

Foundation of the Episcopal Diocese of East Carolina
2023 Annual Report
February 8, 2024

During 2023 the Foundation continued to fulfill its mission of investing and managing funds entrusted to it. We continue to be blessed by the many individuals who have made the decision to include the Diocese in their estate planning over the years. These endowments have continued to grow and are providing an annual source of income to many programs in the Diocese. The Foundation ended 2023 with total assets in its portfolio of \$ 21,391,523.

\$ 13,374,779 of this is held and invested by the Foundation on behalf of the 19 churches, Diocese and Trinity Center who have entrusted the investment of their funds with the Foundation.

\$ 1,195,204 of this is managed by the Foundation to provide an annual source of income to various churches in the Diocese.

\$ 5,182,219 represents Foundation assets that are used to fund a portion of the Diocesan budget each year including Trinity Center.

The remaining \$ 1,639,321 is used to fund grants throughout the Diocese each year based on grant requests submitted.

The Foundation board of directors along with its professional investment manager, Paul Elam of Oak Harbor Wealth Partners, meet quarterly each year to review its portfolio. 2023 started with many investment obstacles. Inflation was the highest in decades and the Federal Reserve was in the middle of the sharpest interest rate hikes in a generation. Nearly every economist predicted a recession in 2023 causing investors to reallocate investments. Many opted to invest in riskless money market accounts that were suddenly yielding 5%+. Equity investors shunned undercapitalized companies whose borrowing costs had skyrocketed and instead looked for the safety of what became known as the “magnificent 7” technology companies with excellent cash flows and no need to borrow. For much of the year the average stock struggled while the “magnificent 7” made up nearly 90% of the S&P 500’s gain through October. By this time the Federal Reserve signaled that that they may be finished raising rates and the remaining stocks in the S&P 500 shot higher through year-end and the market broadened out. As a result, the Diocese account posted a double digit return in 2023-up 14.05% on the year. 2023 offered many investment lessons. Nearly all economic experts were wrong about the recession and the market. Investors who had heeded their warnings and pulled out of the market would have missed a very good return. Our approach to institutional portfolio management is to neither get too positive nor negative on investments and 2023 is a classic example of why a balanced portfolio approach is prudent.

The Foundation awarded \$ 70,375 for grants in 2023 to Merci Clinic New Bern, All Souls Leland, Christ Church Elizabeth City, St. Paul’s Wilmington, Trinity Center and St. Andrew’s Goldsboro.

The Foundation awarded \$ 72,079 for grants in 2024 to Church of the Advent Williamston, Church of the Good Shepherd Wilmington, Holy Innocents Seven Springs, La Sagrada Familia and St. Mary’s Burgaw.

The Foundation approved \$ 224,661 from its designated funds to supplement various programs and expenses in the 2023 Diocesan budget. The Foundation has approved \$ 231,152 in support of the 2024 Diocesan budget. These distributions represent a 4.5% distribution calculated on an average of fund balances over a 12-quarter period to smooth the highs and lows of the funds.

As stated previously, we have 19 churches, the Diocese and Trinity Center that have elected to invest their funds with the Foundation taking advantage of the investment expertise and low fee structure we are able to offer through Oak Harbor Wealth Partners. Please contact us if you have any interest in investing your funds with us. The Foundation has a \$50,000 minimum to manage an independent church fund. The Foundation has a link on the Diocesan website where our investment management document is posted that describes this program and includes all the required forms. We have also posted our investment policy statement and quarterly investment reports.

We can continue to grow only through the graciousness of our Diocesan family. We encourage everyone to consider the Foundation in their estate planning to provide a perpetual source of income to the wonderful programs being done in our Diocese throughout eastern North Carolina.

Respectfully submitted by Jordy Whichard, Foundation President

**EPISCOPAL FOUNDATION OF THE DIOCESE OF EAST CAROLINA
2023 FUND REPORT**

<u>DESIGNATED FUNDS</u>	<u>12/31/2023 Balance</u>
<u>George Jeffreys Memorial Fund</u> Designated for maintenance and improvements at Trinity Center	\$ 383,788
<u>Bishop Wright Fund</u> No specific restriction-per convention journals	13,363
<u>Price N Poe Memorial Fund</u> Designated for building and rebuilding church buildings in Diocese and for training men and women for Christian work	369,408
<u>R.A. Williams Fund</u> Designated for education of Episcopal ministers	59,511
<u>Mary Smith Fund</u> Designated for theological education	30,516
<u>Bishop Strange Fund</u> Designated for missionary work in the Diocese	9,560
<u>Anne Shepard Graham Building Fund</u> Designated for capital improvements of missions, camps, conference centers, schools and other properties operated by Diocese	169,881
<u>Priest Education Fund</u> Designated for domestic continuing education for clergy	67,953
<u>Louis Alston Fund</u> Designated for theological education, religious work among college students and to supplement salaries for lower paid clergy	2,662,116
<u>Therapeutic Support Fund</u> Designated for therapeutic support of clergy	102,835
<u>S. Williams Family Fund</u> Designated for charitable causes with priority to programs providing food clothing or shelter to those in need.	113,754
<u>Clergy Foreign Travel Fund</u> Designated for clergy foreign travel	150,161
<u>Smithson Fund</u> Designated for Trinity Center	368,640
<u>Youth and Young Adult</u> Designated for youth, young adult and campus ministries	31,659
<u>Trinity and Beyond Capital Campaign Endowment</u> General endowment portion of Trinity and Beyond Capital Campaign designated for Trinity Center maintenance and improvements	149,036
<u>Richard C and Linda G Seale Trinity Center Permanent Maintenance Endowment</u> Endowment designated for Trinity Center maintenance	457,688
<u>Willie S. Grimes Fund</u> Designated for use by Bishop to provide for those in need	42,350
TOTAL DESIGNATED FUNDS	<u>\$ 5,182,219</u>

**EPISCOPAL FOUNDATION OF THE DIOCESE OF EAST CAROLINA
2023 FUND REPORT**

<u>OTHER BENEFICIARY FUNDS</u>	<u>12/31/2023 Balance</u>
<u>FUNDS HELD ON BEHALF OF CHURCHES AND DIOCESE:</u>	
St. Thomas Episcopal Church, Windsor	\$ 99,523
St. Thomas Episcopal Church (Memorial), Windsor	82,009
St. Thomas Episcopal Church, Windsor	24,628
St. Francis By-The-Sea (R Seale Match), Salter Path	151,329
St. Francis By-The-Sea (N Seale Match), Salter Path	58,052
St. Francis By-The-Sea Episcopal Church, Salter Path	144,169
St. Francis By-The-Sea Episcopal Church, Salter Path (B&G Fund)	50,158
Grace Episcopal Church, Plymouth	208,169
St. Thomas Episcopal Church, Ahoskie	438,862
Trinity Episcopal Church (Endowment), Lumberton	193,903
Trinity Episcopal Church, Lumberton	279,319
St. Thomas Episcopal Church, Bath	481,618
St. Paul's Episcopal Church, Greenville	1,681,871
St. Paul's Episcopal Church (Huber Fund), Greenville	262,516
St. James The Fisherman, Shallotte	195,475
Church of the Servant, Wilmington	139,559
St. Luke's/St. Anne's Episcopal Church, Roper	49,503
Holy Trinity Episcopal Church (Endowment), Fayetteville	531,664
Holy Trinity Episcopal Church (Dr. Robert King Fund), Fayetteville	10,839
Holy Trinity Episcopal Church, Hertford	684,921
William & Phyllis Walker Fund (Bishop's Discretionary Fund for Diocese)	437,068
John Wood Foreman (Trustee Fund)	592,438
Alice Hoffman Fund (Trustee Fund)	3,382,726
Trustees of Diocese of East Carolina	757,251
Holy Trinity Episcopal Church, Hampstead	63,426
Trinity Center Endowment Fund, Trinity Center	61
Trinity Center Bishop's Chapel, Trinity Center	42,392
St. Georges, Engelhard	164,098
St. Christopher's, Havelock	175,880
St. Paul's Beaufort	712,587
St. Paul's Beaufort (Cullman Fund)	644,806
St. Mary's, Burgaw	10,962
St. Andrew's, Morehead	197,158
Trinity Episcopal Church, Chocowinity	425,839
	<u>13,374,779</u>
<u>FOUNDATION ASSETS WITH SPECIFIED BENEFICIARY:</u>	
Helen Mardre Memorial Fund-annual income to St. Thomas Episcopal Church, Windsor	49,010
W. H. Ward Fund-annual income to Grace Episcopal Church, Plymouth	303,787
Winslow Merrick Fund-annual income to St. Mark's Episcopal Church, Wilmington	31,422
L&N Lastinger Fund-annual income to Trinity Episcopal Church, Chocowinity	87,732
Lucile M. Marvin Fund-annual income to St. Andrew's On-The-Sound, Wilmington and Bishop's Discretionary Fund	22,898
Edward Forbes Fund-annual income to Christ Church, New Bern and Diocese	234,072
Susan S. and Wallace C. Murchison Fund-annual income to St. John's Wilmington	466,283
	<u>1,195,204</u>
TOTAL OTHER BENEFICIARY FUNDS	<u>\$ 14,569,983</u>

EPISCOPAL FOUNDATION OF THE DIOCESE OF EAST CAROLINA
2023 FUND REPORT

12/31/2023
Balance

UNDESIGNATED FUND

The Foundation maintains one undesignated fund to account for funds contributed with no designated purpose. These funds are generally used to provide grants throughout the Diocese. Contributions to the undesignated fund consist of gifts from:

- Bequest of Elizabeth P. Gilliam
- Bequest of William Carlyle Powell
- Bequest of Waverly C. Broadwell
- Bequest of William G. Gaither
- Bequest of Lucile Murchison Marvin in memory of her husband, Walter R. Marvin
- Gifts in memory of Rt. Reverend Alfred Augsutine Watson (Bishop of Diocese)
- Bequest of Fanny Murchison Curtis
- Gifts of Mrs. Lucile Murchison Marvin and bequest in memory of her parents Lucy Giles and David Murchison
- Gift from Charlotte Thompson
- Bequest of Fanny Murchison and Jennie Atkinson Murchison in memory of their sister Lucy M. Mallett
- Gifts of the Sarah Graham Keenan Foundation
- Gifts from various donors for Future Ministries
- Bequest of Mary W. Ralph
- Bequest of Thurman Williams
- Bequest of Gertrude S. Rosevear
- Gift of Margaret U. Griffin
- Bequest of Sherry Tabb
- Gift from Ray Tait

TOTAL UNDESIGNATED FUNDS

\$ 1,639,321

**EPISCOPAL FOUNDATION OF THE DIOCESE OF EAST CAROLINA
2023**

<u>DESIGNATED FUND</u>	2023 BUDGET 4.5%	2023 ACTUAL 4.5%	2024 BUDGET 4.5%
George Jeffreys Memorial Fund	16,706	16,706	17,029
Bishop Wright Fund	587	587	605
Price N Poe Memorial Fund	16,353	16,353	16,667
RA Williams Fund	2,540	2,540	2,617
Mary Smith Fund	1,331	1,331	1,363
Bishop Strange Fund	425	425	432
Ann Shepard Graham Building Fund	7,529	7,529	7,674
Priest Education Fund	2,951	2,951	3,029
Louis Alston Fund - Note 1	117,922	117,922	120,086
Therapeutic Support Fund	4,168	-	4,369
S Williams Family Fund	5,017	5,017	5,114
Clergy Foreign Travel Fund	5,884	-	6,245
Smithson Fund	16,018	16,018	16,342
Youth and Young Adult	1,393	1,393	1,420
Willie S Grimes Fund	1,861	1,861	1,909
Richard C and Linda G Seale Trinity Center Permanent Maintenance Endowment	15,022	-	17,077
Trinity and Beyond Capital Campaign Endowment	6,432	6,432	6,584
Edward Forbes Fund (portion allocated to Diocese)	2,522	2,522	2,590
	224,661	199,587	231,152

Note 1 - no distribution in 2023 due to fund distribution limitations