

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN**

Financial Statements

For the Years Ended December 31, 2023 and 2022

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Assets and Liabilities	3
Schedule of Investments	4 - 9
Statements of Operations	10
Statements of Changes in Net Assets	11
Notes to Financial Statements	12 - 14

Independent Auditor's Report

**To the Diocesan Council
Diocese of Olympia, Inc.
The James F. Hodges Diocesan Investment Fund
Seattle, Washington**

Opinion

We have audited the financial statements of the Diocese of Olympia, Inc. - The James F. Hodges Diocesan Investment Fund (the Fund), which comprise the statements of assets and liabilities, including the schedule of investments as of December 31, 2023 and 2022, and the related statements of operations and changes in net assets for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2023 and 2022, and the results of operations and changes in net assets 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 (GAAS). 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.

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 for one year after the date that the financial statements are available to be issued.



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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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund'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.

Clark Nuber P.S.

Certified Public Accountants
May 15, 2026

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN

Statements of Assets and Liabilities
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Investment income receivable	\$ 268,213	\$ 163,995
Investments, at Fair Value:		
Equity securities	71,992,331	68,828,851
Bonds, notes, and other	30,792,642	27,892,431
Cash equivalents	<u>1,859,766</u>	<u>2,511,087</u>
Total Investments, at Fair Value	<u>104,644,739</u>	<u>99,232,369</u>
Total Assets	<u>\$ 104,912,952</u>	<u>\$ 99,396,364</u>
Liabilities and Net Assets		
Liabilities:		
Participant income payable	\$ 402,709	\$ 308,362
Investment fees payable	20,250	21,817
Due to the Diocese of Olympia	<u>349</u>	<u>292</u>
Total Liabilities	<u>423,308</u>	<u>330,471</u>
Net Assets	<u>\$ 104,489,644</u>	<u>\$ 99,065,893</u>

See accompanying notes.

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN

Schedule of Investments
For the Year Ended December 31, 2023

	Number of Shares	Fair Value
Equity Securities:		
Abbot Laboratories	9,300	\$ 1,023,651
AbbVie Inc.	7,300	1,131,281
Accenture	3,700	1,298,367
Adobe Inc.	3,400	2,028,440
Air Products and Chemicals, Inc.	4,800	1,314,240
Alexandria Real Estate Equities Inc.	4,500	570,465
Alphabet Inc. Class A	21,660	3,025,685
Amazon Com Inc	7,600	1,154,744
Apple Inc.	18,060	3,477,092
Automatic Data Processing	8,600	2,003,542
Becton Dickinson & Co.	4,800	1,170,384
Berkshire Hathaway Inc. Class B	4,600	1,640,636
Blackrock Inc.	2,335	1,895,553
Carrier	15,000	861,750
Chubb Ltd.	8,805	1,989,930
Coca Cola Company	12,900	760,197
Costco Wholesale, Inc.	2,894	1,910,273
Emerson Electric	11,160	1,086,203
Enterprise Products Partners LP	27,400	721,990
Home Depot Inc	2,000	693,100
Honeywell International, Inc.	7,100	1,488,941
iShares S&P Mid Cap ETF	18,360	5,088,474
iShares S&P Small Cap ETF	46,550	5,039,037
Johnson & Johnson	7,200	1,128,528
JP Morgan Chase & Co	13,765	2,341,427
JP Morgan Emerging Markets Equity	29,183	861,490
Lamb Weston Holdings Inc.	7,000	756,630
Mastercard Inc.	3,950	1,684,715
Microsoft	9,690	3,643,828
Nextera Energy Inc.	21,000	1,275,540
Omnicom Group Inc.	10,000	865,100
Otis Worldwide Corp	3,750	335,512
Paccar, Inc.	18,000	1,757,700
Parametrix Tax Managed Emerging Markets	21,503	850,426
Pfizer, Inc.	20,978	603,957
Procter & Gamble Co	5,424	794,833
Public Storage Inc.	1,473	449,265
Starbucks Co	12,620	1,211,646
Sysco Corp	14,400	1,053,072
Target Corp	6,500	925,730
Unitedhealth Group Inc.	2,100	1,105,587
Vanguard Developed Markets Index	346,347	5,333,749

See accompanying notes.

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN

Schedule of Investments (Continued)
For the Year Ended December 31, 2023

	Number of Shares	Fair Value
Verizon Communications, Inc.	25,300	953,810
Walt Disney Co	9,900	893,871
Zoetis Inc.	6,570	1,296,721
3M Co	4,530	495,219
Total Equity Securities		<u>\$ 71,992,331</u>

See accompanying notes.

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN

Schedule of Investments
For the Year Ended December 31, 2023

	Rate of Interest	Maturity	Number of Shares	Fair Value
Bonds, Notes, and Other:				
Federal Home Loan Bank Debenture	3.250	11/16/2028	1,000,000	\$ 970,490
Federal National Mortgage Association	2.625	9/6/2024	900,000	885,402
U.S. Treasury Note	2.500	4/30/2034	1,000,000	990,860
U.S. Treasury Note	0.375	9/15/2024	1,000,000	968,440
U.S. Treasury Note	2.750	5/15/2025	1,000,000	976,330
U.S. Treasury Note	2.875	7/31/2025	910,000	888,278
U.S. Treasury Note	1.625	5/15/2026	1,000,000	943,520
U.S. Treasury Note	4.625	11/15/2026	1,000,000	1,015,780
U.S. Treasury Note	0.500	6/30/2027	1,000,000	888,280
U.S. Treasury Note	3.500	1/31/2028	800,000	787,376
U.S. Treasury Note	1.250	6/30/2028	1,000,000	891,800
U.S. Treasury Note	4.875	10/31/2028	1,000,000	1,043,830
U.S. Treasury Note	1.625	8/15/2029	1,000,000	889,730
U.S. Treasury Note	1.500	2/15/2030	1,000,000	871,210
U.S. Treasury Note	1.250	8/15/2031	1,030,000	852,284
U.S. Treasury Note	2.750	8/15/2032	1,500,000	1,373,670
U.S. Treasury Note	3.375	5/15/2033	1,000,000	959,690
U.S. Treasury Note	4.750	11/15/2033	1,300,000	1,364,792
Vanguard Intermediate-Term Investment Grade	Variable	N/A	528,044	4,583,425
Vanguard Short-Term Investment Grade	Variable	N/A	845,304	8,647,455
Total Bonds, Notes, and Other				<u>\$30,792,642</u>
Cash Equivalents:				
Fidelity Government Portfolio - Class I	Variable	N/A	1,859,766	\$ 1,859,766
				<u>\$ 1,859,766</u>

See accompanying notes.

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN

Schedule of Investments
For the Year Ended December 31, 2022

	Number of Shares	Fair Value
Equity Securities:		
Abbot Laboratories	9,300	\$ 1,021,047
AbbVie Inc.	7,300	1,179,753
Accenture Plc	3,700	987,308
Adobe Inc	3,400	1,144,202
Air Products and Chemicals, Inc.	5,700	1,757,082
Alexandria Real Estate Equities Inc.	4,500	655,515
Alphabet Inc. Class A	23,160	2,043,407
Apple Inc.	22,160	2,879,249
Automatic Data Processing	8,600	2,054,196
Becton Dickinson & Co.	5,200	1,322,360
Berkshire Hathaway Inc. Class B	5,800	1,791,620
Blackrock Inc.	2,485	1,760,945
Carrier	15,000	618,750
Chubb Limited	9,255	2,041,653
Coca Cola Company	12,900	820,569
ConAgra Foods, Inc.	17,100	661,770
Costco Wholesale, Inc.	3,674	1,677,181
Emerson Electric	8,060	774,243
Enterprise Products Partners LP	27,400	660,888
Honeywell International, Inc.	7,100	1,521,530
iShares S&P Mid Cap ETF	21,560	5,215,148
iShares S&P Small Cap ETF	50,250	4,755,660
JP Morgan Chase & Co	15,165	2,033,626
Johnson & Johnson	7,200	1,271,880
JP Morgan Emerging Markets Equity	32,787	916,066
Lamb Weston Holdings Inc.	7,000	625,520
Mastercard Inc.	4,200	1,460,466
Microsoft	11,540	2,767,523
Nextera Energy Inc.	21,000	1,755,600
Novartis Ag A	7,200	653,184
Omnicom Group Inc.	10,000	815,700
Otis Worldwide Corp	3,750	293,663
Paccar, Inc.	12,000	1,187,640
Parametrix Tax Managed Emerging Markets	24,067	910,708
Pfizer, Inc.	20,978	1,074,913
Procter & Gamble Co	9,424	1,428,301
Public Storage Inc.	1,473	412,720
Raytheon Technologies Corp Com	7,500	756,900
Starbucks Co	13,620	1,351,104
Sysco Corp	14,400	1,100,880
Target Corp	6,500	968,760
Unitedhealth Group Inc.	2,300	1,219,414
Vanguard Developed Markets Index	346,347	4,682,616

See accompanying notes.

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN

Schedule of Investments (Continued)
For the Year Ended December 31, 2022

	Number of Shares	Fair Value
V F Corporation	14,884	410,947
Verizon Communications, Inc.	25,900	1,020,460
Walt Disney Co	9,900	860,112
Zoetis Inc.	6,570	962,834
3M Co	4,530	543,238
Total Equity Securities		<u>\$ 68,828,851</u>

See accompanying notes.

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN

Schedule of Investments
For the Year Ended December 31, 2022

	<u>Rate of Interest</u>	<u>Maturity</u>	<u>Number of Shares</u>	<u>Fair Value</u>
Bonds, Notes, and Other:				
Federal Home Loan Bank Debenture	3.250	11/16/2028	1,000,000	\$ 960,260
Federal National Mortgage Association	2.625	9/6/2024	900,000	873,135
U.S. Treasury Note	1.750	5/15/2023	900,000	890,577
U.S. Treasury Note	0.250	9/30/2023	1,000,000	966,760
U.S. Treasury Note	2.875	9/30/2023	1,000,000	987,580
U.S. Treasury Note	2.500	4/30/2024	1,000,000	971,560
U.S. Treasury Note	0.375	7/15/2024	1,000,000	936,760
U.S. Treasury Note	0.375	9/15/2024	1,000,000	931,990
U.S. Treasury Note	2.750	5/15/2025	1,000,000	964,300
U.S. Treasury Note	2.875	7/31/2025	910,000	879,115
U.S. Treasury Note	1.625	5/15/2026	1,000,000	920,350
U.S. Treasury Note	0.500	6/30/2027	1,000,000	855,390
U.S. Treasury Note	1.250	6/30/2028	1,000,000	864,650
U.S. Treasury Note	1.625	8/15/2029	1,000,000	867,770
U.S. Treasury Note	1.500	2/15/2030	1,000,000	852,190
U.S. Treasury Note	2.750	8/15/2032	1,500,000	1,365,945
Vanguard Intermediate-Term Investment Grade	Variable	N/A	528,044	4,393,329
Vanguard Short-Term Investment Grade	Variable	N/A	845,304	8,410,770
Total Bonds, Notes, and Other				<u>\$ 27,892,431</u>
Cash Equivalents:				
First America Prime Obligation Fund	Variable	N/A	2,385,442	\$ 2,511,087
				<u>\$ 2,511,087</u>

See accompanying notes.

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN**

**Statements of Operations
For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Investment Income:		
Dividends and interest	\$ 2,400,101	\$ 2,035,587
Securities lending and other income	<u>775</u>	<u>1,654</u>
Total Investment Income	<u>2,400,876</u>	<u>2,037,241</u>
Expenses:		
Agency fees	80,894	86,633
Audit and accounting fees	10,000	11,550
Miscellaneous	<u>349</u>	<u>292</u>
Total Expenses	<u>91,243</u>	<u>98,475</u>
Excess Investment Income Over Expenses	<u>2,309,633</u>	<u>1,938,766</u>
Realized and Unrealized Investment Gain (Loss):		
Net realized investment gain	5,259,742	2,105,956
Net unrealized investment gain (loss)	<u>4,508,172</u>	<u>(17,736,755)</u>
Net Gain (Loss) on Investments	<u>9,767,914</u>	<u>(15,630,799)</u>
Change in Net Assets Resulting From Operations	<u><u>\$ 12,077,547</u></u>	<u><u>\$(13,692,033)</u></u>

See accompanying notes.

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN**

**Statements of Changes in Net Assets
For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Change in net assets resulting from operations	\$ 12,077,547	\$ (13,692,033)
Distributions of dividends paid to shareholders	(2,218,721)	(2,021,487)
Capital Share Transactions:		
Proceeds from shareholder purchases and dividends reinvested	3,292,879	7,521,621
Shareholder redemptions	<u>(7,727,954)</u>	<u>(6,345,803)</u>
Decrease in Net Assets Resulting From Capital Share Transactions	<u>(4,435,075)</u>	<u>1,175,818</u>
Change in Net Assets	5,423,751	(14,537,702)
Net assets, beginning of year	<u>99,065,893</u>	<u>113,603,595</u>
Net Assets, End of Year	<u>\$ 104,489,644</u>	<u>\$ 99,065,893</u>

See accompanying notes.

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN**

**Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 1 - Organization and Significant Accounting Policies

The Diocese of Olympia, Inc. (the Diocese) is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America (the Episcopal Church). The Diocese includes all Episcopal churches in Western Washington.

The James F. Hodges Diocesan Investment Fund (the Fund) was organized in 1951 as an investment pool for the endowments of the Diocese and its parishes, missions, and related institutions. The Fund's current name was adopted in 1987.

The Fund's investment strategy is to balance the need for current income and growth in asset value to offset inflation by investing in a mixture of equity and debt securities. The securities are currently held by U.S. Bank. The Diocesan Investment Committee makes investment decisions. The funds are not federally insured.

The Diocese has funds other than the Fund, which are called the Operating Funds, Trust Funds, and the Building Loan, Mission Development, and Real Estate Funds. These funds are included in separate financial statements.

Financial Statement Presentation - The Fund follows the accounting policies of an investment company, in accordance with accounting principles generally accepted in the United States of America. Securities are valued at fair value based on closing sales prices reported on recognized securities exchanges on the last business day of the year (Note 2).

Securities transactions are accounted for on a trade-date basis. Realized gains and losses from securities transactions are reported on a specific identification basis. The Fund distributes net cash investment income to shareholders monthly, but net capital gains are reinvested with the exception of procedures provided in the corporate spending policy. Shareholders may reinvest dividends, or purchase or redeem shares, on a monthly basis only.

Requests for purchases are administered by the Diocese, which collects funds for purchases in the current month and then remits the funds to U.S. Bank in the subsequent month. Shares are purchased at the net asset value at the beginning of the month after U.S. Bank receives the funds. At December 31, 2023 and 2022, the Diocese held \$12,853 and \$71,967 in funds for purchase in January 2024 and 2023, respectively. These amounts are not included in the financial statements until shares are purchased. They are included in the financial statements of the Diocese.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Taxes - The Internal Revenue Service has determined that the Diocese is exempt from federal income tax under Internal Revenue Code Section 501(c)(3); accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Subsequent Events - The Fund has evaluated subsequent events through May 15, 2026, the date on which the financial statements were available to be issued.

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN**

**Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 2 - Fair Value Measurement

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability.

The fair value of all investments was determined using Level 1 observable inputs (quoted prices in active markets for identical assets) within the fair value hierarchy using quoted market rates.

Note 3 - Unrealized Appreciation

Unrealized appreciation on investments was as follows as of December 31:

	2023		
	Cost	Fair Value	Unrealized Appreciation
Equity securities	\$ 28,575,878	\$ 71,992,331	\$ 43,416,453
Bonds, notes, and other	32,382,719	30,792,642	(1,590,077)
Cash equivalents	1,859,766	1,859,766	
	<u><u>\$ 62,818,363</u></u>	<u><u>\$104,644,739</u></u>	<u><u>\$ 41,826,376</u></u>

	2022		
	Cost	Fair Value	Unrealized Appreciation
Equity securities	\$ 29,140,501	\$ 68,828,851	\$ 39,688,350
Bonds, notes, and other	30,357,208	27,892,431	(2,464,777)
Cash equivalents	2,510,803	2,511,087	
	<u><u>\$ 62,008,512</u></u>	<u><u>\$ 99,232,369</u></u>	<u><u>\$ 37,223,573</u></u>

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN**

**Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 4 - Shareholders

The Fund's investment pool activity was as follows:

	Number of Shares	Per Share Value
Shares Outstanding, December 31, 2021	301,022	\$ 378
Shares purchased and dividends reinvested	22,291	
Shares redeemed	(19,064)	
Shares Outstanding, December 31, 2022	304,249	326
Shares purchased and dividends reinvested	9,813	
Shares redeemed	(23,046)	
Shares Outstanding, December 31, 2023	291,016	\$ 360

Note 5 - Financial Highlights

The ratios to average net assets and total return are presented in the following table for the years ended December 31, 2023 and 2022. The ratios and total return are not annualized. The computation of similar financial information for other participating shareholders may vary based on the timing of their respective capital transactions.

Annual ratios to average net assets and total return for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Ratios to average net assets-		
Total expenses	0.09%	0.09%
Total investment income	2.36%	1.92%
Total gain (loss) on investments	9.60%	-14.70%

Note 6 - Investment Policy - Tobacco and Fossil Fuel Stocks

In accordance with the investment policy recommended by the Executive Council of the Episcopal Church, the Fund does not invest in securities issued by companies that manufacture and distribute tobacco products or fossil fuel companies.