

# **Diocese of Southern Ohio, ECSF and Gabriel's Place**

Combined Financial Statements

December 31, 2014 and 2013

(with Independent Auditors' Report)

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## **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, 2014 and 2013, 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 entity's 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 entity's 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.

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**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, ESCF and Gabriel's Place as of December 31, 2014 and 2013, 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 audit was 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  
June 15, 2015

Diocese of Southern Ohio, ECSF and Gabriel's Place  
 Combined Statements of Financial Position  
 December 31, 2014 and 2013

Assets

	2014	2013
Cash and cash equivalents	\$ 3,925,395	2,518,141
Accounts and interest receivable	436,097	493,752
Notes receivable, net	2,076,266	2,958,843
Prepaid expenses	8,724	11,487
Investments	84,939,429	80,232,945
Investment funds held in trust for others	22,185,843	21,831,660
Investment funds held for the benefit of others	79,222	76,802
Investment - gift annuity	50,028	56,432
Property and equipment, net	5,820,108	8,828,775
Total assets	\$ 119,521,112	117,008,837

Liabilities

Accounts payable and accrued liabilities	\$ 325,210	234,685
Deferred revenue	10,686	18,008
Grants payable	401,778	324,300
Note payable	-	1,579,546
Postretirement benefits accrued other than pensions	2,574,195	2,342,058
Funds held for the benefit of Marjorie P. Lee Retirement Community	22,185,843	21,831,660
Funds held for the benefit of St. Luke's Episcopal Church, Cincinnati	79,222	76,802
Total liabilities	25,576,934	26,407,059

Net assets

Unrestricted	57,518,288	54,660,131
Temporarily restricted	713,526	229,283
Permanently restricted	35,712,364	35,712,364
Total net assets	93,944,178	90,601,778

Total liabilities and net assets	\$ 119,521,112	117,008,837
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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, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and losses:				
Congregation assessments	\$ 2,654,740	-	-	2,654,740
Dividends and interest, net of \$156,113 in fees	1,746,550	-	-	1,746,550
Conference center use	91,122	-	-	91,122
Campers fees	230,185	-	-	230,185
Rental income	373,667	-	-	373,667
Realized and unrealized gains on investments, net	5,250,614	-	-	5,250,614
Gifts/principal additions	347,322	610,292	-	957,614
Loss on disposal of buildings	(706,712)	-	-	(706,712)
Other	146,451	-	-	146,451
Release of restriction	<u>126,049</u>	<u>(126,049)</u>	<u>-</u>	<u>-</u>
Total revenues and gains	<u>10,259,988</u>	<u>484,243</u>	<u>-</u>	<u>10,744,231</u>
Expenses:				
Operating:				
Aided congregations	512,821	-	-	512,821
Post retirement benefits expense	29,701	-	-	29,701
National Episcopal Church	630,662	-	-	630,662
Procter Camp & Conference Center	458,913	-	-	458,913
Commission on Ministry	281,934	-	-	281,934
Bishops' Discretionary Funds	160,499	-	-	160,499
Communications	292,860	-	-	292,860
Youth support	236,486	-	-	236,486
Anglican Traditions	31,816	-	-	31,816
Ecumenical Outreach	174,971	-	-	174,971
Community Outreach	393,551	-	-	393,551
Minority Empowerment Initiative Trust	78,283	-	-	78,283
Other programs	785,699	-	-	785,699
Administration	<u>2,540,883</u>	<u>-</u>	<u>-</u>	<u>2,540,883</u>
Total operating expenses	<u>6,609,079</u>	<u>-</u>	<u>-</u>	<u>6,609,079</u>
Non-operating expense:				
Depreciation	386,261	-	-	386,261
Post retirement benefits loss	245,171	-	-	245,171
Other	<u>161,320</u>	<u>-</u>	<u>-</u>	<u>161,320</u>
Total non-operating expense	<u>792,752</u>	<u>-</u>	<u>-</u>	<u>792,752</u>
Change in net assets	2,858,157	484,243	-	3,342,400
Net assets, beginning of year	<u>54,660,131</u>	<u>229,283</u>	<u>35,712,364</u>	<u>90,601,778</u>
Net assets, end of year	<u>\$ 57,518,288</u>	<u>713,526</u>	<u>35,712,364</u>	<u>93,944,178</u>

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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and gains:				
Congregation assessments	\$ 2,557,504	-	-	2,557,504
Dividends and interest, net of \$134,137 in fees	1,704,320	-	-	1,704,320
Conference center use	122,852	-	-	122,852
Campers fees	251,891	-	-	251,891
Rental income	366,774	-	-	366,774
Realized and unrealized gains on investments, net	9,901,810	-	-	9,901,810
Gifts/principal additions	1,282,308	159,058	-	1,441,366
Other	221,116	-	-	221,116
Release of restriction	<u>255,612</u>	<u>(255,612)</u>	-	<u>-</u>
Total revenues and gains	<u>16,664,187</u>	<u>(96,554)</u>	<u>-</u>	<u>16,567,633</u>
Expenses:				
Operating:				
Aided congregations	551,897	-	-	551,897
Post retirement benefits expense	256,760	-	-	256,760
National Episcopal Church	704,000	-	-	704,000
Procter Camp & Conference Center	430,721	-	-	430,721
Commission on Ministry	186,730	-	-	186,730
Bishops' Discretionary Funds	135,548	-	-	135,548
Communications	206,333	-	-	206,333
Youth support	269,204	-	-	269,204
Anglican Traditions	49,057	-	-	49,057
Ecumenical Outreach	164,003	-	-	164,003
Community Outreach	326,532	-	-	326,532
Minority Empowerment Initiative Trust	79,837	-	-	79,837
Other programs	506,297	-	-	506,297
Administration	<u>2,458,586</u>	<u>-</u>	<u>-</u>	<u>2,458,586</u>
Total operating expenses	<u>6,325,505</u>	<u>-</u>	<u>-</u>	<u>6,325,505</u>
Non-operating income (expense):				
Depreciation	(375,563)	-	-	(375,563)
Post retirement benefits gain	1,365,154	-	-	1,365,154
Other	<u>(210,955)</u>	<u>-</u>	<u>-</u>	<u>(210,955)</u>
Total non-operating income	<u>778,636</u>	<u>-</u>	<u>-</u>	<u>778,636</u>
Change in net assets	11,117,318	(96,554)	-	11,020,764
Net assets, beginning of year	<u>43,542,813</u>	<u>325,837</u>	<u>35,712,364</u>	<u>79,581,014</u>
Net assets, end of year	<u>\$ 54,660,131</u>	<u>229,283</u>	<u>35,712,364</u>	<u>90,601,778</u>

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, 2014 and 2013

	2014	2013
Cash flow from operating activities:		
Change in net assets	\$ 3,342,400	11,020,764
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation	386,261	375,563
Loss on disposal of buildings	706,712	48,100
Donated asset	-	(172,364)
Gain on acquisition	-	(825,058)
Provision for bad debt expense (recovery)	17,006	(69,227)
Realized and unrealized gains on investments	(5,250,614)	(9,901,810)
Postretirement benefit change in coverage	274,874	(1,108,394)
Effects of change in operating assets and liabilities:		
Accounts and interest receivable	57,655	96,373
Prepaid expenses	2,763	(6,504)
Accounts payable and accrued liabilities	90,525	(73,856)
Deferred revenue	(7,322)	(2,236)
Grants payable	77,478	(29,900)
Postretirement benefits paid	(42,737)	(46,050)
	(344,999)	(694,599)
Net cash provided (used) in operating activities		
Cash flows from investing activities:		
Proceeds from investments and funds held	37,836,935	21,950,808
Purchases of investments and funds held	(37,286,401)	(20,231,600)
Proceeds from sale of buildings	2,147,875	-
Purchases of property and equipment	(232,181)	(440,058)
(Increase) decrease in notes receivable	865,571	(454,457)
	3,331,799	824,693
Net cash provided by investing activities		
Cash flows used by financing activities:		
Payments on note payable	(1,579,546)	-
	1,407,254	130,094
Net change in cash and cash equivalents		
Cash and cash equivalents, at beginning of year	2,518,141	2,388,047
Cash and cash equivalents, at end of year	\$ 3,925,395	2,518,141
Supplemental disclosure:		
Building acquired from St. Matthews Westerville	\$ -	2,640,000
Note payable acquired from St. Matthews Westerville	\$ -	1,579,546
Note receivable acquired from St. Matthews Westerville	\$ -	235,396
Interest paid	\$ 20,139	28,473

See accompanying notes to the combined financial statements.

## **1. ORGANIZATION:**

The Diocese of Southern Ohio (Diocese) is the Episcopal Church Headquarters for seventy-seven 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 interest in 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 statement of financial position. Unrealized appreciation (depreciation) on investments is included in the statement 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. 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 revenue and expenses, to prepare these 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 notes receivable of \$1,849,676 and \$1,907,670 existed at December 31, 2014 and 2013, respectively. No allowance for accounts receivable was deemed necessary at December 31, 2014 and 2013.

**Grants payable**

Grants payable are approved for payment and are scheduled to be disbursed the next fiscal year.

**Subsequent events**

The Diocese evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 15, 2015, the date on which the 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. The Diocese and ECSF are not required to file an annual information return due to their religious origins but 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, 2014 and 2013. The Diocese and Gabriel's Place's income tax filings are subject to audit by various taxing authorities. The Diocese and Gabriel's Place's first year of filing with the IRS was for the year ended 2012, therefore, the open audit periods are 2012 and 2013. 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 2013 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>2014</u>	<u>2013</u>
Clergy	\$ 572,224	853,244
Congregations	<u>3,275,021</u>	<u>3,384,686</u>
	3,847,245	4,237,930
Other notes receivable	78,697	628,583
Allowance for loan losses	<u>(1,849,676)</u>	<u>(1,907,670)</u>
Total notes receivable	<u>\$ 2,076,266</u>	<u>2,958,843</u>

The interest rates on the notes receivable range from 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 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Balance at beginning of period	\$ 1,907,670	1,971,897
Net charge-offs	(75,000)	(80,396)
Provision for loan losses	<u>17,006</u>	<u>16,169</u>
Balance at end of period	<u>\$ 1,849,676</u>	<u>1,907,670</u>

**4. INVESTMENTS:**

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

	<u>2014</u>	<u>2013</u>
Cash equivalents	\$ 2,065,741	1,919,881
Common stocks	51,223,700	47,480,296
United States government and agency securities	10,229,931	9,974,365
Proportionate share of assets in:		
Consolidated I fund	10,778,774	12,911,008
Consolidated G fund	13,965,902	10,639,371
Corporate bonds	5,362,160	5,644,724
Mutual funds	<u>13,578,286</u>	<u>13,571,762</u>
	<u>\$ 107,204,494</u>	<u>102,141,407</u>

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

	<u>2014</u>	<u>2013</u>
Investments	\$ 84,939,429	80,232,945
Investment funds held in trust for others	22,185,843	21,831,660
Investment funds held for the benefit of others	<u>79,222</u>	<u>76,802</u>
	<u>\$ 107,204,494</u>	<u>102,141,407</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 13 for fair value disclosures.

**5. GIFT ANNUITY:**

ECSF is the recipient of a split-interest gift annuity consisting of common stock with fair value of \$50,028 and \$56,432 at December 31, 2014 and 2013, 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 \$49,070 and \$52,941 at December 31, 2014 and 2013 and is included in accrued liabilities.

**6. PROPERTY AND EQUIPMENT:**

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

	<u>2014</u>	<u>2013</u>
Congregation properties	\$ 1,370,033	3,964,526
Camp and conference center	7,076,896	7,078,696
Diocesan office	1,386,605	1,262,856
Procter farm	349,462	349,461
Other properties	955,968	1,158,407
Furniture and equipment	204,068	265,806
Leasehold improvements	<u>175,647</u>	<u>175,647</u>
	11,518,679	14,255,399
Less accumulated depreciation	<u>5,698,571</u>	<u>5,426,624</u>
	<u>\$ 5,820,108</u>	<u>8,828,775</u>

At December 31, 2014 and 2013, \$65,000 and \$3,500,000, respectively, of properties are available for sale and are not being depreciated. During 2013, the Diocese took possession of a church building from a congregation that collateralized a note receivable. The building was recorded at fair value of \$2,640,000. This building was sold during 2014.

**7. OPERATING LEASES:**

The Diocese leases office equipment for the offices and an automobile for the Diocesan Bishop. The leases expire on various dates through 2018. Total rent expense was \$9,145 and \$8,733 in 2014 and 2013, respectively. The required minimum future rental payments for the operating leases are as follows:

2015	\$ 8,724
2016	8,740
2017	5,825
2018	<u>463</u>
Total minimum future lease payments	\$ <u>23,752</u>

**8. NOTE PAYABLE – BANK:**

During 2013, the Diocese entered into a note payable with a bank in the amount of \$1,579,546, requiring interest only payments. The note payable carried interest at LIBOR plus 1.75% (1.92% at December 31, 2013). The note payable was collateralized by a building. The note payable was satisfied during 2014.

**9. NET ASSETS:**

Temporarily restricted net assets as of December 31, 2014 and 2013 of \$713,526 and \$229,283 respectively, are primarily available for the purposes of capital improvements and property maintenance,

and congregational development. As of December 31, 2014, \$500,431 of temporarily restricted net assets is included in the Diocese's endowment.

Permanently restricted net assets consist of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Endowment funds	\$ 34,325,363	34,325,363
Trust funds held by others	758,317	758,317
Donor restricted loan funds	<u>628,684</u>	<u>628,684</u>
	<u>\$ 35,712,364</u>	<u>35,712,364</u>

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

**10. 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 fund consists of the funds established to provide income to operations, and consists of 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, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor – restricted endowment	\$ -	500,431	34,325,363	34,825,794
Board – designated endowment	<u>49,062,822</u>	-	-	<u>49,062,822</u>
Total	<u>\$ 49,062,822</u>	<u>500,431</u>	<u>34,325,363</u>	<u>83,888,616</u>

Endowment and quasi-endowments fund net asset composition by type of fund is as follows at December 31, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor – restricted endowment	\$ -	-	34,325,363	34,325,363
Board – designated endowment	<u>44,809,437</u>	-	-	<u>44,809,437</u>
Total	<u>\$ 44,809,437</u>	-	<u>34,325,363</u>	<u>79,134,800</u>

Changes in endowment and quasi-endowments fund net assets are as follows for the year ended December 31, 2014:

	<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	\$ 44,809,437	-	34,325,363	79,134,800
Interest and dividend income	1,649,893	-	-	1,649,893
Realized and unrealized gain on investments	4,931,586	-	-	4,931,586
Contributions	-	500,431	-	500,431
Spending appropriation	(2,171,981)	-	-	(2,171,981)
Investment fees	<u>(156,113)</u>	-	-	<u>(156,113)</u>
Endowments and quasi endowments fund net assets at end of year	<u>\$ 49,062,822</u>	<u>500,431</u>	<u>34,325,363</u>	<u>83,888,616</u>

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Changes in endowment and quasi-endowments fund are as follows for the year ended December 31, 2013:

	<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	\$ 36,532,965	-	34,325,363	70,858,328
Interest and dividend income	1,596,394	-	-	1,596,394
Realized and unrealized gain on investments	9,369,733	-	-	9,369,733
Spending appropriation	(2,555,518)	-	-	(2,555,518)
Investment fees	<u>(134,137)</u>	<u>-</u>	<u>-</u>	<u>(134,137)</u>
Endowments and quasi endowments fund net assets at end of year	<u>\$ 44,809,437</u>	<u>-</u>	<u>34,325,363</u>	<u>79,134,800</u>

Reconciliation of endowments and quasi-endowments funds net assets to total net assets for the year ended December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment and quasi-endowments fund net assets	\$ 49,062,822	500,431	34,325,363	83,888,616
Other funds net assets	<u>8,455,466</u>	<u>213,095</u>	<u>1,387,001</u>	<u>10,055,562</u>
Total net assets at end of year	<u>\$ 57,518,288</u>	<u>713,526</u>	<u>35,712,364</u>	<u>93,944,178</u>

Reconciliation of endowments and quasi-endowments funds net assets to total net assets for the year ended December 31, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment and quasi-endowments fund net assets	\$ 44,809,437	-	34,325,363	79,134,800
Other funds net assets	<u>9,850,694</u>	<u>229,283</u>	<u>1,387,001</u>	<u>11,466,978</u>
Total net assets at end of year	<u>\$ 54,660,131</u>	<u>229,283</u>	<u>35,712,364</u>	<u>90,601,778</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.

**11. EMPLOYEE BENEFIT PLANS:**

The Diocese contributed \$218,152 and \$217,739 during the years ended December 31, 2014 and 2013, 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	\$140,643	\$77,509

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, 2014 (the most recent information available):

<u>March 31, 2014 (in thousands)</u>	<u>Clergy Pension Plan</u>	<u>Episcopal Church Lay Employees' Retirement Plan</u>
Plan net assets	\$ 8,643,159	146,399
Accumulated plan benefit obligations	<u>5,821,173</u>	<u>162,682</u>
Surplus (deficit)	\$ <u>2,821,986</u>	<u>(16,283)</u>
Funded Status	>80%	65-80%

## 12. 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 \$42,736 and \$46,050 in 2014 and 2013, respectively.

Postretirement benefit expense was \$29,701 and \$256,760 in 2014 and 2013, respectively. The components of this expense were:

	<u>2014</u>	<u>2013</u>
Service cost of benefits earned	\$ 194,885	278,355
Interest cost on liability	104,169	155,457
Net amortization and deferral of actuarial gain	<u>(269,353)</u>	<u>(177,052)</u>
Net periodic postretirement expense	\$ <u>29,701</u>	<u>256,760</u>

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

	<u>2014</u>	<u>2013</u>
Retirees	\$ 881,817	695,001
Fully eligible active plan participants	213,265	449,386
Ineligible active plan participants	<u>1,479,113</u>	<u>1,197,671</u>
Postretirement benefits accrued other than pensions	\$ <u>2,574,195</u>	<u>2,342,058</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 2014 and 2013.

The rate was assumed to stay at 7% for subsequent years through 2024 and then 6% by the year 2025 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, 2014 by approximately \$612,488, and the aggregate service and interest cost components of net periodic postretirement benefit cost for the years ended December 31, 2014 by approximately \$65,924. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 4.5% as of December 31, 2014.

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

2015	\$ 57,828
2016	59,691
2017	61,448
2018	71,700
2019	73,646
2020 – 2024	<u>420,228</u>
	\$ <u>744,541</u>

### **13. 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 to 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, municipal bonds and hedge funds with regularly published net asset values 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.

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The following tables present the assets and liabilities as of December 31, 2014 and 2013 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	December 31, <u>2014</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	\$ 1,162,862	1,162,862	-	-
Industrials	5,576,683	5,576,683	-	-
Consumer discretionary	6,904,968	6,904,968	-	-
Consumer staples	4,800,764	4,800,764	-	-
Energy	3,041,514	3,041,514	-	-
Financial	9,120,664	9,120,664	-	-
Materials	1,413,582	1,413,582	-	-
Information technology	8,575,540	8,575,540	-	-
Utilities	909,879	909,879	-	-
Health care	7,674,944	7,674,944	-	-
Telecommunications	616,938	616,938	-	-
International	7,571,601	7,571,601	-	-
Mid cap	5,145,350	5,145,350	-	-
Small cap	1,809,892	1,809,892	-	-
Treasury	6,873,252	6,873,252	-	-
Agency	5,305,741	-	5,305,741	-
Corporate	7,312,388	-	7,312,388	-
Mortgage	98,881	-	98,881	-
Municipal	161,414	-	161,414	-
Hedge funds	862,572	-	862,572	-
Investment funds held in trust for others	22,185,843	-	-	22,185,843
Investment funds held for the benefit of others	79,222	-	-	79,222
Investment - gift annuity	<u>50,028</u>	<u>-</u>	<u>-</u>	<u>50,028</u>
	<u>\$ 107,254,522</u>	<u>71,198,433</u>	<u>13,740,996</u>	<u>22,315,093</u>

Diocese of Southern Ohio, ECSF and Gabriel's Place  
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	December 31, <u>2013</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	\$ 846,821	846,821	-	-
Industrials	5,590,856	5,590,856	-	-
Consumer discretionary	6,329,459	6,329,459	-	-
Consumer staples	3,976,657	3,976,657	-	-
Energy	4,247,656	4,247,656	-	-
Financial	8,221,882	8,221,882	-	-
Materials	1,121,886	1,121,886	-	-
Information technology	6,982,169	6,982,169	-	-
Utilities	878,966	878,966	-	-
Health care	6,201,256	6,201,256	-	-
Telecommunications	666,869	666,869	-	-
International	6,778,206	6,778,206	-	-
Mid cap	2,431,016	2,431,016	-	-
Small cap	1,706,525	1,706,525	-	-
Treasury	10,120,223	10,120,223	-	-
Agency	4,629,032	-	4,629,032	-
Corporate	7,377,809	-	7,377,809	-
Mortgage	315,081	-	315,081	-
Municipal	162,155	-	162,155	-
Hedge funds	1,648,421	-	1,648,421	-
Investment funds held in trust for others	21,831,660	-	-	21,831,660
Investment funds held for the benefit of others	76,802	-	-	76,802
Investment - gift annuity	<u>56,432</u>	<u>-</u>	<u>-</u>	<u>56,432</u>
	<u>\$ 102,197,839</u>	<u>66,100,447</u>	<u>14,132,498</u>	<u>21,964,894</u>

Diocese of Southern Ohio, ECSF and Gabriel's Place  
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The following is a reconciliation of the investments valued at Level 3 inputs as of December 31, 2014:

	Investment funds held in trust for others	Investment funds held for the benefit of others	Investment - gift annuity	Total
Balance as of January 1, 2014	\$ 21,831,660	76,802	56,432	21,964,894
Net realized and unrealized gains (losses), interest & dividends, held at year end	354,183	-	-	354,183
Change in value of trusts held for the benefit of others	-	2,420	-	2,420
Change in value of gift annuity	-	-	(6,404)	(6,404)
Balance as of December 31, 2014	<u>\$ 22,185,843</u>	<u>79,222</u>	<u>50,028</u>	<u>22,315,093</u>

The following is a reconciliation of the investments valued at Level 3 inputs as of December 31, 2013:

	Investment funds held in trust for others	Investment funds held for the benefit of others	Investment - gift annuity	Total
Balance as of January 1, 2013	\$ 19,824,569	73,115	57,366	19,955,050
Net realized and unrealized gains (losses), interest & dividends, held at year end	2,007,091	-	-	2,007,091
Change in value of trusts held for the benefit of others	-	3,687	-	3,687
Change in value of gift annuity	-	-	(934)	(934)
Balance as of December 31, 2013	<u>\$ 21,831,660</u>	<u>76,802</u>	<u>56,432</u>	<u>21,964,894</u>

**SUPPLEMENTARY INFORMATION**

Diocese of Southern Ohio, ECSF, and Gabriel's Place  
Schedule of Combining Financial Position by Fund Information  
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	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
<b>Assets:</b>												
Cash and cash equivalents	\$ 1,905,692	759,294	346,354	-	403,227	232,334	149,234	84,260	45,000	3,925,395	-	3,925,395
Accounts and interest receivable	384,108	13,850	-	-	-	-	2,508	200	35,431	436,097	-	436,097
Due from other funds	138,292	126,558	819,676	5,322,995	-	35,869	-	-	(25)	6,443,365	(6,443,365)	-
Notes receivable, net	51,291	78,959	1,918,610	27,406	-	-	-	-	-	2,076,266	-	2,076,266
Prepaid expenses	8,724	-	-	-	-	-	-	-	-	8,724	-	8,724
Investments	1,671,122	1,285,087	-	78,550,796	-	2,069,211	-	1,363,213	-	84,939,429	-	84,939,429
Investment funds held in trust by others	-	-	-	22,185,843	-	-	-	-	-	22,185,843	-	22,185,843
Investment funds held for the benefit of others	-	-	-	79,222	-	-	-	-	-	79,222	-	79,222
Investment - gift annuity	-	-	-	-	-	-	-	50,028	-	50,028	-	50,028
Property and equipment, net	-	5,673,080	-	-	-	-	-	-	147,028	5,820,108	-	5,820,108
<b>Total assets</b>	<b>\$ 4,159,229</b>	<b>7,936,828</b>	<b>3,084,640</b>	<b>106,166,262</b>	<b>403,227</b>	<b>2,337,414</b>	<b>151,742</b>	<b>1,497,701</b>	<b>227,434</b>	<b>125,964,477</b>	<b>(6,443,365)</b>	<b>119,521,112</b>
<b>Liabilities:</b>												
Accounts payable and accrued liabilities	\$ 187,201	37,309	-	-	26,275	-	18,618	54,230	1,577	325,210	-	325,210
Deferred revenue	-	-	-	-	-	-	10,686	-	-	10,686	-	10,686
Grants payable	401,778	-	-	-	-	-	-	-	-	401,778	-	401,778
Postretirement benefits accrued other than pensions	2,574,195	-	-	-	-	-	-	-	-	2,574,195	-	2,574,195
Funds held for the benefit of MP Lee Retirement Community	-	-	-	22,185,843	-	-	-	-	-	22,185,843	-	22,185,843
Funds held for the benefit of St. Luke, Cincinnati	-	-	-	79,222	-	-	-	-	-	79,222	-	79,222
Due to other funds	768,346	1,335,923	3,937,087	12,581	(25)	35,869	353,569	15	-	6,443,365	(6,443,365)	-
<b>Total liabilities</b>	<b>3,931,520</b>	<b>1,373,232</b>	<b>3,937,087</b>	<b>22,277,646</b>	<b>26,250</b>	<b>35,869</b>	<b>382,873</b>	<b>54,245</b>	<b>1,577</b>	<b>32,020,299</b>	<b>(6,443,365)</b>	<b>25,576,934</b>
<b>Net assets:</b>												
Unrestricted	138,805	5,831,678	(852,447)	49,062,822	376,977	1,543,228	(231,131)	1,442,499	205,857	57,518,288	-	57,518,288
Temporarily restricted	88,904	103,234	-	500,431	-	-	-	957	20,000	713,526	-	713,526
Permanently restricted	-	628,684	-	34,325,363	-	758,317	-	-	-	35,712,364	-	35,712,364
<b>Total net assets</b>	<b>227,709</b>	<b>6,563,596</b>	<b>(852,447)</b>	<b>83,888,616</b>	<b>376,977</b>	<b>2,301,545</b>	<b>(231,131)</b>	<b>1,443,456</b>	<b>225,857</b>	<b>93,944,178</b>	<b>-</b>	<b>93,944,178</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,159,229</b>	<b>7,936,828</b>	<b>3,084,640</b>	<b>106,166,262</b>	<b>403,227</b>	<b>2,337,414</b>	<b>151,742</b>	<b>1,497,701</b>	<b>227,434</b>	<b>125,964,477</b>	<b>(6,443,365)</b>	<b>119,521,112</b>

Diocese of Southern Ohio and ECSF  
Schedule of Combining Financial Position by Fund Information  
December 31, 2013

	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
<b>Assets:</b>												
Cash and cash equivalents	\$ 1,231,187	386,782	87,802	-	428,756	195,244	27,997	121,698	38,675	2,518,141	-	2,518,141
Accounts and interest receivable	456,225	13,850	-	-	-	-	8,552	14,625	500	493,752	-	493,752
Due from other funds	94,591	126,558	1,038,066	4,790,102	-	-	-	7,000	52,000	6,108,317	(6,108,317)	-
Notes receivable, net	103,000	110,210	2,220,050	525,583	-	-	-	-	-	2,958,843	-	2,958,843
Prepaid expenses	10,675	-	-	-	-	-	812	-	-	11,487	-	11,487
Investments	1,565,294	1,514,845	-	73,819,115	-	2,020,963	-	1,312,728	-	80,232,945	-	80,232,945
Investment funds held in trust by others	-	-	-	21,831,660	-	-	-	-	-	21,831,660	-	21,831,660
Investment funds held for the benefit of others	-	-	-	76,802	-	-	-	-	-	76,802	-	76,802
Investment - gift annuity	-	-	-	-	-	-	-	56,432	-	56,432	-	56,432
Property and equipment, net	-	8,663,854	-	-	-	-	-	-	164,921	8,828,775	-	8,828,775
<b>Total assets</b>	<b>\$ 3,460,972</b>	<b>10,816,099</b>	<b>3,345,918</b>	<b>101,043,262</b>	<b>428,756</b>	<b>2,216,207</b>	<b>37,361</b>	<b>1,512,483</b>	<b>256,096</b>	<b>123,117,154</b>	<b>(6,108,317)</b>	<b>117,008,837</b>
<b>Liabilities:</b>												
Accounts payable and accrued liabilities	\$ 122,058	37,488	26	-	-	-	9,731	60,338	5,044	234,685	-	234,685
Deferred revenue	4,571	-	-	-	-	-	13,437	-	-	18,008	-	18,008
Grants payable	324,300	-	-	-	-	-	-	-	-	324,300	-	324,300
Note payable	-	1,579,546	-	-	-	-	-	-	-	1,579,546	-	1,579,546
Postretirement benefits accrued other than pensions	2,342,058	-	-	-	-	-	-	-	-	2,342,058	-	2,342,058
Funds held for the benefit of MP Lee Retirement Community	-	-	-	21,831,660	-	-	-	-	-	21,831,660	-	21,831,660
Funds held for the benefit of St. Luke, Cincinnati	-	-	-	76,802	-	-	-	-	-	76,802	-	76,802
Due to other funds	119,116	1,330,981	4,347,656	-	-	2,008	305,098	-	3,458	6,108,317	(6,108,317)	-
<b>Total liabilities</b>	<b>2,912,103</b>	<b>2,948,015</b>	<b>4,347,682</b>	<b>21,908,462</b>	<b>-</b>	<b>2,008</b>	<b>328,266</b>	<b>60,338</b>	<b>8,502</b>	<b>32,515,376</b>	<b>(6,108,317)</b>	<b>26,407,059</b>
<b>Net assets:</b>												
Unrestricted	479,086	7,136,166	(1,001,764)	44,809,437	428,756	1,455,882	(290,905)	1,406,107	237,366	54,660,131	-	54,660,131
Temporarily restricted	69,783	103,234	-	-	-	-	-	46,038	10,228	229,283	-	229,283
Permanently restricted	-	628,684	-	34,325,363	-	758,317	-	-	-	35,712,364	-	35,712,364
<b>Total net assets</b>	<b>548,869</b>	<b>7,868,084</b>	<b>(1,001,764)</b>	<b>79,134,800</b>	<b>428,756</b>	<b>2,214,199</b>	<b>(290,905)</b>	<b>1,452,145</b>	<b>247,594</b>	<b>90,601,778</b>	<b>-</b>	<b>90,601,778</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,460,972</b>	<b>10,816,099</b>	<b>3,345,918</b>	<b>101,043,262</b>	<b>428,756</b>	<b>2,216,207</b>	<b>37,361</b>	<b>1,512,483</b>	<b>256,096</b>	<b>123,117,154</b>	<b>(6,108,317)</b>	<b>117,008,837</b>

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 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.



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success.