

Diocese of Southern Ohio, ECSF and Gabriel's Place

Combined Financial Statements

December 31, 2017 and 2016

with Independent Auditors' Report

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Combined Financial Statements:

 Combined Statements of Financial Position 3

 Combined Statements of Activities 4-5

 Combined Statements of Cash Flows..... 6

 Notes to the Combined Financial Statements..... 7-22

Supplemental Information:

 Schedules of Combining Financial Position by Fund Information..... 23-24

 Notes to the Schedule 25

INDEPENDENT AUDITORS' REPORT

To the Bishop and Trustees
Diocese of Southern Ohio, ECSF and Gabriel's Place:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Diocese of Southern Ohio (a not-for-profit organization), ECSF (a not-for-profit organization) and Gabriel's Place (a not-for-profit organization) which comprise the combined statements of financial position as of December 31, 2017 and 2016, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities' preparation and fair presentation of the combined financial statements 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 entities' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Diocese of Southern Ohio, ECSF and Gabriel's Place as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
July 16, 2018

Diocese of Southern Ohio, ECSF and Gabriel's Place
 Combined Statements of Financial Position
 December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 3,504,561	2,715,136
Accounts and interest receivable, net	346,723	325,305
Notes receivable, net	2,215,035	2,577,161
Investments	97,511,889	87,063,214
Investment funds held in trust for others	23,914,461	21,167,524
Investment funds held for the benefit of others	84,512	76,127
Investment - gift annuity	26,237	30,352
Property and equipment, net	4,537,561	4,469,713
	\$ 132,140,979	118,424,532
Liabilities		
Accounts payable and accrued liabilities	\$ 381,378	248,056
Contributions payable, net	2,133,140	688,185
Postretirement benefits accrued other than pensions	2,833,175	2,795,241
Funds held for the benefit of Marjorie P. Lee Retirement Community	23,914,461	21,167,524
Funds held for the benefit of St. Luke's Episcopal Church, Cincinnati	84,512	76,127
Total liabilities	29,346,666	24,975,133
Net assets		
Unrestricted	65,137,369	55,218,360
Temporarily restricted	1,891,178	2,465,273
Permanently restricted	35,765,766	35,765,766
Total net assets	102,794,313	93,449,399
Total liabilities and net assets	\$ 132,140,979	118,424,532

See accompanying notes to the combined financial statements.

Diocese of Southern Ohio, ECSF and Gabriel's Place
 Combined Statement of Activities
 Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and losses:				
Congregation assessments	\$ 2,585,923	-	-	2,585,923
Dividends and interest, net of \$219,222 in fees	1,693,984	-	-	1,693,984
Conference center use	170,646	-	-	170,646
Campers fees	40,899	-	-	40,899
Rental income	369,976	-	-	369,976
Realized and unrealized gains on investments, net	13,492,294	-	-	13,492,294
Gifts/principal additions	289,805	73,283	-	363,088
Loss on disposal of assets	(4,594)	-	-	(4,594)
Other	42,498	-	-	42,498
Release of restriction	647,378	(647,378)	-	-
Total revenues and gains	19,328,809	(574,095)	-	18,754,714
Expenses:				
Operating:				
Aided congregations	1,559,892	-	-	1,559,892
Post retirement benefits expense	159,033	-	-	159,033
National Episcopal Church	504,441	-	-	504,441
Procter Camp & Conference Center	420,352	-	-	420,352
Commission on Ministry	452,852	-	-	452,852
Bishop's Discretionary Funds	159,793	-	-	159,793
Communications	435,100	-	-	435,100
Anglican Traditions	38,629	-	-	38,629
Ecumenical Outreach	220,130	-	-	220,130
Community Outreach	1,452,509	-	-	1,452,509
Minority Empowerment Initiative Trust	93,555	-	-	93,555
Other programs	635,481	-	-	635,481
Administration	2,835,970	-	-	2,835,970
Total operating expenses	8,967,737	-	-	8,967,737
Non-operating expense (income):				
Depreciation	404,621	-	-	404,621
Post retirement benefits gain	(54,967)	-	-	(54,967)
Bad debt recovery	(5,000)	-	-	(5,000)
Other	97,409	-	-	97,409
Total non-operating expense	442,063	-	-	442,063
Change in net assets	9,919,009	(574,095)	-	9,344,914
Net assets, beginning of year	55,218,360	2,465,273	35,765,766	93,449,399
Net assets, end of year	\$ 65,137,369	1,891,178	35,765,766	102,794,313

See accompanying notes to the combined financial statements.

Diocese of Southern Ohio, ECSF and Gabriel's Place
 Combined Statement of Activities
 Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and losses:				
Congregation assessments	\$ 2,671,864	-	-	2,671,864
Dividends and interest, net of \$184,169 in fees	1,636,869	-	-	1,636,869
Conference center use	181,942	-	-	181,942
Campers fees	52,220	-	-	52,220
Rental income	366,262	-	-	366,262
Realized and unrealized gains on investments, net	3,384,311	-	-	3,384,311
Gifts/principal additions	429,862	390,962	-	820,824
Gain on disposal of assets	233,564	-	-	233,564
Gain on acquisition of assets	84,709	-	-	84,709
Other	294,094	-	-	294,094
Release of restriction	402,995	(402,995)	-	-
Total revenues and gains	9,738,692	(12,033)	-	9,726,659
Expenses:				
Operating:				
Aided congregations	1,312,040	-	-	1,312,040
Post retirement benefits expense	163,753	-	-	163,753
National Episcopal Church	626,178	-	-	626,178
Procter Camp & Conference Center	387,917	-	-	387,917
Commission on Ministry	255,738	-	-	255,738
Bishop's Discretionary Funds	185,735	-	-	185,735
Communications	425,094	-	-	425,094
Youth support	184,579	-	-	184,579
Anglican Traditions	52,913	-	-	52,913
Ecumenical Outreach	190,311	-	-	190,311
Community Outreach	313,125	-	-	313,125
Minority Empowerment Initiative Trust	79,749	-	-	79,749
Other programs	763,439	-	-	763,439
Administration	2,728,346	-	-	2,728,346
Total operating expenses	7,668,917	-	-	7,668,917
Non-operating expense (income):				
Depreciation	395,251	-	-	395,251
Post retirement benefits gain	(38,615)	-	-	(38,615)
Bad debt recovery	(5,422)	-	-	(5,422)
Other	110,894	-	-	110,894
Total non-operating expense	462,108	-	-	462,108
Change in net assets	1,607,667	(12,033)	-	1,595,634
Net assets, beginning of year	53,610,693	2,477,306	35,765,766	91,853,765
Net assets, end of year	\$ 55,218,360	2,465,273	35,765,766	93,449,399

See accompanying notes to the combined financial statements.

Diocese of Southern Ohio, ECSF and Gabriel's Place
 Combined Statements of Cash Flows
 Years Ended December 31, 2017 and 2016

	2017	2016
Cash flow from operating activities:		
Change in net assets	\$ 9,344,914	1,595,634
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	404,621	395,251
(Gain) loss on disposal of assets	4,594	(233,564)
Gain on acquisition	-	(84,709)
Recovery of bad debt expense	(5,000)	(5,422)
Realized and unrealized gains on investments	(13,492,294)	(3,384,311)
Postretirement benefit change in coverage	104,066	125,138
Effects of change in operating assets and liabilities:		
Accounts and interest receivable	(21,418)	80,224
Accounts payable and accrued liabilities	133,322	(26,521)
Contributions payable	1,444,955	255,129
Postretirement benefits paid	<u>(66,132)</u>	<u>(47,108)</u>
Net cash used by operating activities	<u>(2,148,372)</u>	<u>(1,330,259)</u>
Cash flows from investing activities:		
Proceeds from investments and funds held	64,554,677	23,455,044
Purchases of investments and funds held	(61,506,943)	(23,387,429)
Proceeds from sale of buildings	-	1,316,534
Purchases of property and equipment	(477,063)	(154,266)
Collections (issuance) of notes receivable	<u>367,126</u>	<u>(61,620)</u>
Net cash provided by investing activities	<u>2,937,797</u>	<u>1,168,263</u>
Net change in cash and cash equivalents	789,425	(161,996)
Cash and cash equivalents, at beginning of year	<u>2,715,136</u>	<u>2,877,132</u>
Cash and cash equivalents, at end of year	\$ <u>3,504,561</u>	<u>2,715,136</u>

See accompanying notes to the combined financial statements.

1. ORGANIZATION:

The Diocese of Southern Ohio (Diocese) is the Episcopal Church Headquarters for seventy-four congregations in Southern Ohio. The congregations' financial activities are not included in the accompanying combined financial statements.

ECSF is a foundation that supports Episcopal Church congregations in Southern Ohio in their volunteer response to community needs for educational, poverty relief, trauma counseling, and other social services.

Gabriel's Place is incorporated in the State of Ohio as a charitable corporation and is exempt from federal, state and local income taxes. The mission of Gabriel's Place is to provide a safe, beautiful and spiritually nourishing place for the Avondale Community. Gabriel's Place received their IRS tax determination of 501(c)(3) status in August 2012. The Diocese has a controlling representation on the Gabriel's Place board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Diocese and changes therein are classified and reported as follows:

Unrestricted net assets – net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets are subject to donor-imposed stipulations that will likely be met either by actions of the Diocese and/or the passage of time.

Permanently restricted net assets – net assets are subject to donor-imposed stipulations that require the assets be maintained permanently by the Diocese. Generally, the donors of these assets permit the Diocese to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions in which the donor-imposed restrictions were met within the same period are recorded in unrestricted net assets. All expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Investment income in which the donor-imposed restrictions were met within the same period are recorded in unrestricted net assets.

Principles of combination

These financial statements are the result of the combination of the operations of the Episcopal Diocese of Southern Ohio (the Diocese), ECSF and Gabriel's Place. All intercompany transactions are eliminated upon combination.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities and alternative investments are valued at their fair values in the combined statements of

financial position. Realized and unrealized appreciation on investments is included in the combined statements of activities.

Property and equipment

Property and equipment are stated at cost as of the date of acquisition or fair value as of the date of donation in the case of gifts. The Diocese maintains a capitalization threshold of \$5,000. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives are as follows:

Buildings	20 - 31.5 years
Building and leasehold improvements	15 years
Equipment, furniture and fixtures	3 - 10 years

Use of estimates

Management of the Diocese has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, as well as the reported amounts of revenues and expenses, to prepare these combined financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Cash equivalents

Cash equivalents consist primarily of investments in money market funds. At times, cash and money market balances may be in excess of the insurance coverage provided by the Federal Deposit Insurance Corporation. The Diocese has not experienced any losses in such accounts. The Diocese believes it is not exposed to any significant credit risk on cash.

Allowance for doubtful accounts

The Diocese carries its accounts receivable and notes receivable at the amount expected to be collected less an allowance for doubtful accounts. Included in notes receivable are mortgages on churches due from the church congregations. On a periodic basis, the Diocese evaluates its accounts receivable and notes receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. An allowance for loan losses of \$1,015,000 and \$1,020,000 existed at December 31, 2017 and 2016, respectively. The Diocese has deemed no allowance for accounts receivable necessary at December 31, 2017 and 2016.

Accounting changes

Recently issued accounting pronouncements – FASB issued Accounting Standards Update (ASU) 2015-07, “Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or Its Equivalent).” ASU 2015-07 simplifies disclosures and reporting on investments valued at net asset value as a practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016, with earlier adoption permitted. The Diocese has implemented this guidance and applied retrospectively to all periods presented. This change has no impact on net assets.

Subsequent events

The Diocese evaluates events and transactions occurring subsequent to the date of the combined financial statements for matters requiring recognition or disclosure in the combined financial statements. The accompanying combined financial statements consider events through July 16, 2018, the date on which the combined financial statements were available to be issued.

Income taxes

The Episcopal Diocese of Southern Ohio, ECSF and Gabriel's Place are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) as charitable organizations. The Diocese and ECSF are not required to file returns with the IRS under a religious exception.

The Financial Accounting Standards Board ("FASB") has issued guidance which clarifies generally accepted accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. This guidance clarifies the accounting and recognition for income tax positions taken or expected to be taken in the organizations' income tax returns. While the Diocese and ECSF are not required to file an annual information return due to their religious origins they are subject to tax on any unrelated business income. The Diocese has determined that no liability for unrelated business income tax exists as of December 31, 2017 and 2016. The Diocese and Gabriel's Place's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Diocese and Gabriel's Place's tax provision and tax exempt status, interpretations and tax planning strategies were considered. The Diocese, ECSF and Gabriel's Place believe their estimates are appropriate based on the current facts and circumstances.

Reclassifications

Certain items from 2016 have been reclassified to conform to current year presentation.

3. NOTES RECEIVABLE:

Notes receivable, secured by mortgages, and other notes receivable are comprised of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Clergy	\$ 433,299	534,567
Congregations	<u>1,716,559</u>	<u>1,972,812</u>
	2,149,858	2,507,379
Other notes receivable	1,080,177	1,089,782
Allowance for loan losses	<u>(1,015,000)</u>	<u>(1,020,000)</u>
Total notes receivable	\$ <u>2,215,035</u>	<u>2,577,161</u>

The interest rates on the notes receivable range from 2.0% to 5.75%. Based on current market rates, the carrying value of notes receivable approximate fair value.

Activity in the allowance for loan losses is as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Balance at beginning of period	\$ 1,020,000	1,862,563
Net charge-offs	-	(837,141)
Recovery of loan losses	<u>(5,000)</u>	<u>(5,422)</u>
Balance at beginning of period	\$ <u>1,015,000</u>	<u>1,020,000</u>

4. INVESTMENTS:

Investments are held for the benefit of the Diocese and ECSF at fair value as follows at December 31:

	<u>2017</u>	<u>2016</u>
Cash equivalents	\$ 2,720,220	2,153,534
Common stocks	56,746,645	47,368,463
United States government and agency securities	5,153,963	7,421,967
Proportionate share of assets in:		
Consolidated I fund	12,471,146	11,611,367
Consolidated G fund	17,536,745	15,636,009
Corporate bonds	8,977,619	4,697,486
Mutual funds	<u>17,930,761</u>	<u>19,448,391</u>
	<u>\$ 121,537,099</u>	<u>108,337,217</u>

The investments noted above are summarized on the combined statements of financial position as follows at December 31:

	<u>2017</u>	<u>2016</u>
Investments	\$ 97,511,889	87,063,214
Investment funds held in trust for others	23,914,461	21,167,524
Investment funds held for the benefit of others	84,512	76,127
Investment – gift annuity	<u>26,237</u>	<u>30,352</u>
	<u>\$ 121,537,099</u>	<u>108,337,217</u>

The Consolidated Income (I) and Consolidated Growth (G) funds are assets maintained on deposit in a bank's pooled funds. These funds consist primarily of United States government and agency securities (I fund) and common stocks of major corporations (G fund), and are being administered as open-end investment trusts. The Diocese has included its proportionate share of the assets based upon current fair values. See Note 12 for fair value disclosures.

5. GIFT ANNUITY:

ECSF is the recipient of a split-interest gift annuity consisting of common stocks with fair value of \$26,237 and \$30,352 at December 31, 2017 and 2016, respectively. The agreement for this annuity (dated December 20, 1999), provides for the irrevocable transfer of this gift to ECSF in exchange for the payment to the donors of an annuity at a rate of 7.1% or an annual sum of \$10,650. Upon death of the donors, the Trustee shall surrender the funds and distribute a payment of such proceeds as follows: 75% is retained by ECSF and 25% to St. Timothy's Episcopal Church, Anderson Township. The recorded liability is calculated by an actuary and is based on the expected lives of the donors. The gift annuity payable was \$38,405 and \$41,997 at December 31, 2017 and 2016 and is included in accrued liabilities.

6. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Congregation properties	\$ 933,329	527,870
Camp and conference center	7,340,892	7,317,491
Diocesan office	1,411,324	1,395,217
Procter farm	400,522	349,462
Other properties	890,968	890,968
Furniture and equipment	97,374	198,126
Leasehold improvements	<u>175,647</u>	<u>175,647</u>
	11,250,056	10,854,781
Less accumulated depreciation	<u>6,712,495</u>	<u>6,385,068</u>
	<u>\$ 4,537,561</u>	<u>4,469,713</u>

7. NET ASSETS:

Temporarily restricted net assets as of December 31, 2017 and 2016 of \$1,891,178 and \$2,465,273 respectively, are primarily available for the purposes of capital improvements and property maintenance, and congregational development. As of December 31, 2017 and 2016, \$1,688,155 and \$2,287,888, respectively, of temporarily restricted net assets are included in the Diocese's endowment. Permanently restricted net assets consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Endowment funds	\$ 34,378,765	34,378,765
Trust funds held by others	758,317	758,317
Donor restricted loan funds	<u>628,684</u>	<u>628,684</u>
	<u>\$ 35,765,766</u>	<u>35,765,766</u>

The income from the endowment investments is primarily available for relief to the needy, missionary work and operations of the Diocese.

8. ENDOWMENT AND QUASI-ENDOWMENT FUNDS:

Generally accepted accounting principles require that the net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments (quasi-endowments), are classified and reported based on the existence or absence of donor-imposed restrictions. The Diocese's endowments and quasi-endowments funds consist of the funds established to provide income to operations and are both donor-restricted (endowment) and board-designated funds.

The Diocese has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted

endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Diocese and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Diocese
7. The investment policies of the Diocese

The Diocese classifies the unappropriated portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets as unrestricted when donor stipulations have been satisfied through expenditures from other Diocesan resources.

Endowment and quasi-endowments fund net asset composition by type of fund is as follows at December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor – restricted endowment	\$ -	1,688,155	34,378,765	36,066,920
Board – designated endowment	<u>57,558,678</u>	-	-	<u>57,558,678</u>
Total	<u>\$ 57,558,678</u>	<u>1,688,155</u>	<u>34,378,765</u>	<u>93,625,598</u>

Endowment and quasi-endowments fund net asset composition by type of fund is as follows at December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor – restricted endowment	\$ -	2,287,888	34,378,765	36,666,653
Board – designated endowment	<u>47,957,061</u>	-	-	<u>47,957,061</u>
Total	<u>\$ 47,957,061</u>	<u>2,287,888</u>	<u>34,378,765</u>	<u>84,623,714</u>

Diocese of Southern Ohio, ECSF and Gabriel's Place
Notes to the Combined Financial Statements
December 31, 2017 and 2016

Changes in endowment and quasi-endowments fund net assets are as follows for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment and quasi-endowments fund net assets at beginning of year	\$ 47,957,061	2,287,888	34,378,765	84,623,714
Interest and dividend income	1,693,827	-	-	1,693,827
Realized and unrealized gain on investments	12,843,456	-	-	12,843,456
Spending appropriation	(4,716,444)	(599,733)	-	(5,316,177)
Investment fees	<u>(219,222)</u>	<u>-</u>	<u>-</u>	<u>(219,222)</u>
Endowments and quasi endowments fund net assets at end of year	<u>\$ 57,558,678</u>	<u>1,688,155</u>	<u>34,378,765</u>	<u>93,625,598</u>

Changes in endowment and quasi-endowments fund net assets are as follows for the year ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment and quasi-endowments fund net assets at beginning of year	\$ 45,590,325	2,302,580	34,378,765	82,271,670
Interest and dividend income	1,580,605	-	-	1,580,605
Realized and unrealized gain on investments	3,232,912	-	-	3,232,912
Contributions	158,088	330,811	-	488,899
Spending appropriation	(2,420,700)	(345,503)	-	(2,766,203)
Investment fees	<u>(184,169)</u>	<u>-</u>	<u>-</u>	<u>(184,169)</u>
Endowments and quasi endowments fund net assets at end of year	<u>\$ 47,957,061</u>	<u>2,287,888</u>	<u>34,378,765</u>	<u>84,623,714</u>

Reconciliation of endowments and quasi-endowments fund net assets to total net assets for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment and quasi-endowments fund net assets	\$ 57,558,678	1,688,155	34,378,765	93,625,598
Other funds net assets	<u>7,578,691</u>	<u>203,023</u>	<u>1,387,001</u>	<u>9,168,715</u>
Total net assets at end of year	<u>\$ 65,137,369</u>	<u>1,891,178</u>	<u>35,765,766</u>	<u>102,794,313</u>

Reconciliation of endowments and quasi-endowments fund net assets to total net assets for the year ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment and quasi-endowments fund net assets	\$ 47,957,061	2,287,888	34,378,765	84,623,714
Other funds net assets	<u>7,261,299</u>	<u>177,385</u>	<u>1,387,001</u>	<u>8,825,685</u>
Total net assets at end of year	<u>\$ 55,218,360</u>	<u>2,465,273</u>	<u>35,765,766</u>	<u>93,449,399</u>

Return objectives and risk parameters

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide long-term portfolio growth and the desired annual payout as specified in the applicable spending policy. Under this policy as approved by the Board of Trustees, the endowment assets are invested as follows:

Equity	60% to 80%
Fixed income	20% to 40%
Cash equivalents	0% to 10%

The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500, Russell Mid Cap, Russell 2000 and MSCI EAFE for equities and benchmarked by the Barclays Capital Aggregate Bond Index for its fixed income endowment investments.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The Diocese has a policy of appropriating for distribution up to 4.75% of its endowment funds' average fair value over the prior 12 quarters through the December 31 fiscal year in which the distribution is planned. In establishing this policy, the Diocese considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with the Diocese's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

9. CONTRIBUTIONS PAYABLE:

The Diocese has made unconditional promises to give to various charitable organizations with terms payable from one to five years. These unconditional promises to give have been recorded at their net

present value using a discount rate of 2.61%. The following summarizes these unconditional promises to give at December 31:

	<u>2017</u>	<u>2016</u>
Amounts due in:		
Less than one year	\$ 885,445	688,185
One to five years	<u>1,295,000</u>	<u>-</u>
	2,180,445	688,185
Unamortized discount	<u>(47,305)</u>	<u>-</u>
Contributions payable, net	\$ <u>2,133,140</u>	<u>688,185</u>

10. EMPLOYEE BENEFIT PLANS:

The Diocese contributed \$231,800 and \$242,309 during the years ended December 31, 2017 and 2016, respectively, to multi-employer defined benefit plans. All clergy and lay employees of the Diocese are covered by multi-employer defined benefit plans. These plans are not administered by the Diocese. The plans are provided as part of the Church Pension Group. These plans require Diocese contributions equal to 18% of cash compensation for clergy and 9% of cash compensation for lay employees. During 2011, the plans were amended to include supplemental health insurance options for certain retired personnel. The Diocese may be liable, in the event of plan terminations or its withdrawal from the plans, for a portion of the plans' unfunded vested benefits. Currently there is no unfunded withdrawal liability nor does the Diocese have any present intentions to withdraw from the plans.

Information on the Diocese specific plan is detailed below.

<u>Fund name</u>	<u>Clergy Pension Plan</u>	<u>Episcopal Church Lay Employees' Retirement Plan</u>
Employee identification number	13-5562193	13-5562193
Plan number	DSOH CLER F982 CLER	DSOH LAYO F982 LAYO
Pension protection act zone status	Not Available	Not Available
Rehabilitation plan	No	No
Surcharge	No	No
Expiration of labor contract	Not Applicable	Not Applicable
Diocese contributions > 5% of the plan	No	No

Diocese contributions	\$171,594	\$168,945
-----------------------	-----------	-----------

The pension protection act certified zone status was not available for the plans. The following table represents the plan assets, accumulated benefit obligations and funded status as of March 31, 2017 (the most recent information available):

<u>March 31, 2017 (in thousands)</u>	<u>Clergy Pension Plan</u>	<u>Episcopal Church Lay Employees' Retirement Plan</u>
Plan net assets	\$ 9,287,173	164,626
Accumulated plan benefit obligations	<u>6,502,134</u>	<u>200,054</u>
Surplus (deficit)	\$ <u>2,785,039</u>	<u>(35,428)</u>
Funded Status	>80%	>80%

11. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

The Diocese provides certain health care and life insurance benefits for retired lay employees based on the number of years of service rendered. Lay employees will become eligible for those benefits if they reach retirement while employed in or by the Diocese. The Diocese funds these benefits on a current basis which totaled \$66,132 and \$47,108 in 2017 and 2016, respectively.

Postretirement benefit expense was \$159,033 and \$163,753 in 2017 and 2016, respectively. The components of this expense were:

	<u>2017</u>	<u>2016</u>
Service cost of benefits earned	\$ 331,059	334,654
Interest cost on liability	124,549	121,111
Net amortization and deferral of actuarial gain	<u>(296,575)</u>	<u>(292,012)</u>
Net periodic postretirement expense	\$ <u>159,033</u>	<u>163,753</u>

The accumulated postretirement benefit obligation is as follows at December 31:

	<u>2017</u>	<u>2016</u>
Retirees	\$ 956,212	749,549
Fully eligible active plan participants	637,129	523,150
Ineligible active plan participants	<u>1,239,834</u>	<u>1,522,542</u>
Postretirement benefits accrued other than pensions	\$ <u>2,833,175</u>	<u>2,795,241</u>

For measurement purposes, the annual rate of increase in the per capita cost of covered benefits (i.e., healthcare cost trend rate) was assumed to be 7% for 2017 and 2016.

The rate was assumed to stay at 7% for subsequent years through 2025 and then 6% by the year 2026 and remain at that level thereafter. The healthcare cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed healthcare cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 2017 by approximately \$615,475, and the aggregate service and interest cost components of net periodic postretirement benefit cost for the years ended December 31, 2017 by approximately \$134,246. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 4.5% as of December 31, 2017.

Benefits to be paid under the plan over the next ten years are as follows:

2018	\$ 65,448
2019	66,751
2020	67,821
2021	68,634
2022	69,167
2023 – 2027	<u>443,684</u>
	 \$ <u>781,505</u>

Because the assumptions used in the accounting for the defined benefit plan are significant estimates, it is at least reasonably possible the amounts may change in the future, and these changes could be significant. Because of the under-funded status of the plan, a change in the assumed discount rate can have a significant impact on the resulting liability recorded on the financial statements.

12. FAIR VALUES MEASUREMENTS:

Generally accepted accounting principles defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value as follows:

Level 1 – Valuations based on quoted price in active markets for identical assets or liabilities that the Diocese has the ability to access. Valuation adjustments are not applied for Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these items does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

Fair value methods and assumptions on investments consisting of cash equivalents, common stocks, mutual funds and US Government securities are based on values in public exchange. Investments in agency bonds, corporate bonds, mortgage bonds, and municipal bonds that are not quoted on an exchange, but are traded in active markets are valued on Level 2 inputs using prices obtained from our custodian, which used third party data service providers. Investments in funds held in trust for others, investments in funds held for the benefit of others and gift annuities are valued on Level 3 inputs using prices of the underlying assets invested that are obtained from our custodians, which used third party data service providers, without adjustment.

GAAP allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Diocese to value alternative investments is the net asset value (NAV) per share, or its equivalent. Because some of these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may be different from the value that would have been used had a ready market for such investments existed. The net asset values provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. The Diocese, relying on the work of its investment consultants, reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

All but one of the Diocese' alternative investments are subject to withdrawal restrictions which require advance notification to the fund managers ranging from 90-180 days. One alternative investment does not permit redemptions as part of a winding-down of the partnership. As of December 31, 2017, the Diocese has no unfunded capital commitments related to the alternative investments.

The carrying amounts of financial instruments including cash equivalents, accounts and interest receivable, notes receivable, accounts payable and grants payable approximated fair value as of December 31, 2017 and 2016 because of the relatively short maturity of these instruments.

Diocese of Southern Ohio, ECSF and Gabriel's Place
Notes to the Combined Financial Statements
December 31, 2017 and 2016

The following table presents the assets as of December 31, 2017 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	December 31, <u>2017</u>	Quoted prices in active markets for identical assets or liabilities <u>(Level 1)</u>	Significant other observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>
<u>Investments:</u>				
Cash and equivalents	\$ 2,259,518	2,259,518	-	-
Industrials	5,027,256	5,027,256	-	-
Consumer discretionary	7,056,543	7,056,543	-	-
Consumer staples	3,842,699	3,842,699	-	-
Energy	2,398,120	2,398,120	-	-
Financial	9,194,342	9,194,342	-	-
Materials	1,664,382	1,664,382	-	-
Information technology	10,701,596	10,701,596	-	-
Real estate	986,323	986,323	-	-
Utilities	1,289,260	1,289,260	-	-
Health care	6,694,326	6,694,326	-	-
Telecommunications	757,533	757,533	-	-
International	8,356,062	8,356,062	-	-
Mid cap	6,976,838	6,976,838	-	-
Small cap	5,784,902	5,784,902	-	-
Treasury	8,140,064	8,140,064	-	-
Agency	4,488,699	-	4,488,699	-
Corporate	10,937,025	-	10,937,025	-
Mortgage	220,624	-	220,624	-
Municipal	49,024	-	49,024	-
Other fixed income	124,900	-	124,900	-
Investment funds held in trust for others	23,914,461	-	-	23,914,461
Investment funds held for the benefit of others	84,512	-	-	84,512
Investment - gift annuity	<u>26,237</u>	<u>-</u>	<u>-</u>	<u>26,237</u>
Total assets in the fair value hierarchy	<u>120,975,246</u>	<u>81,129,764</u>	<u>15,820,272</u>	<u>24,025,210</u>
Investments measured at net asset value	<u>561,853</u>			
Investments at fair value	<u>\$ 121,537,099</u>			

Diocese of Southern Ohio, ECSF and Gabriel's Place
Notes to the Combined Financial Statements
December 31, 2017 and 2016

The following table presents the assets as of December 31, 2016 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	December 31, 2016	Quoted prices in active markets for identical assets or liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Investments:</u>				
Cash and equivalents	\$ 1,628,356	1,628,356	-	-
Industrials	6,303,171	6,303,171	-	-
Consumer discretionary	6,096,814	6,096,814	-	-
Consumer staples	4,373,532	4,373,532	-	-
Energy	2,680,545	2,680,545	-	-
Financial	6,947,058	6,947,058	-	-
Materials	1,278,861	1,278,861	-	-
Information technology	8,460,737	8,460,737	-	-
Real estate	971,105	971,105	-	-
Utilities	1,496,933	1,496,933	-	-
Health care	6,115,645	6,115,645	-	-
Telecommunications	884,100	884,100	-	-
International	9,780,149	9,780,149	-	-
Mid cap	4,872,590	4,872,590	-	-
Small cap	3,217,368	3,217,368	-	-
Treasury	5,894,304	5,894,304	-	-
Agency	5,105,559	-	5,105,559	-
Corporate	8,387,729	-	8,387,729	-
Mortgage	25,234	-	25,234	-
Municipal	70,625	-	70,625	-
Other fixed income	137,373	-	137,373	-
Investment funds held in trust for others	21,167,524	-	-	21,167,524
Investment funds held for the benefit of others	76,127	-	-	76,127
Investment - gift annuity	<u>30,352</u>	<u>-</u>	<u>-</u>	<u>30,352</u>
Total assets in the fair value hierarchy	<u>106,001,791</u>	<u>71,001,268</u>	<u>13,726,520</u>	<u>21,274,003</u>
Investments measured at net asset value	<u>2,335,426</u>			
Investments at fair value	<u>\$ 108,337,217</u>			

The following is a reconciliation of the investments valued at Level 3 inputs as of December 31, 2017:

	Investment funds held in trust <u>for others</u>	Investment funds held for the benefit <u>of others</u>	Investment - <u>gift annuity</u>	<u>Total</u>
Balance as of January 1, 2017	\$ 21,167,524	76,127	30,352	21,274,003
Net realized and unrealized gains, interest and dividends, held at year end	2,746,937	-	-	2,746,937
Change in value of trusts held for the benefit of others, held at year end	-	8,385	-	8,385
Change in value of gift annuity, held at year end	-	-	<u>(4,115)</u>	<u>(4,115)</u>
Balance as of December 31, 2017	\$ <u>23,914,461</u>	<u>84,512</u>	<u>26,237</u>	<u>24,025,210</u>

The following is a reconciliation of the investments valued at Level 3 inputs as of December 31, 2016:

	Investment funds held in trust <u>for others</u>	Investment funds held for the benefit <u>of others</u>	Investment - <u>gift annuity</u>	<u>Total</u>
Balance as of January 1, 2016	\$ 20,955,079	75,956	39,265	21,070,300
Net realized and unrealized gains, interest and dividends, held at year end	212,445	-	-	212,445
Change in value of trusts held for the benefit of others, held at year end	-	171	-	171
Change in value of gift annuity, held at year end	-	-	<u>(8,913)</u>	<u>(8,913)</u>
Balance as of December 31, 2016	\$ <u>21,167,524</u>	<u>76,127</u>	<u>30,352</u>	<u>21,274,003</u>

14. RECENT ACCOUNTING PRONOUNCEMENTS:

In August 2016, FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities. The standard aims to improve not-for-profit financial statements in an effort to provide more useful information to donors, grantors, creditors and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications will be reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding risk exposure and availability of cash for short term use.

Expenses will be reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard will be effective for the Diocese's year ending December 31, 2018.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the Diocese's year ending December 31, 2019.

In February 2016, the FASB issued ASU No. 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Diocese's year ending December 31, 2020.

The Diocese is currently in the process of evaluating the impact of adoption of these ASU's on the combined financial statements.

SUPPLEMENTARY INFORMATION

Diocese of Southern Ohio, ECSF, and Gabriel's Place
 Schedule of Combining Financial Position by Fund Information
 December 31, 2017

	DSO Funds	Church Foundation Funds	412 Sycamore Funds	Endowment and Quasi- Endowment Funds	Bishop's Discret Fd	Faith-in-Life Funds	Procter Conf Ctr	ECSF	Gabriel's Place	Subtotal	Eliminations	Total
Assets:												
Cash and cash equivalents	\$ 1,659,227	591,794	52,558	-	620,565	253,574	146,803	66,463	113,577	3,504,561	-	3,504,561
Accounts and interest receivable, net	327,092	-	-	-	-	-	19,614	-	17	346,723	-	346,723
Due from other funds	49,328	140,618	-	4,011,198	-	-	3,000	5,000	-	4,209,144	(4,209,144)	-
Notes receivable, net	47,108	18,238	2,104,160	30,679	14,850	-	-	-	-	2,215,035	-	2,215,035
Investments	1,527,254	1,508,223	-	90,786,416	-	2,268,903	-	1,421,093	-	97,511,889	-	97,511,889
Investment funds held in trust by others	-	-	-	23,914,461	-	-	-	-	-	23,914,461	-	23,914,461
Investment funds held for the benefit of others	-	-	-	84,512	-	-	-	-	-	84,512	-	84,512
Investment - gift annuity	-	-	-	-	-	-	-	26,237	-	26,237	-	26,237
Property and equipment, net	-	4,444,037	-	-	-	-	-	-	93,524	4,537,561	-	4,537,561
Total assets	\$ 3,610,009	6,702,910	2,156,718	118,827,266	635,415	2,522,477	169,417	1,518,793	207,118	136,350,123	(4,209,144)	132,140,979
Liabilities:												
Accounts payable and accrued liabilities	\$ 236,334	12,374	1,227	-	-	-	83,337	43,806	4,300	381,378	-	381,378
Contributions payable	542,575	387,870	-	1,202,695	-	-	-	-	-	2,133,140	-	2,133,140
Postretirement benefits accrued other than pensions	2,833,175	-	-	-	-	-	-	-	-	2,833,175	-	2,833,175
Funds held for the benefit of MP Lee Retirement Community	-	-	-	23,914,461	-	-	-	-	-	23,914,461	-	23,914,461
Funds held for the benefit of St. Luke, Cincinnati	-	-	-	84,512	-	-	-	-	-	84,512	-	84,512
Due to other funds	499,835	288,212	3,127,609	-	-	-	283,763	6,908	2,817	4,209,144	(4,209,144)	-
Total liabilities	4,111,919	688,456	3,128,836	25,201,668	-	-	367,100	50,714	7,117	33,555,810	(4,209,144)	29,346,666
Net assets:												
Unrestricted	(576,674)	5,282,536	(972,118)	57,558,678	635,415	1,764,160	(222,708)	1,468,079	200,001	65,137,369	-	65,137,369
Temporarily restricted	74,764	103,234	-	1,688,155	-	-	25,025	-	-	1,891,178	-	1,891,178
Permanently restricted	-	628,684	-	34,378,765	-	758,317	-	-	-	35,765,766	-	35,765,766
Total net assets	(501,910)	6,014,454	(972,118)	93,625,598	635,415	2,522,477	(197,683)	1,468,079	200,001	102,794,313	-	102,794,313
Total liabilities and net assets	\$ 3,610,009	6,702,910	2,156,718	118,827,266	635,415	2,522,477	169,417	1,518,793	207,118	136,350,123	(4,209,144)	132,140,979

See accompanying notes to the schedule.

Diocese of Southern Ohio, ECSF, and Gabriel's Place
Schedule of Combining Financial Position by Fund Information
December 31, 2016

	DSO Funds	Church Foundation Funds	412 Sycamore Funds	Endowment and Quasi- Endowment Funds	Bishop's Discret Fd	Faith-in-Life Funds	Procter Conf Ctr	ECSF	Gabriel's Place	Subtotal	Eliminations	Total
Assets:												
Cash and cash equivalents	\$ 1,192,368	450,553	95,104	-	523,403	211,947	84,341	47,915	109,505	2,715,136	-	2,715,136
Accounts and interest receivable, net	315,908	585	-	-	-	-	8,812	-	-	325,305	-	325,305
Due from other funds	49,749	387,794	-	3,962,246	-	-	-	-	-	4,399,789	(4,399,789)	-
Notes receivable, net	59,463	20,942	2,467,328	29,428	-	-	-	-	-	2,577,161	-	2,577,161
Investments	1,492,139	1,384,564	-	80,893,276	-	2,024,338	-	1,268,897	-	87,063,214	-	87,063,214
Investment funds held in trust by others	-	-	-	21,167,524	-	-	-	-	-	21,167,524	-	21,167,524
Investment funds held for the benefit of others	-	-	-	76,127	-	-	-	-	-	76,127	-	76,127
Investment - gift annuity	-	-	-	-	-	-	-	30,352	-	30,352	-	30,352
Property and equipment, net	-	4,358,471	-	-	-	-	-	-	111,242	4,469,713	-	4,469,713
Total assets	\$ 3,109,627	6,602,909	2,562,432	106,128,601	523,403	2,236,285	93,153	1,347,164	220,747	122,824,321	(4,399,789)	118,424,532
Liabilities:												
Accounts payable and accrued liabilities	\$ 88,213	52,260	-	-	-	-	31,195	46,192	30,196	248,056	-	248,056
Contributions payable	688,185	-	-	-	-	-	-	-	-	688,185	-	688,185
Postretirement benefits accrued other than pensions	2,795,241	-	-	-	-	-	-	-	-	2,795,241	-	2,795,241
Funds held for the benefit of MP Lee Retirement Community	-	-	-	21,167,524	-	-	-	-	-	21,167,524	-	21,167,524
Funds held for the benefit of St. Luke, Cincinnati	-	-	-	76,127	-	-	-	-	-	76,127	-	76,127
Due to other funds	54,534	285,000	3,513,869	261,236	-	-	280,925	-	4,225	4,399,789	(4,399,789)	-
Total liabilities	3,626,173	337,260	3,513,869	21,504,887	-	-	312,120	46,192	34,421	29,374,922	(4,399,789)	24,975,133
Net assets:												
Unrestricted	(590,697)	5,533,731	(951,437)	47,957,061	523,403	1,477,968	(218,967)	1,300,972	186,326	55,218,360	-	55,218,360
Temporarily restricted	74,151	103,234	-	2,287,888	-	-	-	-	-	2,465,273	-	2,465,273
Permanently restricted	-	628,684	-	34,378,765	-	758,317	-	-	-	35,765,766	-	35,765,766
Total net assets	(516,546)	6,265,649	(951,437)	84,623,714	523,403	2,236,285	(218,967)	1,300,972	186,326	93,449,399	-	93,449,399
Total liabilities and net assets	\$ 3,109,627	6,602,909	2,562,432	106,128,601	523,403	2,236,285	93,153	1,347,164	220,747	122,824,321	(4,399,789)	118,424,532

See accompanying notes to the schedule.

The supplementary schedules have been included herein to provide information about funds which make up the combined statements of financial position. The assets, liabilities and net assets of the Diocese for internal record-keeping purposes are maintained in seven self-balancing fund groups, ECSF and Gabriel's Place as follows:

- DSO Funds include unrestricted, designated by Trustees of the Diocese, and restricted resources representing that portion of expendable funds available for the support of Diocesan operations.
- Church Foundation Funds include resources made available by the Trustees of the Church or ECSF related to property acquisition, maintenance and improvement, and funds previously expended for property.
- 412 Sycamore Funds include funds made available by Trustees of the Diocese for property acquisition and construction by congregations and Diocesan clergy.
- Endowments and Quasi-Endowment Funds represent funds that are subject to restrictions of gift instruments requiring that principal be invested and maintained in perpetuity with only the income and certain appreciation as limited by the donor or the law being available for expenditure. Quasi-endowment funds have been established by the Trustees of the Diocese for the same purposes as endowment funds and are included in this fund group; however, any portion of these funds may be expended.
- Bishop's Discretionary Funds are used for Clergy Professional Development grants and Clergy emergency assistance. These funds are also used for closed congregation assistance to maintain the property.
- The Faith-in-Life Funds were raised during the Diocesan Second Century Campaign. The interest earned on the endowment finances the Faith-in-Life Committee's activities which are reported in its Operating Fund.
- Procter Conference Center Funds are used only for the operation of the Diocesan Camp and Conference Center.
- ECSF is organized to support Episcopal Church congregations in Southern Ohio in their volunteer response to community needs for educational, poverty relief, trauma counseling, and other social services.
- Gabriel's Place is organized to provide a safe, beautiful and spiritually nourishing place for the Avondale Community.

