

## Independent Auditor's Report

To the Council  
Diocese of Northern h 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, 2002 and the relate4 (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.

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.

. . . . 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, 2002, and its support, revenue, expenses, and changes in net assets for the year then ended on the basis of accounting described in Note 1.

ARMSTRONG, REIST CPAs, LLP

May 22, 2003

(more detailed audit information available at the Diocesan Office)

DIOCESE OF NORTHERN INDIANA OF THE EPISCOPAL CHURCH, INC.

STATEMENTS OF FINANCIAL POSITION - CASH BASIS

December 31, 2002 with comparative totals for 2001

				2002	2001
				Total	Total
		Temporarily	Permanently	All	All
ASSETS	Unrestricted	Restricted	Restricted	Restricted	Funds
Funds					
Cash	33,208	63,762			96,970
114,965					
Investments (at market)					
	482,451	295,368	\$	301,683	
1,079,502	1,091,364				
Property and Equipment					
Buildings	546,614			546,614	
546,614					
Equipment	22,735			22,735	
18,908					
Total cost	569,349			569,349	
565,522					
Accumulated depreciation					
	(41,674)			(41,674)	(23,570)
Net Property and Equipment					
	527,675			527,675	541,952
Life insurance - Cash Value					
	51,864			51,864	
	48,095				
Total Assets	1,095,198	359,130		301,683	
1,756,011	1,796,376				
LIABILITIES AND NET ASSETS					
NetAssets	1,095,198	359,130		301,683	1,756,011
1,796,376					
Total Liabilities andNet Assets					
	1,095,198	359,130		301,683	1,756,011
	1,796,376				

**DIOCESE OF NORTHE11N INDIANA OF THE EPISCOPAL CHURCH, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS - CASH BASIS**

For the year ended December 31, 2002 with comparative totals for 2001

					2002	2001
	Unrestricted - - - -					Total
	Currently	Temporarily	Pennanently	All	All	
	Expendable	Restricted	Restricted	Funds	Funds	
	Endowment					
SUPPORT AND REVENUE						
Parishes and missions	597,814	\$				597,814
\$ 589,384						
Conferences and rental - Wawasee						
26,120				26,120		26,950
Contributions		54,872	613	55,485		39,738
Investment income	386	27,649	(39,192)	(11,157)		41,473
Miscellaneous	8,013			8,013		3,035
Late payments from parishes						
27,148				27,148		22,320
Net assets released from restrictions:						
94,650		(94,650)				
Total Support and Revenue						
722,900	754,131	27,649	(78,970)	613		703,423
EXPENSES						
Program services	242,174					242,174
218,934						
General and administrative						
501,614						501,614
447,236						
Total Expenses	743,788					743,788
666,170						
Increase (Decrease) in Net Assets Before Board Designations						
10,343	27,649	(78,970)	613	(40,365)		56,730
Designations by the governing board:						
Investment returns utilized for current operations						
115,996		(115,996)				
Held for long-term investment						
(133,126)	133,126					
Increase (Decrease) in Net Assets						
(6,787)	44,779	(78,970)	613	(40,365)		56,730
Net Assets - Beginning						
623,469	433,737		435,360			303,810
1,796,376	1,739,646					
Prior Period Adjustments						
2,740		(2,740)				
Net Assets-Ending						

1,756,011	616,682	478,516	359,130	301,683
	1,796,376			