Frizzo, Armstrong & App LLP

Certzfied Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Council

Diocese of Northern Indiana of the Episcopal Church, Inc.

South Bend, Indiana

We have audited the accompanying statement of financial position (cash basis) of Diocese of Northern Indiana of the Episcopal Church, Inc. as of December 31, 2001 and the related (cash basis) statements of activities and change in net assets for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Diocese of Northern Indiana of the Episcopal Church, Inc. as of December 31, 2000, were audited by other auditors who have ceased operations and whose report dated July 12, 2001, expressed an unqualified.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Diocese also did not record capital assets and the related depreciation prior to January 1, 1994.

In our opinion, except for the effects of not recording capital assets and related depreciation, the financial statements of Diocese of Northern Indiana of the Episcopal Church, Inc. present fairly, in all material respects, the financial position as of December 31, 2001, and its support, revenue, expenses, and changes in net assets for the year then ended on the basis of accounting described in Note 1.

The additional information included on pages 10 - 13 has been subjected to auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

FRIZZO, ARMSTRONG, & APP LLP

July25, 2002