Greetings in the name of Jesus our Savior. Please know that I have kept you in my prayers all year and especially during the recent Christmas season and the celebration of the Epiphany of our Lord this month.

Each year, as your bishop, I bring you an audited report on the financial position of our diocese. I do so for the most recent fiscal year of 2020-21 with great enthusiasm because, even during uncertain times, you, the faithful, of the Diocese of Knoxville, continue to show trust and generosity in all that we do.

I am pleased to tell you that the fiscal position of the Diocese of Knoxville is strong, and I say this with a great degree of confidence.

The accounting firm that independently audits our financial information, Brown Jake & Daniel, PC, recently presented to our diocesan finance council a review of its financial statement and the accompanying notes will confirm that, as a diocese, we have been aggressive and prudent in the way that we advance our mission.

Our efforts to bring the Good News of Jesus Christ to East Tennessee have been impactful, and yes, they come with a cost. We have built new churches and expanded ministries. Our diocese grows in ways that we were here to serve those who can afford to live in this world, in addition to those who have, for whatever reasons, been left without much hope. We do so with a profound sense of serving as a living example of the love and compassion of Jesus Christ.

I am pleased to tell you that the financial position of the Diocese of Knoxville is strong. Please know that I pray for your continued blessings in 2022, and I remain grateful for all that you have done for the Diocese of Knoxville.

Yours in Christ,

Most Reverend Richard F. Stika
Bishop of Knoxville

Dear Brothers and Sisters in Christ,

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 and 2020

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$198,104</td>
<td>$333,430</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>21,750</td>
<td>30,000</td>
</tr>
<tr>
<td>Interest expense and bank service charges</td>
<td>275,752</td>
<td>53,500</td>
</tr>
<tr>
<td>Investments (Note 2)</td>
<td>18,151,455</td>
<td>25,621,069</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$18,151,455</td>
<td>$25,621,069</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$28,990,571</td>
<td>$19,172,962</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>693,934</td>
<td>519,713</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>359,164 $</td>
<td>335,618 $</td>
</tr>
<tr>
<td>Deposits payable to parishes and others</td>
<td>34,285,273</td>
<td>25,003,009</td>
</tr>
<tr>
<td>Land, buildings and equipment, net</td>
<td>7,138,225</td>
<td>7,376,328</td>
</tr>
<tr>
<td>Loans receivable from parishes and others</td>
<td>29,620,392</td>
<td>35,536,184</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>$81,571,969 $</td>
<td>$74,571,397 $</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without Donor Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With Donor Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues, gains and other support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diocesan newspaper</td>
<td>$528,366</td>
<td>-</td>
</tr>
</tbody>
</table>
| Diocese of Knoxville Chancery Office as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles generally accepted in the United States of America.

STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without Donor Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With Donor Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>$1,870,043</td>
<td>$1,870,043</td>
</tr>
<tr>
<td>Pastoral services</td>
<td>$1,870,043</td>
<td>$1,870,043</td>
</tr>
<tr>
<td>Total</td>
<td>$3,740,086</td>
<td>$3,740,086</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.

Without Donor Revenue: $18,151,455
With Donor Revenue: $25,621,069
Total: $43,772,524

Total liabilities: $18,151,455
Total assets: $81,571,969
Net assets: $63,420,444

Without Donor Revenue: $6,052,863
With Donor Revenue: $15,001,268
Total net assets: $21,054,131

Without Donor Revenue: $1,436,909
With Donor Revenue: $1,436,909
Total net assets: $2,873,818
Cash and cash equivalents at beginning of year $ 19,172,962 $ 3,034,303  

Net increase (decrease) in cash and cash equivalents 9,817,609 16,138,659  

Adjusted to reconcile change in net assets to net cash provided (used) by operating activities:  

Unrealized (gain) loss on investments (2,309,323) 262,644  

Proceeds from borrowings held for other diocesan entities (6,421,570) 6,421,570  

Repayments from (loans to) parishes and institutions, net 5,915,792 849,978  

Unrealized (gain) loss on investments (2,309,323) 262,644  

Cash paid during the year for interest $ 669,908 $ 884,554  

Cash and cash equivalents at end of year $ 28,990,571 $ 19,172,962  

The accompanying notes are an integral part of these financial statements.
The Diocese has entered into two forward rate agreements, or interest rate swap agreements, with Regions Bank. The original interest rate swap agreement provides, on a monthly basis, for the Diocese to pay a fixed rate of 1.94% on its variable rate of 1.89% on the notional amount. The swap agreement has a maturity date of December 31, 2025. The first swap agreement provides, on a monthly basis, for the Diocese to pay a fixed rate of 1.93% on its variable rate of 1.89% on the notional amount. The swap agreement has a maturity date of December 31, 2026. The second swap agreement provides, on a monthly basis, for the Diocese to pay a fixed rate of 1.94% on its variable rate of 1.89% on the notional amount. The swap agreement has a maturity date of December 31, 2027.

Deferred restricted revenue consists of advances from grantor agencies that were unexpended at June 30, 2021 and 2020. These advances are earned as program requirements are met. In the event such requirements are not met, these advances must be refunded to the grantor.

Lease Obligations

Lease obligations include leases for office and other property. The Diocese has entered into two forward rate agreements, or interest rate swap agreements, with Regions Bank. The original interest rate swap agreement provides, on a monthly basis, for the Diocese to pay a fixed rate of 1.94% on its variable rate of 1.89% on the notional amount. The swap agreement has a maturity date of December 31, 2025. The first swap agreement provides, on a monthly basis, for the Diocese to pay a fixed rate of 1.93% on its variable rate of 1.89% on the notional amount. The swap agreement has a maturity date of December 31, 2026. The second swap agreement provides, on a monthly basis, for the Diocese to pay a fixed rate of 1.94% on its variable rate of 1.89% on the notional amount. The swap agreement has a maturity date of December 31, 2027.

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