased to be cash equivalents with the exception of amounts held in managed investment accounts.

The Council maintains operating cash balances in different financial institutions. The Federal Deposit Insurance Corporation insures these balances up to \$250,000. In the normal course of business, the cash balances may exceed this amount. The Council has not experienced a loss and considers the possibility of incurring a loss remote.

Allowance for Credit Losses

On January 1, 2023, the Council adopted Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance-sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts and Acceptances Receivable

Accounts and acceptances receivable are recorded at net realizable value. Credit losses are provided for on an allowance method based on historical experience and management's evaluation of outstanding receivables at the end of each fiscal year. Based on management's assessment, Council provides for estimated uncollectible amounts through a charge to earnings and a credit to a provision for credit losses. Balances that remain outstanding after Council has used reasonable collection efforts are written off through a charge to the provision for credit losses and a credit to accounts and advances receivable. At December 31, 2024 and 2023, management considers all accounts receivable to be fully collectible and as such, the reserve for credit losses is \$0 due to historically low write offs.

Revenue and Revenue Recognition

Revenue is recognized from acceptances and programs (including summer campfering and winter retreats) when the acceptance is levied and the services are provided. Program revenues are recognized at a point in time when the program occurs. Program revenues that are received in advance are reported as advance deposits and are recognized at the time the program takes place. Revenue from all store sales is recognized at the point in time when the sale occurs.

The Council records unconditional promises to give as contributions receivable and revenues, and reports gifts of cash and other assets as without donor restrictions unless there is a restriction that limits the use of the donated assets. Gifts of assets other than cash are recorded at their estimated fair values. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give, which include both a measurable performance barrier and a right of return, are recognized as grant and support revenue when the conditions on which they depend are substantially met. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. As of December 31, 2024 and 2023, the Council had conditional promises to give of \$24,847 for which amounts had been received and no amounts had been recognized as revenue because qualifying expenditures had not yet been made.

Property and Equipment

Property and equipment are carried at cost (estimated value at date of receipt for donated items) less accumulated depreciation. It is the policy of the Council to capitalize property that originally cost over \$5,000. Depreciation is provided using the straight-line method over the estimated useful lives of the property as follows:

Building and improvements	15-40 year
Furniture, equipment, and vehicles	5-10 years

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Generally, expenses that are allocated include salaries and wages, benefits, and payroll taxes which are allocated on the basis of estimates of time and effort. Such allocations are determined by management on an equitable basis.

Advertising and Promotion

Advertising and promotion costs are charged to expense as incurred. Advertising and promotion expense for the years ended December 31, 2024 and 2023 was \$41,500 and \$31,545, respectively.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by the net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements as of and for the year ended December 31, 2023 from which the summarized information was derived.

3. LIQUIDITY

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due for a period of approximately three months.

The Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows at December 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,525,933	\$ 1,824,584
Investments	6,993,338	5,740,427
Accounts, acceptances and pledges receivable	409,353	439,308
Bequests receivable	-	656,366
	<u>8,928,624</u>	<u>8,660,685</u>
Less: Council-designated net assets	(3,981,795)	(3,613,396)
Less: Net assets with donor restrictions	<u>(3,102,514)</u>	<u>(2,914,967)</u>
	<u>\$ 1,844,315</u>	<u>\$ 2,132,322</u>

Board designated investments and cash have been set aside by Council for specific purposes but could be made available by specific action of the Council if the need arose.

4. PLEDGES RECEIVABLE

Pledges receivable represent the value of unconditional promises to give as of December 31 as follows:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ 55,469	\$ 272,693
Due in one to five years	<u>4,580</u>	<u>21,976</u>
	<u>\$ 60,049</u>	<u>\$ 294,669</u>

Management has elected not to discount the receivable balances due in longer than a year since the amount is immaterial.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,733,770	\$ 2,733,770
Buildings	8,800,718	8,556,735
Improvements	458,155	402,704
Furniture, equipment, fixtures	839,280	775,214
Vehicles	131,136	131,136
Construction in progress	<u>-</u>	<u>14,753</u>
	12,963,059	12,614,312
Less: Accumulated depreciation	<u>(3,914,129)</u>	<u>(3,691,790)</u>
Net	<u>\$ 9,048,930</u>	<u>\$ 8,922,522</u>

6. INVESTMENTS

Investments were composed of the following as of December 31:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money market accounts	\$ 577,270	\$ 577,270	\$ 390,552	\$ 390,552
Master fund "A" units	<u>4,875,995</u>	<u>6,765,986</u>	<u>3,635,241</u>	<u>5,609,946</u>
	<u>\$ 5,453,265</u>	<u>\$ 7,343,256</u>	<u>\$ 4,025,793</u>	<u>\$ 6,000,498</u>

6. INVESTMENTS (Continued)

Master Fund “A” units are composed of shares in a fund owned collectively with other entities with affiliation to the Episcopal Church. Master Fund “A” itself is composed of a diversified and professionally managed portfolio of debt and equity securities as well as other investments. The Trustees of the Protestant Episcopal Church of the Diocese of Delaware (“Trustees”) oversee the function of Master Fund “A” for all Fund unit-holders. Units may be liquidated by unit-holders on demand without restriction. The market value represents the Council’s pro-rata share of the combined fair value of the net assets of Master Fund “A”. Master Fund “A” units are considered Level 2 investments in the fair value hierarchy since they are not valued on a daily basis. Money market accounts are considered Level 1 investments in the fair value hierarchy.

7. LOAN PAYABLE AND LINE OF CREDIT

Amounts payable under loan and line of credit arrangements were as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Camp Arrowhead - interest only payments in 2011 at 2%, principal and interest payments starting January 1, 2012, payable to the Trustees of the Protestant Episcopal Church of the Diocese of Delaware	\$ <u>41,325</u>	\$ <u>45,600</u>
Total loan payable	\$ <u>41,325</u>	\$ <u>45,600</u>
Jessie Ball duPont Fund for Camp Arrowhead - \$1,000,000 line of credit available bearing an interest rate of 0.5%. Interest-only payments are due semi-annually and principal and any unpaid and accrued interest due at maturity. The line matures in August 2026. The line cannot be drawn upon after February 2023.	\$ <u>-</u>	\$ <u>200,000</u>
Total line of credit	\$ <u>-</u>	\$ <u>200,000</u>

Interest expense was \$0 and \$959 for the years ended December 31, 2024 and 2023, respectively for the Trustees loan and \$333 and \$3,501 for the years ended December 31, 2024 and 2023, respectively, for the Jessie Ball du Pont line of credit.

7. LOAN PAYABLE AND LINE OF CREDIT (Continued)

Future maturities of loans payable are as follows for the years ending December 31:

2025	\$ 5,700
2026	5,700
2027	5,700
2028	5,700
2029	5,700
Thereafter	<u>12,825</u>
	<u>\$ 41,325</u>

8. CONCENTRATIONS OF CREDIT RISK

Concentrations in revenues or in the number of transactions with a specific customer, supplier, grantor, or contributor may occur from time to time in the course of carrying out the Council's mission. There were 3 donors comprising 71% of capital campaign contributions during the year ended December 31, 2023. In addition, 4 and 1 open balances each year accounted for 56% and 68% of total pledges receivables as of December 31, 2024 and 2023, respectively.

9. NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2024</u>	<u>2023</u>
Endowment:		
Subject to expenditure for specified purpose -		
Camp Arrowhead	\$ 25,430	\$ 24,101
Memorial House	2,092,970	1,932,035
Christ Church Delaware City	192,098	170,895
Camp Arrowhead capital projects	<u>701,045</u>	<u>-</u>
	<u>3,011,543</u>	<u>2,127,031</u>
Non-endowment:		
Camp Arrowhead capital projects	-	656,366
Camp Arrowhead scholarship fund	2,298	-
Camp Arrowhead general operating	61	-
Diversity, equity & inclusion (DEI)	57,453	71,043
BIPOC outreach initiative	25,000	25,000
COVID-19 relief	5,165	26,902
Copier lease	<u>994</u>	<u>8,625</u>
	<u>90,971</u>	<u>787,936</u>
	<u>\$ 3,102,514</u>	<u>\$ 2,914,967</u>

9. NET ASSETS (Continued)

The Council has designated net assets for the following purposes:

	<u>2024</u>	<u>2023</u>
Board Designated:		
Camp Arrowhead:		
General	\$ 1,640	\$ 1,454
Endowment	1,949,740	1,795,904
Scholarship	258,886	231,795
Clergy education and supply	60,244	53,922
Episcopal campus ministry	228,685	211,099
Healthcare reserve	240,157	213,744
New work	55,501	51,224
Property and equipment	9,007,605	8,876,922
Property maintenance - St Nicholas and Christ Church		
Delaware City	1,032,812	917,273
Property reserve	<u>154,130</u>	<u>136,981</u>
	<u>\$ 12,989,400</u>	<u>\$ 12,490,318</u>

Net assets released from restriction were as follows during the years ended December 31:

	<u>2024</u>	<u>2023</u>
Memorial House	\$ 82,995	\$ 71,189
DEI	13,590	-
COVID-19 relief	21,737	-
Copier lease	7,631	4,971
Environmental Center	<u>136,453</u>	<u>-</u>
Operating net assets released	262,406	76,160
Camp Arrowhead capital campaign	<u>-</u>	<u>794,051</u>
	<u>\$ 262,406</u>	<u>\$ 870,211</u>

10. RELATED PARTY TRANSACTIONS

The Trustees and the Council are related by a shared mission and employees. The Council received \$865,186 and \$770,518 from the Trustees during the years ended December 31, 2024 and 2023, respectively. \$76,908 and \$5,015 was receivable from the Trustees at December 31, 2024 and 2023, respectively. In 2020, the Trustees pledged \$125,000 to the Council's Camp Arrowhead capital campaign. The contribution is payable \$25,000 per year through 2024. The pledge receivable in Council's statement of net assets at December 31, 2024 and 2023 was \$0 and \$25,000, respectively.

11. CONTRIBUTED SERVICES

A substantial number of volunteers have donated significant amounts of their time to the Council; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services. Contributed services are not recognized as revenue, unless services received create or enhance the value of a non-financial asset or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by a volunteer.

12. ENDOWMENT ASSETS

The Council's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Council to function as endowments. Net assets associated with endowment funds, including funds designated by the Council to function as endowments, are classified and reported based on the existence or absences of donor-imposed restrictions.

The Council's endowment funds are invested in Master Fund "A", a jointly invested common fund with the Episcopal Diocese and other Episcopal parishes. Those funds are managed in accordance with the policies and guidelines of the fund, including guidelines for the relative mix of assets and restrictions on the type of asset in which they may be invested, provisions for professional investment managers approved by Trustees of the Diocese, and regular investment and manager review by an Investment Committee with the assistance of an outside professional advisor.

The Council has interpreted Delaware's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the guidance provided by GAAP as requiring the preservation of donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, Council classifies both the original value of gifts to the donor-restricted endowment and any subsequent appreciation in value as donor-restricted until they are appropriated for expenditure consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The Council's mission and purpose supported by the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and appreciation of investments
6. The Council's other resources
7. The Council's investment policies

12. ENDOWMENT ASSETS (Continued)

The level of appropriation is based on an analysis of Council's ability to increase support, contain expenses and expected long-term return on its investments. The appropriation ordinarily does not exceed income distributions from Master Fund "A".

From time to time, the value of certain donor-restricted endowment funds may fall below the value of the original gift (or become underwater). The Council has interpreted UPMIFA as allowing continued appropriation from such funds in accordance with standards of prudence under UPMIFA. There were no underwater funds at December 31, 2024 or 2023.

Endowment net assets by type of fund at December 31, 2024 and 2023 and the change in endowment net assets for the years then ended were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, January 1, 2023	\$ 3,501,150	\$ 1,861,596	\$ 5,362,746
Investment income, net of fees	179,802	85,892	265,694
Realized and unrealized gains	149,528	88,723	238,251
Contributions	-	162,009	162,009
Appropriation of assets for expenditure, net	(217,084)	(71,189)	(288,273)
Endowment assets - December 31, 2023	3,613,396	2,127,031	5,740,427
Investment income, net of fees	199,953	111,768	311,721
Realized and unrealized losses	293,182	199,373	492,555
Contributions	-	656,366	656,366
Appropriation of assets for expenditure, net	(124,736)	(82,995)	(207,731)
Endowment assets - December 31, 2024	<u>\$ 3,981,795</u>	<u>\$ 3,011,543</u>	<u>\$ 6,993,338</u>

13. TRANSFER OF INVESTMENT FUNDS

During 2023, Christ Church Delaware City ("Christ Church") closed. Upon closure, the ownership of its assets was assumed by the Council. Christ Church invested funds in Master Fund "A". Christ Church's funds within Master Fund "A" were closed and \$162,009 was transferred to a new fund under Council's purview. The amounts held are subject pre-existing donor restrictions.

14. SUBSEQUENT EVENTS

The Council has evaluated subsequent events through September 29, 2025, the date the financial statements were available to be issued.

**THE PROTESTANT EPISCOPAL CHURCH OF THE DIOCESE OF DELAWARE
DIOCESAN COUNCIL, INC.**

Schedule I

**STATEMENT OF FINANCIAL POSITION BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Operating Fund	Special Fund	Property Fund	Discretionary Fund	Memorial House Operating	Memorial House Restricted	Camp Arrowhead Operating	Camp Arrowhead Restricted	Eliminations	Total
ASSETS:										
Cash	\$ 414,476	\$ 481,102	\$ -	\$ 20,675	\$ 182,026	\$ -	\$ 450,120	\$ (22,466)	\$ -	\$ 1,525,933
Investments - endowment	-	2,754,444	1,032,812	-	-	2,092,970	-	1,113,112	-	6,993,338
Investments - other	-	346,895	-	-	-	-	3,023	-	-	349,918
Accounts receivable	323,262	-	-	-	22	-	19,387	-	-	342,671
Interfund receivable	121,789	202,760	-	-	-	-	-	7,338	(331,887)	-
Acceptances receivable	6,633	-	-	-	-	-	-	-	-	6,633
Prepaid expenses	161	-	-	-	-	-	-	-	-	161
Pledges receivable	-	60,049	-	-	-	-	-	-	-	60,049
Land, buildings, and equipment, net	-	-	9,048,930	-	-	-	-	-	-	9,048,930
Total assets	<u>\$ 866,321</u>	<u>\$ 3,845,250</u>	<u>\$ 10,081,742</u>	<u>\$ 20,675</u>	<u>\$ 182,048</u>	<u>\$ 2,092,970</u>	<u>\$ 472,530</u>	<u>\$ 1,097,984</u>	<u>\$ (331,887)</u>	<u>\$ 18,327,633</u>
LIABILITIES:										
Accounts payable	\$ 30,650	\$ -	\$ -	\$ -	\$ 366	\$ -	\$ 19,919	\$ 19,230	\$ -	\$ 70,165
Advanced deposits	-	-	-	-	19,465	-	320,543	-	-	340,008
Deferred revenue	24,847	-	-	-	-	-	-	-	-	24,847
Loans payable	-	-	41,325	-	-	-	-	-	-	41,325
Interfund payable	-	-	-	12,210	62,191	-	257,486	-	(331,887)	-
Total liabilities	<u>55,497</u>	<u>-</u>	<u>41,325</u>	<u>12,210</u>	<u>82,022</u>	<u>-</u>	<u>597,948</u>	<u>19,230</u>	<u>(331,887)</u>	<u>476,345</u>
NET ASSETS:										
Without donor restrictions -										
Undesignated	810,824	1,002,194	-	8,465	100,026	-	(125,418)	(36,717)	-	1,759,374
Council designated	-	2,562,346	10,040,417	-	-	-	-	386,637	-	12,989,400
Total without donor restrictions	810,824	3,564,540	10,040,417	8,465	100,026	-	(125,418)	349,920	-	14,748,774
With donor restrictions	-	280,710	-	-	-	2,092,970	-	728,834	-	3,102,514
Total net assets	<u>810,824</u>	<u>3,845,250</u>	<u>10,040,417</u>	<u>8,465</u>	<u>100,026</u>	<u>2,092,970</u>	<u>(125,418)</u>	<u>1,078,754</u>	<u>-</u>	<u>17,851,288</u>
Total liabilities and net assets	<u>\$ 866,321</u>	<u>\$ 3,845,250</u>	<u>\$ 10,081,742</u>	<u>\$ 20,675</u>	<u>\$ 182,048</u>	<u>\$ 2,092,970</u>	<u>\$ 472,530</u>	<u>\$ 1,097,984</u>	<u>\$ (331,887)</u>	<u>\$ 18,327,633</u>

See independent auditor's report.

**THE PROTESTANT EPISCOPAL CHURCH OF THE DIOCESE OF DELAWARE
DIOCESAN COUNCIL, INC.**

Schedule II

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Operating Fund	Special Fund	Property Fund	Discretionary Fund	Memorial House Operating	Memorial House Restricted	Camp Arrowhead Operating	Camp Arrowhead Restricted	Eliminations	Total
REVENUE AND OTHER SUPPORT:										
Acceptances	\$ 1,014,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014,556
Winter retreats	-	-	-	-	191,132	-	171,900	-	-	363,032
Summer family program	-	-	-	-	302,339	-	-	-	-	302,339
Summer campfering	-	-	-	-	-	-	1,295,475	-	-	1,295,475
Special events	-	-	-	-	-	-	61,333	-	-	61,333
Store sales	-	-	-	-	-	-	87,783	-	-	87,783
Income from contracted services	19,000	-	-	-	-	-	-	-	(19,000)	-
Contributions	-	-	-	9,754	(250)	-	63,583	142,141	-	215,228
Investment income	23,824	124,410	40,627	-	208	83,550	2,962	36,140	-	311,721
Unrealized gain	-	206,156	74,912	-	-	160,380	-	51,107	-	492,555
Grants and support	26,349	15,000	-	-	-	-	-	-	-	41,349
Other income	-	-	-	-	1,290	-	1,342	-	-	2,632
Trust funds:										
Support of ministries	564,700	-	-	-	-	-	-	-	-	564,700
Administrative	116,500	-	-	-	-	-	-	-	-	116,500
Total revenue and other support	<u>1,764,929</u>	<u>345,566</u>	<u>115,539</u>	<u>9,754</u>	<u>494,719</u>	<u>243,930</u>	<u>1,684,378</u>	<u>229,388</u>	<u>(19,000)</u>	<u>4,869,203</u>
EXPENSES:										
Episcopal function	461,919	-	-	-	-	-	-	-	-	461,919
Common work	448,359	15,462	222,339	16,449	-	-	-	360	-	702,969
Memorial House	-	-	-	-	503,954	-	-	-	(4,473)	499,481
Camp Arrowhead	-	-	-	-	-	-	1,595,554	-	-	1,595,554
Management and administration	879,393	15,166	-	-	-	-	57,768	-	(14,527)	937,800
Fundraising	-	15,127	-	-	-	-	-	-	-	15,127
Total expenses	<u>1,789,671</u>	<u>45,755</u>	<u>222,339</u>	<u>16,449</u>	<u>503,954</u>	<u>-</u>	<u>1,653,322</u>	<u>360</u>	<u>(19,000)</u>	<u>4,212,850</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(24,742)</u>	<u>299,811</u>	<u>(106,800)</u>	<u>(6,695)</u>	<u>(9,235)</u>	<u>243,930</u>	<u>31,056</u>	<u>229,028</u>	<u>-</u>	<u>656,353</u>
NON-OPERATING:										
Interfund transfers	(41,806)	(48,739)	353,022	-	18,472	(82,995)	41,125	(239,079)	-	-
Capital campaign contributions	-	2,184	-	-	-	-	105	-	-	2,289
Bequests	-	5,000	-	-	-	-	-	-	-	5,000
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>(41,806)</u>	<u>(41,555)</u>	<u>353,022</u>	<u>-</u>	<u>18,472</u>	<u>(82,995)</u>	<u>41,230</u>	<u>(239,079)</u>	<u>-</u>	<u>7,289</u>
CHANGE IN NET ASSETS	<u>(66,548)</u>	<u>258,256</u>	<u>246,222</u>	<u>(6,695)</u>	<u>9,237</u>	<u>160,935</u>	<u>72,286</u>	<u>(10,051)</u>	<u>-</u>	<u>663,642</u>
NET ASSETS - beginning of year	<u>877,372</u>	<u>3,586,994</u>	<u>9,794,195</u>	<u>15,160</u>	<u>90,789</u>	<u>1,932,035</u>	<u>(197,704)</u>	<u>1,088,805</u>	<u>-</u>	<u>17,187,646</u>
NETS ASSETS - end of year	<u>\$ 810,824</u>	<u>\$ 3,845,250</u>	<u>\$ 10,040,417</u>	<u>\$ 8,465</u>	<u>\$ 100,026</u>	<u>\$ 2,092,970</u>	<u>\$ (125,418)</u>	<u>\$ 1,078,754</u>	<u>\$ -</u>	<u>\$ 17,851,288</u>

See independent auditor's report.