

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019



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**TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Trustees of Funds and Endowments, Inc.
Milwaukee, Wisconsin

We have reviewed the accompanying financial statements of Trustees of Funds and Endowments, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Board of Directors
Trustees of Funds and Endowments, Inc.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
April 27, 2021

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 389,528	\$ 328,285
Bequests Receivable	-	260,000
Investments, at Fair Value	11,047,337	9,132,181
Beneficial Interests in Charitable Trusts	2,238,427	2,107,967
Total Assets	\$ 13,675,292	\$ 11,828,433
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants Payable	\$ 35,000	\$ 37,300
Agency Endowment Funds	3,815,056	2,807,927
Total Liabilities	3,850,056	2,845,227
NET ASSETS		
Without Donor Restrictions	1,171,952	1,022,316
With Donor Restrictions	8,653,284	7,960,890
Total Net Assets	9,825,236	8,983,206
Total Liabilities and Net Assets	\$ 13,675,292	\$ 11,828,433

See accompanying Notes to Financial Statements.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ -	\$ 14,586	\$ 14,586
Bequests	-	-	-
Fee Income	110,537	-	110,537
Total	<u>110,537</u>	<u>14,586</u>	<u>125,123</u>
Net Assets Released from Restrictions	<u>252,596</u>	<u>(252,596)</u>	<u>-</u>
Total Revenues	<u>363,133</u>	<u>(238,010)</u>	<u>125,123</u>
EXPENSES			
Program Expenditures	222,596	-	222,596
General and Administrative:			
Staff Compensation	71,898	-	71,898
Insurance	9,457	-	9,457
Professional Fees	11,315	-	11,315
Office Costs	1,526	-	1,526
Total Expenses	<u>316,792</u>	<u>-</u>	<u>316,792</u>
GAINS			
Investment Gains	103,295	708,089	811,384
Net Gains on Beneficial Interests	-	222,315	222,315
Total Gains	<u>103,295</u>	<u>930,404</u>	<u>1,033,699</u>
CHANGE IN NET ASSETS	149,636	692,394	842,030
Net Assets - Beginning of Year	<u>1,022,316</u>	<u>7,960,890</u>	<u>8,983,206</u>
NET ASSETS - END OF YEAR	<u>\$ 1,171,952</u>	<u>\$ 8,653,284</u>	<u>\$ 9,825,236</u>

See accompanying Notes to Financial Statements.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ -	\$ 3,442	\$ 3,442
Bequests	-	260,000	260,000
Fee Income	108,943	-	108,943
Total	<u>108,943</u>	<u>263,442</u>	<u>372,385</u>
Net Assets Released from Restrictions	<u>293,552</u>	<u>(293,552)</u>	<u>-</u>
Total Revenues	<u>402,495</u>	<u>(30,110)</u>	<u>372,385</u>
EXPENSES			
Program Expenditures	264,962	-	264,962
General and Administrative:			
Staff Compensation	68,204	-	68,204
Insurance	8,984	-	8,984
Professional Fees	3,600	-	3,600
Office Costs	2,220	-	2,220
Total Expenses	<u>347,970</u>	<u>-</u>	<u>347,970</u>
GAINS			
Investment Gains	125,090	888,872	1,013,962
Net Gains on Beneficial Interests	-	335,653	335,653
Total Gains	<u>125,090</u>	<u>1,224,525</u>	<u>1,349,615</u>
CHANGE IN NET ASSETS	179,615	1,194,415	1,374,030
Net Assets - Beginning of Year	<u>842,701</u>	<u>6,766,475</u>	<u>7,609,176</u>
NET ASSETS - END OF YEAR	<u>\$ 1,022,316</u>	<u>\$ 7,960,890</u>	<u>\$ 8,983,206</u>

See accompanying Notes to Financial Statements.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 842,030	\$ 1,374,030
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Investment Return, Net	(811,384)	(1,013,962)
Contributions Restricted for Investment in Endowment	(14,586)	(263,442)
Increase in Value of Beneficial Interests	(222,315)	(335,653)
Changes in Assets and Liabilities:		
Bequests Receivable	260,000	(260,000)
Grants Payable	(2,300)	7,300
Agency Endowment Funds	1,007,129	359,545
Net Cash Provided (Used) by Operating Activities	<u>1,058,574</u>	<u>(132,182)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,328,668)	(487,911)
Distributions from Beneficial Interests	91,855	94,021
Proceeds from Sale of Investments	224,896	257,662
Net Cash Used by Investing Activities	<u>(1,011,917)</u>	<u>(136,228)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Investment in Endowment	<u>14,586</u>	<u>263,442</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	61,243	(4,968)
Cash and Cash Equivalents - Beginning of Year	<u>328,285</u>	<u>333,253</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 389,528</u>	<u>\$ 328,285</u>

See accompanying Notes to Financial Statements.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Trustees of Funds and Endowments, Inc. (the Corporation) is a nonstock Wisconsin corporation formed to promote the enhancement of the financial futures of the Episcopal Diocese of Milwaukee, Inc. (the Diocese), its member parishes, and its outreach organizations. It is responsible for promoting an endowment building effort within the Diocese and serves as the trustee of The Combined Fund of the Episcopal Diocese of Milwaukee, which is a central common investment trust fund.

Methods of Accounting

The accompanying statements of financial position have been prepared on the accrual basis of accounting wherein revenues, expenses, and gains and losses are reflected in the period earned or incurred. The statements reflect the combined assets and liabilities of various trusts and funds administered by the Corporation.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of less than 90 days. Cash equivalents are valued at cost, which approximates fair value. At December 31, 2020 and 2019, cash and cash equivalents include Institutional Money Market Funds totaling \$379,636 and \$318,598, respectively.

Investments

Investments are reported at fair value, which are generally determined based on quoted market prices of the underlying assets at the close of the period. Investment earnings or loss consist of interest and dividends, realized and unrealized gains and loss, net of fees.

Beneficial Interests in Charitable Trusts

The Corporation is an income beneficiary of two charitable trusts. Distributions to the Corporation are made annually by the trusts. Distributions from the two trusts are available to support the mission of the Diocese.

Agency Endowment Funds

Under accounting pronouncements, the Corporation recognizes a liability as the recipient organization for a transfer of assets when the resource provider (for example, a Parish or the Diocese) specifies itself or an affiliate as the beneficiary. Accordingly, agency endowment funds are reported as liabilities rather than as net assets.

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 (or certain grantor) restrictions.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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.

Revenue Recognition

Fee income is recognized when the services are provided. They are earned and billed on a monthly basis.

Contributions, including bequests and contributions receivable, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. They are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Taxation and Regulation

The separately incorporated Trustees of Funds and Endowments, Inc. of the Episcopal Diocese of Milwaukee, Inc. is an institution of the Episcopal Church in America and is not subject to Federal or State taxes or regulation.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Financial Instruments and Credit Risk

The corporation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the corporation has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by the investment committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the investment committee believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through April 27, 2021, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

The fair value of investments as of December 31, 2020 and 2019, are summarized as follows:

	2020	2019
The Combined Fund	\$ 10,596,549	\$ 8,756,122
Oakmark Equity Income Fund	37,068	34,107
Vanguard Total Stock Market Index	413,720	341,952
Total Investments, at Fair Value	\$ 11,047,337	\$ 9,132,181

Generally, all endowment funds that make periodic distributions are invested in The Combined Fund of the Episcopal Diocese of Milwaukee.

Distributions received from the Combined Fund are treated as income under the total return spending policy adopted by the Corporation. This policy allows the Corporation to supplement income with distributions from previously accumulated appreciation or the original corpus of gifts, if necessary, to maintain distribution levels authorized by the Corporation's board of directors.

The Combined Fund is a central common investment trust fund for institutions affiliated with the Diocese and is not separately incorporated. An agency agreement exists with a bank trust division to provide for custody of securities, receipt and redemption of investment units, and maintenance of accounting records. An investment consulting company monitors and evaluates the performance of investment managers and makes recommendations on additional investment alternatives, including investments in mutual funds.

NOTE 3 FAIR VALUE MEASUREMENT

Investments and beneficial interests in charitable trusts are reported using a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Valuation is based upon quoted prices in active markets for identical investments.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)

Level 2 – Valuation is based upon other significant observable inputs (including quoted prices for similar investments).

Level 3 – Valuation is based upon significant unobservable inputs (including the Corporation's assumptions in determining the fair value of investments).

The methods described on the previous page may produce a fair value calculation that may not be indicative of net realizable value or reflective fair values. Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets measured on a recurring basis as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds	\$ 450,788	\$ -	\$ -	\$ 450,788
The Combined Fund	-	10,596,549	-	10,596,549
Beneficial Interest in Charitable Trusts	-	2,238,427	-	2,238,427
Total	<u>\$ 450,788</u>	<u>\$ 12,834,976</u>	<u>\$ -</u>	<u>\$ 13,285,764</u>

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets measured on a recurring basis as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds	\$ 376,059	\$ -	\$ -	\$ 376,059
The Combined Fund	-	8,756,122	-	8,756,122
Beneficial Interest in Charitable Trusts	-	2,107,967	-	2,107,967
Total	<u>\$ 376,059</u>	<u>\$ 10,864,089</u>	<u>\$ -</u>	<u>\$ 11,240,148</u>

NOTE 4 NET ASSETS

Net assets are classified into three types of funds based on their intended purpose:

Undesignated Funds

Undesignated Funds are those over which the Corporation's board of directors has full discretion in making distributions for charitable purposes to meet Episcopal needs within and without the Diocese.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 4 NET ASSETS (CONTINUED)

Donor Designated Funds

Donor Designated Funds are funds where the donor has designated an agency, institution, or purpose for which sustaining support will be provided.

Donor Advised Funds

Donor Advised Funds are funds for which the donor has reserved the right to make nonbinding distribution recommendations to the Corporation's board of directors.

The following is a schedule of net assets as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions:		
Undesignated Funds	\$ 1,171,952	\$ 1,022,316
Net Assets With Donor Restrictions:		
Undesignated Funds	4,097,175	3,800,797
Donor Designated Fund	2,475,259	2,215,046
Donor Advised	<u>2,080,850</u>	<u>1,945,047</u>
Total Net Assets With Donor Restrictions	<u>8,653,284</u>	<u>7,960,890</u>
 Total	 <u>\$ 9,825,236</u>	 <u>\$ 8,983,206</u>

NOTE 5 BROKERAGE ACCOUNT

The Corporation acts as an intermediary for donors who wish to gift securities to various Episcopal entities. Many parishes find it difficult to accept gifts of securities because they do not have brokerage accounts through which to dispose of the securities once they have been received. The Corporation has made arrangements through a special account established at a brokerage firm to facilitate such transfers. It is the Corporation's usual policy to sell securities immediately upon receipt and identification of the donor. A check is then remitted to the donee upon settlement of the sale.

Securities received via this account on behalf of donors totaled approximately \$272,865 and \$298,000 for the years ended December 31, 2020 and 2019, respectively. No amounts are included in these financial statements related to this brokerage account activity.

NOTE 6 PROPERTY AND EQUIPMENT

The Corporation holds deeds and title to various properties and buildings in the Diocese as a matter of convenience. The Corporation does not have any management responsibilities for these properties under Convention Resolution. The properties are used without lease charge and may be transferred to parishes to hold in trust for the benefit of the Diocese without charge. Accordingly, these assets have no recorded value to the Corporation.

TRUSTEES OF FUNDS AND ENDOWMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 7 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 the statement of financial position date, comprise the following at December 31, 2020 and 2019:

	2020	2019
Cash and Cash Equivalents	\$ 389,528	\$ 328,285
Bequests Receivable	-	260,000
Investments	817,424	471,331
Total	\$ 1,206,952	\$ 1,059,616

As part of their liquidity management plan, the Corporation invests cash in excess of daily requirements in short-term investments such as money market funds.

NOTE 8 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Corporation, COVID-19 may impact various parts of its 2021 operations and financial results, including the value of the investments held at December 31, 2020. The Trustees are continuing to monitor the impact on the investments. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing after year-end.