

**THE TRUSTEES OF THE PROTESTANT  
EPISCOPAL CHURCH  
OF THE DIOCESE OF DELAWARE  
MASTER FUND "A"**

**Financial Statements as of  
December 31, 2024 and 2023  
Together with  
Independent Auditor's Report**

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## **INDEPENDENT AUDITOR'S REPORT**

September 29, 2025

To the Trustees of the Protestant Episcopal Church of the Diocese of Delaware Master Fund "A":

### **Opinion**

We have audited the accompanying financial statements of The Trustees of the Protestant Episcopal Church of the Diocese of Delaware Master Fund "A" (the "Fund"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 2024 financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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.

### **Prior Period Financial Statements**

The financial statements as of December 31, 2023 were 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.

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

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 Fund'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue 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.

**THE TRUSTEES OF THE PROTESTANT EPISCOPAL CHURCH  
OF THE DIOCESE OF DELAWARE MASTER FUND “A”**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2024 AND 2023**

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	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 680,570	\$ 528,074
Investments	94,528,038	87,986,999
Interest receivable	260,716	169,433
Dividends receivable	<u>31,753</u>	<u>51,442</u>
Total assets	<u>\$ 95,501,077</u>	<u>\$ 88,735,948</u>
 <b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Amounts held on behalf of participants	<u>\$ 680,570</u>	<u>\$ 528,074</u>
Total liabilities	680,570	528,074
NET ASSETS:		
Without donor restrictions, designated for investment	<u>94,820,507</u>	<u>88,207,874</u>
Total net assets	<u>94,820,507</u>	<u>88,207,874</u>
Total liabilities and net assets	<u>\$ 95,501,077</u>	<u>\$ 88,735,948</u>
 NET ASSET VALUE PER UNIT	<u>\$ 47.48</u>	<u>\$ 44.59</u>
 UNITS OUTSTANDING	1,997,103	1,978,314

The accompanying notes are an integral part of these statements.

**THE TRUSTEES OF THE PROTESTANT EPISCOPAL CHURCH  
OF THE DIOCESE OF DELAWARE MASTER FUND "A"**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	Without Donor Restrictions	
	<u>2024</u>	<u>2023</u>
OPERATING REVENUE:		
Interest and dividend income	\$ 4,998,619	\$ 2,717,716
Realized gain (loss) from security transactions	9,336,754	(1,798,522)
Unrealized gain (loss) on investments	(4,375,812)	8,458,401
Less: Amortized bond premiums	(985)	(33,067)
Less: Investment fees	<u>(326,166)</u>	<u>(319,136)</u>
Total operating revenue	<u>9,632,410</u>	<u>9,025,392</u>
OPERATING EXPENSES:		
Management and general expenses		
Administrative fees	<u>119,983</u>	<u>126,221</u>
Total operating expenses	<u>119,983</u>	<u>126,221</u>
TOTAL GAIN FROM OPERATIONS	<u>9,512,427</u>	<u>8,899,171</u>
NON-OPERATING ACTIVITIES:		
Purchase of fund units by participants	2,078,577	2,631,139
Redemption of fund units by participants	(1,201,074)	(1,831,955)
Distributions to participants	<u>(3,777,297)</u>	<u>(3,683,764)</u>
Total change from non-operating activities	<u>(2,899,794)</u>	<u>(2,884,580)</u>
CHANGE IN NET ASSETS	6,612,633	6,014,591
NET ASSETS - beginning of year	<u>88,207,874</u>	<u>82,193,283</u>
NET ASSETS - end of year	<u>\$ 94,820,507</u>	<u>\$ 88,207,874</u>

The accompanying notes are an integral part of these statements.

**THE TRUSTEES OF THE PROTESTANT EPISCOPAL CHURCH  
OF THE DIOCESE OF DELAWARE MASTER FUND "A"**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from interest and dividends	\$ 4,926,040	\$ 2,649,556
Cash paid for administrative and investment fees	(446,149)	(445,357)
Change in cash held on behalf of participants	<u>152,496</u>	<u>(418,151)</u>
Net cash flow from operating activities	<u>4,632,387</u>	<u>1,786,048</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	63,690,454	35,777,496
Purchases of investments	<u>(65,270,551)</u>	<u>(35,097,115)</u>
Net cash flow from investing activities	<u>(1,580,097)</u>	<u>680,381</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash received from the purchases of units	2,078,577	2,631,139
Cash paid for the redemption of units	(1,201,074)	(1,831,955)
Cash paid for distributions	<u>(3,777,297)</u>	<u>(3,683,764)</u>
Net cash flow from financing activities	<u>(2,899,794)</u>	<u>(2,884,580)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	152,496	(418,151)
CASH AND CASH EQUIVALENTS - beginning of year	<u>528,074</u>	<u>946,225</u>
CASH AND CASH EQUIVALENT - end of year	<u>\$ 680,570</u>	<u>\$ 528,074</u>
<b>RECONCILIATION OF TOTAL GAIN TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Total gain from operations	\$ 9,512,427	\$ 8,899,171
ADJUSTMENTS TO RECONCILE TOTAL GAIN FROM OPERATIONS TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Net realized (gains) losses from security transactions	(9,336,754)	1,798,522
Net unrealized (gain) losses on investments	4,375,812	(8,458,401)
INCREASE IN ASSETS:		
Interest receivable	(91,283)	(16,918)
Dividends receivable	19,689	(18,175)
DECREASE IN LIABILITIES:		
Amounts held on behalf of participants	<u>152,496</u>	<u>(418,151)</u>
Net cash flow from operating activities	<u>\$ 4,632,387</u>	<u>\$ 1,786,048</u>

The accompanying notes are an integral part of these statements.

# THE TRUSTEES OF THE PROTESTANT EPISCOPAL CHURCH OF THE DIOCESE OF DELAWARE MASTER FUND “A”

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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### 1. THE FUND

#### **Nature of Activities**

Master Fund “A” (the “Fund”) is an investment account for the various organizations, institutions, churches and other agencies in affiliation with The Protestant Episcopal Church of the Diocese of Delaware. Each organization, institution, or church may own units in the Fund. The Fund itself is maintained by Truist, the custodian, under the direction of and with policy set by The Trustees of the Protestant Episcopal Church of the Diocese of Delaware through its investment committee.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Method of Accounting**

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Designated net assets represent investments held by unit holders.

#### **Classification of Net Assets**

Net assets, revenues, 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.

*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.

#### **Investments**

Security transactions are recorded on the trade date. Investments owned are carried at market value. The difference between cost and market value is reflected as unrealized appreciation (depreciation) on investments. Realized gains (losses) from security transactions are determined for financial reporting purposes on the basis of first-in, first-out. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis. Net asset value (NAV) is used as a practical expedient investment in limited partnerships for which readily determinable fair value is not available.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **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).

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.

### **Premiums and Discounts**

The difference between the cost and the face value of debt instruments purchased (premiums or discounts) is amortized or accreted over the life of the investment on a straight-line or effective yield basis.

There were total premiums paid of \$119,671 and \$114,151 and discounts of \$193,208 and \$150,667 received, as of December 31, 2024 and 2023, respectively, representing the maturity value of fixed income securities over cost (discount) or cost over maturity value (premium).

Amortization expense recognized on bond premiums was \$985 and \$33,067 during the years ended December 31, 2024 and 2023, respectively.

### **Transactions with Unit-Holders**

Purchase or redemption of units may be made monthly by unit-holders and are based on the previous month's net asset value. The Fund makes regular quarterly distributions to unit-holders in March, June, September and December. During 2024 and 2023, standard gross quarterly distributions were 47.50 and 46.75 cents per unit, respectively. Participants may elect to increase or decrease this distribution, which will result in liquidation or addition of units.

### **Amounts Held on Behalf of Participants**

As a convenience to participants, the Fund will hold cash balances on their behalf in segregated accounts separate from their Fund share balances. These cash balances are redeemable on demand. The total of all these segregated accounts was \$680,570 and \$528,074 at December 31, 2024 and 2023, respectively. These amounts appear as liabilities on the statement of financial position.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Administrative and Investment Fees

Fees are paid to the Trustees and Hamilton & Company to cover investment advisory and administrative services provided to the Fund. Fees to the investment advisors and custodians are paid based on the following annual rates calculated on the average market value of assets under management during December 31:

<u>Advisor/Custodian</u>	<u>Rate</u>	
	<u>2024</u>	<u>2023</u>
The Trustees of the Protestant Episcopal Church	0.04%	0.04%
Neuberger Berman	0.91%	0.86%
Truist Financial - Custodial/Administrative	0.11%	0.11%
Payden & Rygel	0.33%	0.28%
Select Equity Group LP	1% plus a 20% incentive	1% plus a 20% incentive
Edgewood Growth	1.00%	1.00%
Artisan International Value Fund	1.03%	1.03%
Primecap Odyssey Growth	0.66%	0.66%
Fidelity 500 Index Fund	0.02%	N/A
Federated Hermes (Money Market Fund)	0.20%	N/A

Investment manager fees are only calculated on the assets under their management.

During 2024 and 2023, the Trustees were paid \$28,219 and \$33,607, respectively, and Hamilton & Company was paid \$100,325 and \$92,614, respectively. For the years ended December 31, 2024 and 2023, Neuberger Berman was paid or due \$134,093 and \$145,238, respectively, Truist was paid \$108,145 and \$96,599, respectively, and Payden & Rygel was paid \$83,928 and \$77,144, respectively.

The management fees for the Primecap Odyssey Growth, Matthew's Asia Dividend, Edgewood Growth, Fidelity 500 Index Fund, Federated Hermes and SEG Offshore Funds are deducted directly from that fund's assets. While they are included in that fund's performance, they are not reflected separately within the Fund's financial statements.

### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of 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.

### Concentration of Risk

The Fund maintains its cash balances with nationally known and established financial institutions. From time to time, in the normal course of business, the Fund's cash balances may exceed federally insured limits. Management has not experienced any losses and believes the risk of loss is remote.

The Fund 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 statement of financial position. Concentrations of credit risk with respect to investments are limited due to the placement of its investments with professional investment advisors subject to the Fund's investment policies.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Liquidity and Availability

The Fund's assets are designated for unit holders. Fees that are incurred are paid out of investment income generated during the year. Substantially all of the Fund's assets are available to fund distributions or liquidated shares.

## 3. INCOME TAXES

The Fund as an investment fund owned by affiliated not-for-profit organizations is not subject to federal or state income taxes. Should any taxable income be attributed to the Fund, its taxable income would be passed-through directly to the owners of units. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

## 4. SECURITY TRANSACTIONS

Additions and redemptions for the year ended December 31, 2024 amounted to \$2,078,577 or 44,495 units, and \$1,201,074 or 25,706 units, respectively. Additions and redemptions for the year ended December 31, 2023 amounted to \$2,631,139 or 61,864 units, and \$1,831,955 or 43,378 units, respectively.

Investments at December 31 consisted of:

	<u>2024</u>	
	<u>Cost</u>	<u>Market</u>
Short-term investments	\$ 4,140,098	\$ 4,140,098
US government and agency securities	17,074,383	16,633,538
Corporate bonds	10,295,587	9,910,519
Equity securities and equity funds	38,201,739	49,709,242
Private equity funds	3,952,347	14,134,641
	<u>\$ 73,664,154</u>	<u>\$ 94,528,038</u>
	<u>2023</u>	
	<u>Cost</u>	<u>Market</u>
Short-term investments	\$ 3,000,759	\$ 3,000,759
US government and agency securities	14,136,080	13,737,462
Corporate bonds	9,130,176	8,676,054
Equity securities and equity funds	30,237,138	42,620,469
Private equity funds	6,279,617	19,952,255
	<u>\$ 62,783,770</u>	<u>\$ 87,986,999</u>

As required by GAAP, investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Fund's investments have been classified, management has assessed factors including, but not limited to, price transparency, subscription activity, redemption activity and the existence or absence of certain restrictions.

#### 4. SECURITY TRANSACTIONS (Continued)

The table below sets forth information about the level within the fair value hierarchy at which the Fund's investments were measured at December 31:

		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2024</u>	<u>Total</u>			
Short-term investments	\$ 4,140,098	\$ 4,140,098	\$ -	\$ -
US government and agency securities	16,633,538	16,633,538	-	-
Corporate bonds	9,910,519	-	9,910,519	-
Equity securities and equity funds	49,709,242	49,709,242	-	-
	80,393,397	70,482,878	9,910,519	-
Investments measured at net asset value <sup>(a)</sup>				
Private equity funds	14,134,641			
	<u>\$ 94,528,038</u>	<u>\$ 70,482,878</u>	<u>\$ 9,910,519</u>	<u>\$ -</u>
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2023</u>	<u>Cost</u>			
Short-term investments	\$ 3,000,759	\$ 3,000,759	\$ -	\$ -
US government and agency securities	13,737,462	13,737,462	-	-
Corporate bonds	8,676,054	-	8,676,054	-
Equity securities and equity funds	42,620,469	42,620,469	-	-
	68,034,744	59,358,690	8,676,054	-
Investments measured at net asset value <sup>(a)</sup>				
Private equity funds	19,952,255			
	<u>\$ 87,986,999</u>	<u>\$ 59,358,690</u>	<u>\$ 8,676,054</u>	<u>\$ -</u>

(a) In accordance with GAAP, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Investments in certain entities that calculate net asset value per share on a recurring or nonrecurring basis have the following restrictions or conditions of redemption as of December 31:

	2024			
<u>Investment</u>	<u>Net Asset Value</u>	<u>Remaining Restriction Period</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
SEG Partners Offshore, Ltd.	\$ 14,134,641	None	N/A	Quarter end; 60 day notice
	2023			
<u>Investment</u>	<u>Net Asset Value</u>	<u>Remaining Restriction Period</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
SEG Partners Offshore, Ltd.	\$ 19,952,255	None	N/A	Quarter end; 60 day notice

#### 5. SUBSEQUENT EVENTS

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