

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

Combined Financial Statements  
December 31, 2016 and 2015  
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, 2016 and 2015, 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, 2016 and 2015, 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  
June 27, 2017

Diocese of Southern Ohio, ECSF and Gabriel's Place  
 Combined Statements of Financial Position  
 December 31, 2016 and 2015

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 2,715,136	2,877,132
Accounts and interest receivable, net	325,305	405,529
Notes receivable, net	2,577,161	2,510,119
Investments	87,063,214	83,737,605
Investment funds held in trust for others	21,167,524	20,955,079
Investment funds held for the benefit of others	76,127	75,956
Investment - gift annuity	30,352	39,265
Property and equipment, net	4,469,713	5,708,959
	\$ 118,424,532	116,309,644
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 238,251	262,739
Deferred revenue	9,805	11,838
Grants payable	688,185	433,056
Postretirement benefits accrued other than pensions	2,795,241	2,717,211
Funds held for the benefit of Marjorie P. Lee Retirement Community	21,167,524	20,955,079
Funds held for the benefit of St. Luke's Episcopal Church, Cincinnati	76,127	75,956
Total liabilities	24,975,133	24,455,879
<b>Net assets</b>		
Unrestricted	55,218,360	53,610,693
Temporarily restricted	2,465,273	2,477,306
Permanently restricted	35,765,766	35,765,766
Total net assets	93,449,399	91,853,765
Total liabilities and net assets	\$ 118,424,532	116,309,644

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	<u>402,995</u>	<u>(402,995)</u>	-	<u>-</u>
Total revenues and gains	<u>9,738,692</u>	<u>(12,033)</u>	-	<u>9,726,659</u>
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	<u>2,728,346</u>	-	-	<u>2,728,346</u>
Total operating expenses	<u>7,668,917</u>	-	-	<u>7,668,917</u>
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	<u>110,894</u>	-	-	<u>110,894</u>
Total non-operating expense	<u>462,108</u>	-	-	<u>462,108</u>
Change in net assets	1,607,667	(12,033)	-	1,595,634
Net assets, beginning of year	<u>53,610,693</u>	<u>2,477,306</u>	<u>35,765,766</u>	<u>91,853,765</u>
Net assets, end of year	<u>\$ 55,218,360</u>	<u>2,465,273</u>	<u>35,765,766</u>	<u>93,449,399</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and losses:				
Congregation assessments	\$ 2,747,986	-	-	2,747,986
Dividends and interest, net of \$159,769 in fees	1,558,962	-	-	1,558,962
Conference center use	192,942	-	-	192,942
Campers fees	55,255	-	-	55,255
Rental income	372,001	-	-	372,001
Realized and unrealized losses on investments, net	(1,868,586)	-	-	(1,868,586)
Gifts/principal additions	291,025	1,904,909	53,402	2,249,336
Gain on disposal of assets	94,625	-	-	94,625
Gain on acquisition of assets	255,000	-	-	255,000
Other	94,744	-	-	94,744
Release of restriction	<u>141,129</u>	<u>(141,129)</u>	<u>-</u>	<u>-</u>
Total revenues and gains	<u>3,935,083</u>	<u>1,763,780</u>	<u>53,402</u>	<u>5,752,265</u>
Expenses:				
Operating:				
Aided congregations	531,650	-	-	531,650
Post retirement benefits expense	69,799	-	-	69,799
National Episcopal Church	630,363	-	-	630,363
Procter Camp & Conference Center	375,561	-	-	375,561
Commission on Ministry	226,100	-	-	226,100
Bishop's Discretionary Funds	192,435	-	-	192,435
Communications	330,003	-	-	330,003
Youth support	260,981	-	-	260,981
Anglican Traditions	23,064	-	-	23,064
Ecumenical Outreach	176,650	-	-	176,650
Community Outreach	418,621	-	-	418,621
Minority Empowerment Initiative Trust	78,945	-	-	78,945
Other programs	829,753	-	-	829,753
Administration	<u>2,724,016</u>	<u>-</u>	<u>-</u>	<u>2,724,016</u>
Total operating expenses	<u>6,867,941</u>	<u>-</u>	<u>-</u>	<u>6,867,941</u>
Non-operating expense:				
Depreciation	399,527	-	-	399,527
Post retirement benefits loss	119,151	-	-	119,151
Bad debt	423,957	-	-	423,957
Other	<u>32,102</u>	<u>-</u>	<u>-</u>	<u>32,102</u>
Total non-operating expense	<u>974,737</u>	<u>-</u>	<u>-</u>	<u>974,737</u>
Change in net assets	(3,907,595)	1,763,780	53,402	(2,090,413)
Net assets, beginning of year	<u>57,518,288</u>	<u>713,526</u>	<u>35,712,364</u>	<u>93,944,178</u>
Net assets, end of year	<u>\$ 53,610,693</u>	<u>2,477,306</u>	<u>35,765,766</u>	<u>91,853,765</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, 2016 and 2015

	2016	2015
Cash flow from operating activities:		
Change in net assets	\$ 1,595,634	(2,090,413)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	395,251	399,527
Gain on disposal of assets	(233,564)	(94,625)
Gain on acquisition	(84,709)	(255,000)
Provision (recovery) for bad debt expense	(5,422)	423,957
Realized and unrealized (gains) losses on investments	(3,384,311)	1,868,586
Postretirement benefit change in coverage	125,138	188,950
Effects of change in operating assets and liabilities:		
Accounts and interest receivable	80,224	30,568
Prepaid expenses	-	8,724
Accounts payable and accrued liabilities	(24,488)	(62,471)
Deferred revenue	(2,033)	1,152
Grants payable	255,129	31,278
Postretirement benefits paid	(47,108)	(45,934)
	(1,330,259)	404,299
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Proceeds from investments and funds held	23,455,044	51,984,462
Purchases of investments and funds held	(23,387,429)	(52,640,461)
Proceeds from sale of buildings	1,316,534	94,625
Purchases of property and equipment	(154,266)	(33,378)
Increase in notes receivable	(61,620)	(857,810)
	1,168,263	(1,452,562)
Net cash provided (used) by investing activities		
Net change in cash and cash equivalents	(161,996)	(1,048,263)
Cash and cash equivalents, at beginning of year	2,877,132	3,925,395
Cash and cash equivalents, at end of year	\$ 2,715,136	2,877,132
Supplemental disclosure:		
Building acquired from St. Stephen's Mt. Healthy	\$ -	255,000

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 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. Unrealized appreciation (depreciation) 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 \$1,020,000 and \$1,862,563 existed at December 31, 2016 and 2015, respectively. An allowance for accounts receivable of \$0 and \$23,736 existed at December 31, 2016 and 2015, respectively.

### **Grants payable**

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

### **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 June 27, 2017, 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, 2016 and 2015. 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.

### 3. NOTES RECEIVABLE:

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

	<u>2016</u>	<u>2015</u>
Clergy	\$ 534,567	554,327
Congregations	<u>2,973,727</u>	<u>3,742,919</u>
	3,508,294	4,297,246
Other notes receivable	88,867	75,436
Allowance for loan losses	<u>(1,020,000)</u>	<u>(1,862,563)</u>
Total notes receivable	\$ <u>2,577,161</u>	<u>2,510,119</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 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Balance at beginning of period	\$ 1,862,563	1,849,676
Net charge-offs	(837,141)	(5,000)
Provision (recovery) of loan losses	<u>(5,422)</u>	<u>17,887</u>
Balance at beginning of period	\$ <u>1,020,000</u>	<u>1,862,563</u>

**4. INVESTMENTS:**

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

	<u>2016</u>	<u>2015</u>
Cash equivalents	\$ 2,123,182	1,898,025
Common stocks	47,368,463	45,412,010
United States government and agency securities	7,421,967	7,495,832
Proportionate share of assets in:		
Consolidated I fund	11,611,367	11,325,737
Consolidated G fund	15,636,009	14,906,944
Corporate bonds	4,697,486	4,269,495
Mutual funds	<u>19,448,391</u>	<u>19,460,597</u>
	<u>\$ 108,306,865</u>	<u>104,768,640</u>

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

	<u>2016</u>	<u>2015</u>
Investments	\$ 87,063,214	83,737,605
Investment funds held in trust for others	21,167,524	20,955,079
Investment funds held for the benefit of others	<u>76,127</u>	<u>75,956</u>
	<u>\$ 108,306,865</u>	<u>104,768,640</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 \$30,352 and \$39,265 at December 31, 2016 and 2015, 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 \$41,997 and \$44,458 at December 31, 2016 and 2015 and is included in accrued liabilities.

**6. PROPERTY AND EQUIPMENT:**

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

	<u>2016</u>	<u>2015</u>
Congregation properties	\$ 527,870	1,625,033
Camp and conference center	7,317,491	7,094,965
Diocesan office	1,395,217	1,386,605
Procter farm	349,462	349,462
Other properties	890,968	890,968
Furniture and equipment	198,126	204,068
Leasehold improvements	<u>175,647</u>	<u>175,647</u>
	10,854,781	11,726,748
Less accumulated depreciation	<u>6,385,068</u>	<u>6,017,789</u>
	<u>\$ 4,469,713</u>	<u>5,708,959</u>

**7. NET ASSETS:**

Temporarily restricted net assets as of December 31, 2016 and 2015 of \$2,465,273 and \$2,477,306 respectively, are primarily available for the purposes of capital improvements and property maintenance, and congregational development. As of December 31, 2016 and 2015, \$2,287,888 and \$2,302,580, 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>2016</u>	<u>2015</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 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, 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>

Endowment and quasi-endowments fund net asset composition by type of fund is as follows at December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor – restricted endowment	\$ -	2,302,580	34,378,765	36,681,345
Board – designated endowment	<u>45,590,325</u>	-	-	<u>45,590,325</u>
Total	<u>\$ 45,590,325</u>	<u>2,302,580</u>	<u>34,378,765</u>	<u>82,271,670</u>

Diocese of Southern Ohio, ECSF and Gabriel's Place  
Notes to the Combined Financial Statements  
December 31, 2016 and 2015

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>

Changes in endowment and quasi-endowments fund net assets are as follows for the year ended December 31, 2015:

	<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	\$ 49,062,822	500,431	34,325,363	83,888,616
Interest and dividend income	1,461,602	-	-	1,461,602
Realized and unrealized loss on investments	(1,722,827)	-	-	(1,722,827)
Contributions	-	1,802,149	53,402	1,855,551
Spending appropriation	(3,051,503)	-	-	(3,051,503)
Investment fees	<u>(159,769)</u>	<u>-</u>	<u>-</u>	<u>(159,769)</u>
Endowments and quasi endowments fund net assets at end of year	<u>\$ 45,590,325</u>	<u>2,302,580</u>	<u>34,378,765</u>	<u>82,271,670</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>6,872,999</u>	<u>177,385</u>	<u>1,387,001</u>	<u>8,437,385</u>
Total net assets at end of year	<u>\$ 54,830,060</u>	<u>2,465,273</u>	<u>35,765,766</u>	<u>93,061,099</u>

Reconciliation of endowments and quasi-endowments fund net assets to total net assets for the year ended December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment and quasi-endowments fund net assets	\$ 45,590,325	2,302,580	34,378,765	82,271,670
Other funds net assets	<u>8,020,368</u>	<u>174,726</u>	<u>1,387,001</u>	<u>9,582,095</u>
Total net assets at end of year	<u>\$ 53,610,693</u>	<u>2,477,306</u>	<u>35,765,766</u>	<u>91,853,765</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. EMPLOYEE BENEFIT PLANS:**

The Diocese contributed \$242,309 and \$218,290 during the years ended December 31, 2016 and 2015, 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	\$168,945	\$73,364

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, 2016 (the most recent information available):

<u>March 31, 2016 (in thousands)</u>	<u>Clergy Pension Plan</u>	<u>Episcopal Church Lay Employees' Retirement Plan</u>
Plan net assets	\$ 8,300,861	147,227
Accumulated plan benefit obligations	<u>6,715,978</u>	<u>201,330</u>
Surplus (deficit)	\$ <u>1,584,883</u>	<u>(54,103)</u>
Funded Status	>80%	65-80%

**10. 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 \$47,108 and \$45,934 in 2016 and 2015, respectively.

Postretirement benefit expense was \$163,753 and \$69,799 in 2016 and 2015, respectively. The components of this expense were:

	<u>2016</u>	<u>2015</u>
Service cost of benefits earned	\$ 334,654	218,036
Interest cost on liability	121,111	114,552
Net amortization and deferral of actuarial gain	<u>(292,012)</u>	<u>(262,789)</u>
Net periodic postretirement expense	<u>\$ 163,753</u>	<u>69,799</u>

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

	<u>2016</u>	<u>2015</u>
Retirees	\$ 749,549	628,193
Fully eligible active plan participants	523,150	468,447
Ineligible active plan participants	<u>1,522,542</u>	<u>1,620,571</u>
Postretirement benefits accrued other than pensions	<u>\$ 2,795,241</u>	<u>2,717,211</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 2016 and 2015.

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, 2016 by approximately \$626,668, and the aggregate service and interest cost components of net periodic postretirement benefit cost for the years ended December 31, 2016 by approximately \$140,783. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 4.5% as of December 31, 2016.

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

2017	\$ 55,608
2018	64,411
2019	65,797
2020	66,969
2021	67,901
2022 – 2026	<u>408,968</u>
	 \$ <u>729,654</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.

**11. 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, gift annuities and hedge funds 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. All but one of the Diocese' hedge funds are subject

to withdrawal restrictions which require advance notification to the fund managers ranging from 90-180 days. One hedge fund does not permit redemptions as part of a winding-down of the partnership. As of December 31, 2016, the Diocese has no unfunded capital commitments related to the hedge funds.

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, 2016 and 2015 because of the relatively short maturity of these instruments.

The following tables present the assets and liabilities as of December 31, 2016 and 2015 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	December 31, <u>2016</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	\$ 1,628,356	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	-
Hedge funds	2,335,426	-	-	2,335,426
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>
	<u>\$ 108,337,217</u>	<u>71,001,268</u>	<u>13,726,520</u>	<u>23,609,429</u>

Diocese of Southern Ohio, ECSF and Gabriel's Place  
Notes to the Combined Financial Statements  
December 31, 2016 and 2015

	December 31, <u>2015</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	\$ 1,798,865	1,798,865	-	-
Industrials	5,806,302	5,806,302	-	-
Consumer discretionary	6,161,005	6,161,005	-	-
Consumer staples	4,834,982	4,834,982	-	-
Energy	1,987,959	1,987,959	-	-
Financial	7,678,966	7,678,966	-	-
Materials	1,495,884	1,495,884	-	-
Information technology	9,127,328	9,127,328	-	-
Utilities	931,260	931,260	-	-
Health care	6,171,314	6,171,314	-	-
Telecommunications	668,672	668,672	-	-
International	8,425,219	8,425,219	-	-
Mid cap	4,579,910	4,579,910	-	-
Small cap	2,847,560	2,847,560	-	-
Treasury	5,769,933	5,769,933	-	-
Agency	4,950,398	-	4,950,398	-
Corporate	7,831,466	-	7,831,466	-
Mortgage	37,812	-	37,812	-
Municipal	173,878	-	173,878	-
Hedge funds	2,458,892	-	-	2,458,892
Investment funds held in trust for others	20,955,079	-	-	20,955,079
Investment funds held for the benefit of others	75,956	-	-	75,956
Investment - gift annuity	<u>39,265</u>	<u>-</u>	<u>-</u>	<u>39,265</u>
	<u>\$ 104,807,905</u>	<u>68,285,159</u>	<u>12,993,554</u>	<u>23,529,192</u>

Diocese of Southern Ohio, ECSF and Gabriel's Place  
Notes to the Combined Financial Statements  
December 31, 2016 and 2015

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

	Hedge Funds	Investment funds held in trust for others	Investment funds held for the benefit of others	Investment - gift annuity	Total
Balance as of January 1, 2016	\$ 2,458,892	20,955,079	75,956	39,265	23,529,192
Net realized and unrealized gains, interest and dividends, held at year end	302,932	212,445	-	-	515,377
Additions (withdrawals)	(426,398)	-	-	-	(426,398)
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	-	-	-	(8,913)	(8,913)
Balance as of December 31, 2016	<u>\$ 2,335,426</u>	<u>21,167,524</u>	<u>76,127</u>	<u>30,352</u>	<u>23,609,429</u>

The following is a reconciliation of the investments valued at Level 3 inputs as of December 31, 2015:

	Hedge Funds	Investment funds held in trust for others	Investment funds held for the benefit of others	Investment - gift annuity	Total
Balance as of January 1, 2015	\$ 862,572	22,185,843	79,222	50,028	23,177,665
Net realized and unrealized losses, interest and dividends, held at year end	14,759	(1,230,764)	-	-	(1,216,005)
Additions (withdrawals)	1,581,561	-	-	-	1,581,561
Change in value of trusts held for the benefit of others, held at year end	-	-	(3,266)	-	(3,266)
Change in value of gift annuity, held at year end	-	-	-	(10,763)	(10,763)
Balance as of December 31, 2015	<u>\$ 2,458,892</u>	<u>20,955,079</u>	<u>75,956</u>	<u>39,265</u>	<u>23,529,192</u>

**SUPPLEMENTARY INFORMATION**

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
<b>Assets:</b>												
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
<b>Total assets</b>	<b>\$ 3,109,627</b>	<b>6,602,909</b>	<b>2,562,432</b>	<b>106,128,601</b>	<b>523,403</b>	<b>2,236,285</b>	<b>93,153</b>	<b>1,347,164</b>	<b>220,747</b>	<b>122,824,321</b>	<b>(4,399,789)</b>	<b>118,424,532</b>
<b>Liabilities:</b>												
Accounts payable and accrued liabilities	\$ 88,213	52,260	-	-	-	-	21,390	46,192	30,196	238,251	-	238,251
Deferred revenue	-	-	-	-	-	-	9,805	-	-	9,805	-	9,805
Grants 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)	-
<b>Total liabilities</b>	<b>3,626,173</b>	<b>337,260</b>	<b>3,513,869</b>	<b>21,504,887</b>	<b>-</b>	<b>-</b>	<b>312,120</b>	<b>46,192</b>	<b>34,421</b>	<b>29,374,922</b>	<b>(4,399,789)</b>	<b>24,975,133</b>
<b>Net assets:</b>												
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
<b>Total net assets</b>	<b>(516,546)</b>	<b>6,265,649</b>	<b>(951,437)</b>	<b>84,623,714</b>	<b>523,403</b>	<b>2,236,285</b>	<b>(218,967)</b>	<b>1,300,972</b>	<b>186,326</b>	<b>93,449,399</b>	<b>-</b>	<b>93,449,399</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,109,627</b>	<b>6,602,909</b>	<b>2,562,432</b>	<b>106,128,601</b>	<b>523,403</b>	<b>2,236,285</b>	<b>93,153</b>	<b>1,347,164</b>	<b>220,747</b>	<b>122,824,321</b>	<b>(4,399,789)</b>	<b>118,424,532</b>

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, 2015

	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	\$ 1,353,756	593,241	93,834	-	436,440	207,653	79,209	46,443	66,556	2,877,132	-	2,877,132
Accounts and interest receivable, net	386,856	-	-	-	-	-	18,673	-	-	405,529	-	405,529
Due from other funds	43,747	126,558	837,562	4,564,087	-	-	-	-	-	5,571,954	(5,571,954)	-
Notes receivable, net	47,071	56,748	2,377,935	28,365	-	-	-	-	-	2,510,119	-	2,510,119
Investments	1,432,751	1,315,175	-	77,679,218	-	2,009,660	-	1,300,801	-	83,737,605	-	83,737,605
Investment funds held in trust by others	-	-	-	20,955,079	-	-	-	-	-	20,955,079	-	20,955,079
Investment funds held for the benefit of others	-	-	-	75,956	-	-	-	-	-	75,956	-	75,956
Investment - gift annuity	-	-	-	-	-	-	-	39,265	-	39,265	-	39,265
Property and equipment, net	-	5,579,824	-	-	-	-	-	-	129,135	5,708,959	-	5,708,959
<b>Total assets</b>	<b>\$ 3,264,181</b>	<b>7,671,546</b>	<b>3,309,331</b>	<b>103,302,705</b>	<b>436,440</b>	<b>2,217,313</b>	<b>97,882</b>	<b>1,386,509</b>	<b>195,691</b>	<b>121,881,598</b>	<b>(5,571,954)</b>	<b>116,309,644</b>
<b>Liabilities:</b>												
Accounts payable and accrued liabilities	\$ 126,307	51,787	504	-	-	-	18,451	58,456	7,234	262,739	-	262,739
Deferred revenue	-	-	-	-	-	-	11,838	-	-	11,838	-	11,838
Grants payable	433,056	-	-	-	-	-	-	-	-	433,056	-	433,056
Postretirement benefits accrued other than pensions	2,717,211	-	-	-	-	-	-	-	-	2,717,211	-	2,717,211
Funds held for the benefit of MP Lee Retirement Community	-	-	-	20,955,079	-	-	-	-	-	20,955,079	-	20,955,079
Funds held for the benefit of St. Luke, Cincinnati	-	-	-	75,956	-	-	-	-	-	75,956	-	75,956
Due to other funds	11,046	1,122,562	4,163,030	-	-	-	275,316	-	-	5,571,954	(5,571,954)	-
<b>Total liabilities</b>	<b>3,287,620</b>	<b>1,174,349</b>	<b>4,163,534</b>	<b>21,031,035</b>	<b>-</b>	<b>-</b>	<b>305,605</b>	<b>58,456</b>	<b>7,234</b>	<b>30,027,833</b>	<b>(5,571,954)</b>	<b>24,455,879</b>
<b>Net assets:</b>												
Unrestricted	(92,055)	5,765,279	(854,203)	45,590,325	436,440	1,458,996	(210,599)	1,328,053	188,457	53,610,693	-	53,610,693
Temporarily restricted	68,616	103,234	-	2,302,580	-	-	2,876	-	-	2,477,306	-	2,477,306
Permanently restricted	-	628,684	-	34,378,765	-	758,317	-	-	-	35,765,766	-	35,765,766
<b>Total net assets</b>	<b>(23,439)</b>	<b>6,497,197</b>	<b>(854,203)</b>	<b>82,271,670</b>	<b>436,440</b>	<b>2,217,313</b>	<b>(207,723)</b>	<b>1,328,053</b>	<b>188,457</b>	<b>91,853,765</b>	<b>-</b>	<b>91,853,765</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,264,181</b>	<b>7,671,546</b>	<b>3,309,331</b>	<b>103,302,705</b>	<b>436,440</b>	<b>2,217,313</b>	<b>97,882</b>	<b>1,386,509</b>	<b>195,691</b>	<b>121,881,598</b>	<b>(5,571,954)</b>	<b>116,309,644</b>

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 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.

