

Episcopal Diocese of Pennsylvania

CBIZ Consulting Report

May 31, 2006

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Introduction

CBIZ Accounting, Tax & Advisory, LLC ("CBIZ") was engaged to perform consulting services on behalf of the Episcopal Diocese of Pennsylvania related to the Wapiti Project and the classification of Net Assets. CBIZ services included consulting and financial analyses of the books, records and other data provided to us by the finance department of the Diocese, representatives of the Church Foundation and the Diocese's independent auditors.

Per our engagement letter, our engagement was limited to 140 man-hours. During that time we were able to research and report on the Wapiti Project and report on the accounting of nineteen funds currently accounted for by the Diocese as being Unrestricted Net Assets. The Special Audit Committee provided CBIZ with 12 suggested funds and the remaining seven were picked at random by CBIZ based on 12/31/05 stated values.

CBIZ researched the Wapiti Project by reading related documentation supplied by the Diocese, conducting a walkthrough of the Wapiti site in Maryland, noting accounting policies and procedures and obtaining expenditure details. CBIZ prepared schedules summarizing expenditures and identified sources of funding for the Wapiti Project.

CBIZ researched the method of fund accounting used by Church House and the Church Foundation by reading documents provided by the Episcopal Diocese of Pennsylvania and through inquiry and observation. CBIZ prepared summaries for 19 out of 98 funds accounted for by the Diocese as Unrestricted Net Assets, totaling \$ 10,147,787 or 80% of the market value of the Unrestricted Net Assets that appear in the 2005 unaudited financial statements. The summaries include our analysis of the funds' classifications, analysis of activities for 2003, 2004 and 2005, and various recommendations and suggestions.

During the preparation and research, CBIZ was able to gain insight into the financial policies and procedures used by the Church House and Wapiti Project. CBIZ had the opportunity to analyze these policies and procedures and has included some recommendations.

Management in both Philadelphia and Maryland were helpful and accommodating at all times. All requested information was produced for CBIZ in adequate time and all communication was forthcoming and timely.

Wapiti Project

CBIZ researched the Wapiti Project ("Wapiti") by obtaining the general ledger activity for the Wapiti Project and Diocese records for 2005 and 2004, reading Wapiti Board of Director Meeting minutes, and conducting a walkthrough of the Wapiti site in Maryland on May 10, 2006.

CBIZ noted the Diocese entered into an Option to Buy Agreement for the property the Wapiti Project lies on. The original option expired January 2006, with a first extension with the same terms expiring May 31, 2006, and a second extension, without changing terms, expiring December 31, 2006.

CBIZ noted that the Finance & Property Committee minutes included approval of the Wapiti funding to be funded by Unrestricted Net Assets. Funding for the Wapiti Project was recorded as program expenditures by the Diocese during the period 1/1/03 through 12/31/05.

Expenditure Summary

The following schedule summarizing expenditures by category for the Wapiti spending from inception through 12/31/05. As of April 24, 2006, Wapiti had recorded an additional \$363,113 worth of expenditures. Please note that the below expenditures include not only program expenses but also capital assets.

Prepaid - Advertising	\$ 2,141	Phase II Permit/App. Fees	250
Prepaid - Subscriptions	300	Other Fixed Assets	1,156
Prepaid - Insurance	4,133	Event Support Equipment	11,276
Prepaid Software Support	876	Suspense/Clearing Account	4,002
Building Improvements	2,819,047	Wapiti Operating Taxes	1,692
Phase I Const. in Progress	510,519	Discounts Income	97
Pre 2004 Costs	380,182	Meats, Fish, Poultry Expense	2,891
Furniture, Art, Decor	561	Deli Expense	456
Land Option	3,000,000	Dairy Expense	1,015
Phase II Sub-Consultants		Beverage Expense	966
Expenses	19,881	Produce Expense	1,464
Phase II Architects Expense	132,086	Grocery Expense	17,869