The background of the page features a large, faint, circular seal of the Diocese of Olympia. The seal is an oval shape with a gold border. Inside the border, the words "DIOCESE OF OLYMPIA" are written in a circular path. The center of the seal depicts a landscape with a blue sky, a white cross, and a red cross, set against a blue background. The text "Living the Eucharist" is overlaid on the seal in a large, red, serif font.

# Living the Eucharist

*Journal of the Diocese of Olympia*

101st Annual Convention  
October 21-22, 2011  
Lynnwood, Washington

# Journal of Proceedings

## 2011 Annual Convention

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# Section 1

*Minutes of the 101<sup>st</sup> Annual Diocesan Convention of the Diocese of Olympia*  
Lynnwood Convention Center, Lynnwood, Washington

Friday, October 21, 2011

## **Call to Order, Welcome & Opening Worship**

The 101<sup>st</sup> Convention of the Diocese of Olympia was called to order by the Rt. Rev. Greg H. Rickel, bishop diocesan; Rickel welcomed those gathered to the celebration of *Living the Eucharist*; opening worship followed.

## **Certification of Quorums**

The Rev. Marda Steedman Sanborn, secretary of convention, declared she had satisfactory evidence that a canonical quorum in both orders was present and **moved** that convention dispense with the reading of all names.

**No objection; the Secretary certified the quorum**

## **Convention Organized for Business**

Bishop Rickel declared the 101<sup>st</sup> Convention of the Diocese of Olympia organized for business.

## **Bishop's Address – the Rt. Rev. Greg Rickel**

Bishop Rickel presented his annual address to the convention. [Text, pg. 15]

## **Table Conversation**

In response to his address, Bishop Rickel asked table groups to consider and discuss one of these questions: *An organizational culture basically consists of four key elements (a set of key ideas, a language, a set of values and norms, a system of rewards and penalties). What is ours as a diocese and a church? Or, How do we, the Diocese of Olympia, see and proclaim the gravity and power of following Christ?*

## **Introduction of the Head Table**

Bishop Rickel introduced those providing leadership for this convention: the Rev. Marda Steedman Sanborn, secretary of convention; Mrs. K. Ann McCartney, parliamentarian/dispatch of business; and Ms. Judy Andrews, diocesan chancellor. He also acknowledged Mr. Duncan Bayne, diocesan vice chancellor, and Mr. Steve Faust, diocesan treasurer.

## **Greetings from Host Congregations**

Bishop Rickel recognized the Rev. Dr. Peter Strimer and the Rev. Rachel Taber-Hamilton, who brought greetings on behalf of our host congregations, Trinity Church in Everett and St. Andrew's Church in Seattle.

## **Parliamentarian**

Bishop Rickel appointed Mrs. K. Ann McCartney as the parliamentarian for the 101<sup>st</sup> Convention.

## **Chancellor and Vice Chancellor**

Bishop Rickel appointed the Hon. Judy Andrews, Esq., chancellor of the Diocese of Olympia. Bishop Rickel appointed the Hon. Duncan Bayne, Esq., and the Hon. Mike Reynvaan, Esq., vice chancellors of the Diocese of Olympia. Bishop Rickel acknowledged the appointment of the following assistant chancellors: Jeffrey Helsdon, R. Thomas Olsen and Tom Platt.

**Appointments accepted**

## **Committee on Dispatch of Business**

Bishop Rickel recognized Mrs. K. Ann McCartney, chair; McCartney **moved** Dispatch of Business document A.13 for acceptance. [Document, pg. 21]

**Motion carried**

**Agenda adopted**

McCartney reviewed items, including the rules for speaking from the convention floor and for submitting resolutions within the six-hour window.

## **Committee on Privilege**

Bishop Rickel recognized the Rev. Ken Grabinski, chair, Committee on Privilege, to present the report on the granting of privilege of convention. Grabinski referred to document E.5 and **moved** that seat and voice be granted to those listed. [Document, pg. 32]

**Motion carried**

**Privilege granted**

### Secretary of Convention

Bishop Rickel recognized Mrs. Leann Torgerson-Harrison and Mrs. Pam Tinsley representing the Nominations Committee; the Committee **moved** the Rev. Marda Steedman Sanborn be elected Secretary of Convention.

**Motion carried**

**Steedman Sanborn elected**

Steedman Sanborn appointed the following Assistant Secretaries serving this convention: Dede Moore, Sharon Pethers, Blaire Notrica, Angela Mealing, Heather Kmita and Dana Chapman.

### Office of the Bishop Report on Congregational Status

Bishop Rickel recognized Secretary Steedman Sanborn who reported she had received from the Office of the Bishop the Congregations in Good Standing Report, as required by 2010 convention action. [Document, pg. 30]

**No action required**

### Canon 14 Action

Bishop Rickel reported two congregations requested the Diocesan Convention change their status from parish to mission; the vestries of each congregation, at a regularly scheduled meeting, voted to return to mission status.

Ms. Nancy Tyler **moved** the status of St. Luke's Church, Seattle, be changed from a parish to a mission of the Diocese.

**Motion carried by the required two-thirds majority in each order (clergy and lay) voting separately  
St. Luke's Church, Seattle changed from parish to mission status**

Becky Clark **moved** the status of St. Matthew's Church, Auburn, be changed from a parish to a mission of the Diocese.

**Motion carried by the required two-thirds majority in each order (clergy and lay) voting separately  
St. Matthew's Church, Auburn changed from parish to mission status**

### Committee on Nominations

Bishop Rickel recognized Torgerson-Harrison and Tinsley to continue the report of the Nominations Committee. Convention members were referred to report B.4 [Document, pg. 22]. The Committee nominated the following persons for diocesan offices:

### Nominations for Standing Committee

The Rev. Rilla Barrett, Church of Our Saviour, Monroe  
The Rev. Rachel Taber-Hamilton, Trinity Church, Everett  
Rebecca Clark, St. Matthew/San Mateo, Auburn  
Ms. Creamy Wilkins-Manning, Christ Church, Anacortes

**Nominations closed, ballots prepared**

### Nominations for Diocesan Council

Ms. Kara Hunt, St. Aidan, Camano Island  
Mr. Joe McGuire, St. Bede, Port Orchard  
Ms. Rebecca Moore, St. Andrew, Seattle  
Deacon Norman Dennis Taylor

**Nominations closed, ballot prepared**

### Cathedral Vestry

Mr. Michael D. Evans, Epiphany Parish of Seattle

**Nominations closed**

**Evans elected**

### Historiographer

Br. Carle Griffin, St. George's Church, Seattle

**Nominations closed**

**Griffin elected**

### Treasurer

Mr. Steve Faust.

**Nominations closed**

**Faust elected**

### Archivist and Records Manager

Ms. Diane Wells.

**Nominations closed**

**Wells elected**

Bishop Rickel declared the floor open for nominations for lay 4th alternate to the General Convention.

Ms. Nancy McConnell, St. John, Snohomish  
Mr. Randolph Urnston, St. Mark's Cathedral, Seattle

**Nominations closed, ballot prepared**

### Introduction to voting procedures

#### First ballot

Bishop Rickel recognized Mrs. Katie Akesson, elections official; Akesson introduced the balloting system to be used in the 2011 elections. Bishop Rickel declared the polls open.

**First ballot completed**

#### Recess

Bishop Rickel declared the business session of Convention in recess until 8:30 AM Saturday morning.

#### Eucharist and Ordinations

Bishop Rickel presided and preached at the ordination to the diaconate for Mark Blindheim and Carter Hawley. The offering from the Eucharist was designated to the *Rebuild Our Church in Haiti* campaign.

# Saturday, October 22, 2011

## **Call to Order / Morning Prayer**

Bishop Rickel called the convention to order. Morning Prayer was celebrated.

## **Report of the first ballot**

Bishop Rickel called on Secretary Marda Steedman Sanborn for the report of the first ballot.

### Diocesan Council

Simple majority (199) needed to elect.

Kara Hunt	56
Joe McGuire	133
Rebecca Moore	119
Dennis Taylor	99

**NO ELECTION**

### Standing Committee

Concurrence between orders (57 clergy/148 lay on this ballot) required to elect.

Clerical Order —

Rilla Barrett	55 clergy	132 lay
Rachel Taber-Hamilton	58 clergy	163 lay

**TABER-HAMILTON ELECTED**

Lay Order —

Rebecca Clark	76 clergy	184 lay
Creamy Wilkins-Manning	38 clergy	107 lay

**CLARK ELECTED**

### General Convention 4<sup>th</sup> Lay Alternate

Concurrence between orders (57 clergy/147 lay on this ballot) required to elect.

Nancy McConnell	65 clergy	167 lay
Randolph Urmston	48 clergy	126 lay

**MCCONNELL ELECTED**

## **Second ballot**

Bishop Rickel recognized Mrs. Katie Akesson, elections official, to introduce the second ballot. Bishop Rickel declared the polls open.

**Second ballot completed**

## **Bishop Appointments**

Bishop Rickel appointed the Convention Committees and Commissions by reference to document E.4 [Document, pg. 32]. Bishop Rickel continued with the following appointments (all three-year terms unless otherwise noted):

### Board of Directors

Mr. Jim Padelford.

### Commission on Ministry

The Rev. Steve Tellari, St. Columba, Kent; the Rev. David Marshall, St. Dunstan, Shoreline; Ms. Heidi Kim, St. Mark's

Cathedral, Seattle; The Rev. Mary Shehane, Church of the Ascension, Seattle.

### Liturgy & Arts Commission

The Rev. Samuel Torvend, St. Paul, Seattle [appointed Chair]; the Rev. Mary MacKenzie, Christ Church, Seattle; Mrs. Deborah Hickey-Tiernan; the Rev. Joseph Hickey-Tiernan.

### Commission on Church Architecture

Mr. Ralph Provencal, St. Benedict, Lacey; Mr. Fred Pneuman, St. Thomas, Medina.

### Personnel Commission

The Rev. Canon Jonathan Weldon, St. Paul, Bellingham.

Bishop Rickel acknowledged the new or reappointed/elected members of the Diocesan Council from regional ministries and program commissions. Be Attitudes Regional Ministry—Mr. Tom Boyns, St. Stephen, Seattle; Columbia Regional Ministry—Ms. Sally Barnes, St. Matthew, Castle Rock (re-elected); Evergreen Regional Ministry—Ms. Lavonne Beede, St. George, Maple Valley (re-elected); Commission for Multicultural Ministries—Ms. Charlotte Brown, St. Joseph-St. John, Lakewood (reappointed); Commission for Evangelism—The Rev. Susan Dean (reappointed).

## **Disciplinary Board**

Bishop Rickel appointed the following members for three-year terms:

### Disciplinary Board

The Rev. Lex Breckinridge, St. Thomas, Medina; the Rev. Pat Taylor, retired; Mr. Mark Hutcheson, Epiphany Parish of Seattle. Church Attorney: Mr. Marvin L. Gray, Jr., Church of the Ascension, Seattle.

**Appointments ratified**

## **Report from the Treasurer**

Bishop Rickel recognized diocesan treasurer, Mr. Steve Faust, for his annual report. [Text, pg. 19]

## **Action on the 2012 Budget**

Bishop Rickel thanked Steve Faust for his work as treasurer. Steve commended to convention the 2012 operating budget and **moved** for its ratification. [Document, pg. 48]

**Motion carried**  
**2012 Budget ratified**

## **Committee on Resolutions**

Bishop Rickel recognized Mr. Duncan Bayne, chair, Resolutions Committee; Bayne presented and moved the following resolutions with committee recommendations of "do pass."

### Resolution #1—2013 Diocesan Assessment Rate

**Resolved**, That this 101<sup>st</sup> Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2013 diocesan assessment rate factor be set at 17% of the Net Disposable Income (NDI). [Document, pg. 25]

**Motion carried**  
**Resolution #1 adopted**

### Resolution #2—Cost of Living Adjustment (COLA) for 2012

**Resolved**, That this 101<sup>st</sup> Convention of the Diocese of Olympia set the Cost of Living Adjustment for 2012 parochial clergy salary scale at 3.5%. [Document, pg. 25]

Discussion: *The Rev. Kevin Pearson* explained the process used by the Personnel Commission to determine the recommended percentage, noting at the past two conventions the recommendation had been 0%. It was clarified this is a range adjustment and all clergy are not required to automatically receive a 3.5% salary increase. It was also clarified this is a guideline; a congregation may, at anytime, provide a clergy person with a salary increase. **Opposed**— *Mr. Collie Liska*, St. Benedict, Lacey; *Ms. Hope Duncan*, St. John, Olympia; *the Rev. Joe Mikel*, St. David of Wales, Shelton; *the Rev. George Anne Boyle*, St. Benedict, Lacey; *the Rev. Elisabeth Seeger*, St. Elizabeth, Burien; *Mr. Pat Hogan*, St. Timothy, Chehalis. **In favor** – *The Rev. Nigel Taber-Hamilton*, St. Augustine’s in-the-Woods, Freeland; *the Rev. Mike Morrissey*, St. Bede, Port Orchard; *the Rev. Jane Maynard*, Christ Church, Tacoma; *Ms. Michelle Bartel*, Good Samaritan, Sammamish.

*Mr. Joseph Murashie*, St. Thomas, Medina, **moved** the previous question. The Chair, with no objection, moved directly to a vote on the main motion.

**Motion carried**  
**Resolution #2 adopted**

### Resolution #3—Supply Clergy Compensation

**Resolved**, That the 101<sup>st</sup> Convention of the Diocese of Olympia set the minimum rate of compensation for supply clergy at **Sunday Liturgy with Sermon\*** One liturgy: \$210; Two liturgies: \$260. **Weekday Liturgy** \$85; **Educational/Pastoral Duties** (preparation and performance) \$25/hr.

\* Sunday liturgy includes liturgies falling on other days that require significant preparation and duties, such as Christmas, Holy Week liturgies, parish feast days, significant Saturday or Sunday evening liturgies. Congregations and supply clergy should clarify for such liturgies when making an agreement for service.

- Standard IRS business mileage rates and direct transportation costs, such as ferries, etc. shall be reimbursed.
- Reimbursement for lodging and meals must be negotiated in advance.

- Negotiation of rates below this minimum under special circumstances requires approval of the Bishop.
- These are minimum standards. Supply clergy and congregations may negotiate a higher compensation rate. Nothing herein precludes supply clergy from donating their services.

**And be it further Resolved**, that these rates be tied to the annual COLA and be changed annually by rounding up in \$10 increments. [Document, pg. 25]

Proposed Tellari amendment: *The Rev. Steve Tellari*, St. Columba, Kent, proposed an **amendment** to change the matrix based on the rationale that some churches have more than two liturgies on a Sunday. **Seconded**.

**Sunday Liturgy with Sermon\*** One liturgy: \$210; ~~Two liturgies: \$260;~~ Additional consecutive liturgies: \$50 each **Weekday/Eve Liturgy** \$85 **Educational/Pastoral Duties** (preparation and performance) \$25/hr.

Discussion: It was clarified that “eve” refers to evening services; services such as Christmas Eve are covered within the resolution as Sunday liturgies, and special circumstances such as supply clergy without preaching should be negotiated prior to contracting for supply services.

**Motion carried**  
**Tellari Amendment adopted**

Discussion on amended motion: **Opposed** – *Ms. Bonnie Jean Kay*, St. Timothy, Chehalis; *the Rev. Edie Weller*, Resurrection, Bellevue. **In favor** – *the Rev. Richard Buhner*, St. Peter, Seattle.

**Motion carried**  
**Resolution #3 adopted with amendment**

### Resolution #4—Suspend and Reconsider Mandates Imposed by GC Resolution A177

**Resolved**, that the 101<sup>st</sup> Convention of the Diocese of Olympia calls upon the 77<sup>th</sup> General Convention to suspend the January 1, 2013 deadline for the implementation of Resolution A177; And be it further Resolved, that future modifications in the Denominational Health Plan lead toward the equitable provision of health insurance to lay employees and clergy while giving dioceses the ability to develop practices that are just and feasible in their respective contexts. [Document, pg. 26]

Discussion: **Opposed** – *Mr. Andy Valaas*, St. Mark’s Cathedral, Seattle; *the Rev. Peter Strimer*, St. Andrew, Seattle; *Ms. Elizabeth Maupin*, Church of the Apostles (COTA), Seattle; *Mr. Paul Hill*, St. Clement, Seattle; *the Rev. Joseph Hickey-Tiernan*. **In favor** – *the Rev. Lex Breckenridge*, St. Thomas, Medina; *Mrs. Judy Williams*, All Saints, Bellevue; *the Rev. Nigel Taber-Hamilton*, St. Augustine’s in-the-Woods, Freeland; *Mr. Tom Matthews*, St. John, Kirkland; *the Rev. Chris Jillard*, St. Margaret, Bellevue.

Mr. Jim Greene, Trinity Church, Everett, moved the previous question.

**Motion carried**

**Debate ended**

**Motion carried**

**Resolution #4 adopted**

### **Church World Service**

Bishop Rickel recognized Mr. Christopher Carpenter; Carpenter presented on the current work of this group and shared a short video.

### **Episcopal Relief & Development**

Bishop Rickel recognized Mr. Chuck Hamilton; Hamilton presented on the current work of this group as well as the diocesan Wine into Water campaign.

### **General Convention Actions**

Bishop Rickel recognized Ms. Dede Moore and Secretary Marda Steedman Sanborn; Moore reported on resolutions referred to dioceses from the 76<sup>th</sup> General Convention for action and/or consideration; Secretary Steedman Sanborn, read, as required by General Convention action, proposed amendments to the national constitution.

### **Table Conversation**

Bishop Rickel called on Ms. Dede Moore; Moore provided background on previous General Convention action and introduced a table discussion time on potential ways to move forward in our diocese with implementation of insurance parity if the 2012 General Convention does not take further action to postpone this mandate.

### **Report of the second ballot**

Bishop Rickel called on Secretary Marda Steedman Sanborn for the report of the second ballot.

#### Diocesan Council

Simple majority (201) needed to elect.

Kara Hunt	18
Joe McGuire	182
Rebecca Moore	138
Dennis Taylor	62

**NO ELECTION**

### **Third ballot**

Bishop Rickel recognized Mrs. Katie Akesson, elections official, to introduce the third ballot. Bishop Rickel declared the polls open.

**Third ballot completed**

### **Plenary Sessions**

Convention members joined the conversation on one of three topics:

- *Living the Eucharist: the Eucharist as Spiritual Direction for Life in Community*
- *Living the Eucharist: In Work Life, in Civic Life, in Family Life, in School Life*
- *Living the Eucharist: The Church Feeding the Hungry, Giving Drink to the Thirsty, and Clothing the Naked*

### **Report of the third ballot**

Bishop Rickel called on Secretary Marda Steedman Sanborn for the report of the third ballot.

#### Diocesan Council

Simple majority (221) needed to elect.

Kara Hunt	9
Joe McGuire	256
Rebecca Moore	159
Dennis Taylor	16

**MCGUIRE ELECTED**

### **Bishop's Cross Presentation**

Bishop Rickel read the Bishop's Cross to Steve Hartwell (posthumous) and Ray Miller, St. Mark's Cathedral, Seattle; he noted it had been presented mid-year prior to Steve Hartwell's death.

**Bishop Rickel:** In their more than ten years at Saint Mark's Cathedral, life partners Steve Hartwell and Ray Miller have been faithful ministers of the love and hospitality of Christ, serving the cathedral and diocesan communities with dedication and distinction. Their love for Christ and one another flows out from their life together, enriching the lives of countless others. Prayer and worship are at the heart of their life and ministry, just as prayer and worship are at the heart of the life and ministry of the faith community. Steve and Ray have generously given themselves to the renewal of the cathedral's worship life, supporting and assisting the development of an expansive, engaging, hospitable liturgical practice that witnesses to the Risen Christ and reveals the rich gifts of our Episcopal worship tradition. Their commitment to integrity, beauty and excellence in worship extends to every aspect of the cathedral's liturgical life. They have been loving caretakers of the worship space, bringers of order and color to that vast and monochromatic interior, stewards of Advent wreaths and baptismal fonts, processional crosses and banners. They have been ready and willing assistants at many and varied cathedral and diocesan liturgies and have served, one or the other, or both, as acolytes, acolyte trainers and mentors, lectors, members of the Worship Committee, greeters for Sunday night Compline, and unflagging supporters of the cathedral's liturgical staff. Steve, a gifted designer, creator and tailor, has clothed the cathedral's liturgical leaders in complete sets of Eucharistic vestments for every season of the church year. Ray, a remarkably unflappable, nearly invisible master of ceremonies, has been a steady guide for participants in large and important liturgical celebrations, and has single-handedly prevented several potential liturgical disasters. If you have lingered in the cathedral after a service, or visited on a Saturday, chances are you have encountered Steve, the one eager to show you around, to share with you the cathedral's singular beauties and eventful history. And chances are you have also seen Ray, in the background, quietly, patiently caring for those singular beauties. For where one was, the other was certain to be nearby also, the companionship of their shared ministry one of the joys of

their partnership. Together, they have made the Cathedral a welcoming place for its own community, for casual visitors and tourists, and for members of the diocesan community. Steady, modest, self-effacing, generous, always pointing not toward themselves, but toward the Lord they serve with deep devotion, Steve Hartwell and Ray Miller have set us an example of loving friendship with Christ, loving friendship with one another, loving friendship with all who have the good fortune to know them. It is in celebration of their witness and with gratitude for their service that I am pleased today to award them the Bishop's Cross.

### **Ky Chen Award**

Bishop Rickel introduced a new award named for retired diocesan print shop manager of 25 years, Ky Chen; the Ky Chen Employee Excellence "No Problem" award. He presented the Ky Chen award to Anne Brown, Church of the Good Shepherd, Vancouver.

**Bishop Rickel:** Anne began her ministry in the Episcopal Church working two days a week for St. Luke's, Vancouver. When Good Shepherd needed a part-time secretary, she began working there on her off days at St. Luke, two mornings a week, six hours total. She answered the phone, greeted the occasional visitor and helped produce a Sunday bulletin (50 copies a week on a mimeograph machine). Today, as Good Shepherd's administrative leader, Anne is responsible for a staff of more than 40 volunteers who provide administrative support for more than 50 paid and volunteer ministries. Under her direction, this group produces, assembles and distributes more than 300,000 printed pages a year, maintains and administers a complex parish events calendar, serves as the first contact for those calling or visiting the church for business or pastoral reasons, maintains the congregation's membership records and data bases and administers accounts payable. As leader of the congregation's largest ministry community, Anne is an organizer, teacher, referee, encourager and often pastor. She is admired by staff and the congregation for her equanimity and ability to produce reliably excellent results, often under severe time pressures. What makes her results more remarkable is that she is the only paid member of the administrative team. All the others are volunteers, producing excellent results under her leadership. Anne has grown into her increasing responsibilities because of her interest in learning more and taking on more responsibility. When she was a six-hour-a-week employee she asked to attend a diocesan conference on integrating the PC into the life of the parish. At the time, the congregation was the proud owner of an Apple IIe and trying to figure out what to do with it. Today, Anne is accomplished at all of the important software applications and adept at teaching volunteers how to use them. Anne is greatly respected by the members of Good Shepherd for her competence. She is beloved for her warmth and empathy. Her warmth and kindness set the tone for the day to day life of the congregation. Anne and her husband Dale have two sons and four grandchildren. She is devoted to her grandchildren and loves the large gatherings her family is noted for when there is almost any excuse for a celebration. I present the Ky Chen Employee Excellence "No Problem" award to Anne Brown.

### **Ky Chen Award**

Bishop Rickel presented the Ky Chen award to Ruby McLachlan, St. Andrew's Church, Seattle.

**Bishop Rickel:** Ruby has served in her position as ministry coordinator at St. Andrew's, Seattle, since 1985 and in that time she has become the heart and soul of one of our most welcoming congregations. Ruby raised her family as a member of the church and when Stan Fowler was called as rector in 1984 he knew she was the right person to become his partner in ministry. Together they created a vast array of ministries and she has continued this important work with interim rector, Kevin Smith, and the

present rector, Peter Strimer. She was instrumental in the creation of the Celtic Fling, an annual celebration of the Scottish heritage of the parish. She organizes this vast event each year with incredible ease, corralling over 70 volunteers into a host of positions that result not only in a great event, but in cold hard cash for the ministries she supports. With last weekend's 20<sup>th</sup> anniversary celebration, she has helped raise over \$100,000 through this one event alone. Yet this is only a single responsibility of a myriad of tasks she is charged with at the church - secretary, receptionist, newsletter editor, caterer, schlepper extraordinaire. But among all her duties her favorite task and greatest gift is greeting newcomers and helping them find their way into church life. In the past five years alone over 70 new households have joined the church and for each one Ruby's smiling face and greeting is how it all began. This convention centers on the Eucharist. Each parish meal, each newcomer gathering, each church school brunch, each kick-off picnic at St. Andrew's is a foretaste of the feast that awaits us in heaven. We just hope the heavenly host has as great a cook and hostess as Ruby McLachlan. I present the Ky Chen Employee Excellence "No Problem" award to Ruby McLachlan.

### **Report on Mutual Ministry Review**

Bishop Rickel recognized the Rev. Jo Beecher, Standing Committee president; Beecher reported on the Mutual Ministry Review process and introduced Eldon Olson to report on the most recent process. [Document, pg. 33]

### **Committee on Resolutions**

Bishop Rickel recognized Mr. Duncan Bayne, chair, Resolutions Committee; Bayne presented and moved the following resolutions with committee recommendations of "do pass" on Resolution #5 and #6 and "no opinion" on Resolution #7.

### **Resolution #5—Diocesan Council Restructure**

**Resolved**, that the 101<sup>st</sup> Convention of the Diocese of Olympia amend Canon 6 and Canon 19 of the Canons of the Diocese of Olympia to reflect changes in membership and the election process of the Diocesan Council as follows: [Document, pg. 26]

Canon 6: The Diocesan Council

Section 1: The Bishop and Council of the Diocese, as hereinafter constituted, shall be known as the "Diocesan Council" and shall exercise powers of Convention between the meetings thereof.

Section 2: The Diocesan Council shall consist of the Bishop, Bishop Coadjutor, Suffragan Bishops, if any, ~~ten (10) and two~~ members (one clergy and one layperson) one representing elected from each of the ten Regional Ministries, one clergy and or one laypersons, three (3) members, clergy or laypersons, elected by the Diocesan Convention, and up to six (6) members, clergy or laypersons, appointed by diocesan Program Commissions. All members shall be elected at the annual convention according to a regional rotation. All lay members shall be adult Communicants in Good Standing; all clergy members shall be canonically resident in the Diocese of Olympia. The convention Nominations Committee shall be charged with selecting nominees according to Article XIV, section 2.

Section 3: The Bishop shall be the President of Council, provided that the Bishop may delegate the presiding function at any meeting to another member of Council.



Section 4 :In 2012, representatives shall be elected as follows: Mt. Baker Regional Ministry, one clergy representative for a one-year term and one lay representative for a two-year term; Sno Isle Regional Ministry, one clergy representative for a two-year term and one lay representative for a three-year term; Be Attitudes Regional Ministry, one clergy representative for a three-year term and one lay representative for a one-year term; Holy C Regional Ministry, one clergy representative for a one-year term and one lay representative for a two-year term; Eastside Episcopal Churches Regional Ministry, one clergy representative for a two-year term and one lay representative for a three-year term; Evergreen Regional Ministry, one clergy representative for a one-year term and one lay representative for a three-year term; Rainier Regional Ministry, one clergy representative for a two-year term and one lay representative for a one-year term; Peninsula Regional Ministry, one clergy representative for a three-year term and one lay representative for a two-year term; Willapa Regional Ministry, one clergy representative for a three-year term and one lay representative for a one-year term; Columbia Regional Ministry, one clergy representative for a one-year term and one lay representative for a two-year term. Beginning in 2013, or as terms expire, regional representatives shall be elected according to the continuing rotation schedule to serve as members of the Diocesan Council for three-year terms. No member who has served on Council for two consecutive full terms shall be eligible for re-election until the expiration of one year. The Council shall have power to fill any vacancies in its membership and shall fill any such vacancies for any position if the unexpired term is more than eleven (11) months. Absent resignation, removal from office, or death, a member's term shall continue through the close of the Annual Convention session. In 1997, Regional Ministries A, D, G, and J of the Diocese shall each elect one representative, who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a three year term; Regional Ministries B, E, and H of the Diocese shall each elect one representative, who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a two year term; Regional Ministries C, F, and I of the Diocese shall each elect one representative, who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a one year term. Beginning in 1998, or as terms expire, each Regional Ministry of the Diocese shall elect one representative who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a three year term. In 1997, the Diocesan Convention shall elect one person who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a three year term, one person to serve for a two year term, and another person to serve for a one year term. Beginning in 1998, the Diocesan Convention shall annually elect one person, who shall be an adult Communicant in Good Standing, to serve as a member of the Diocesan Council for a three year term. No member who has served on Council for two consecutive terms shall be eligible for re-election until the expiration of one year. The Council shall have power to fill any vacancy of terms of those persons elected by the Diocesan Convention, and the Bishop shall have the power to fill by appointment any vacancy of terms of those persons elected by Regional Ministries in the event such vacancy is not promptly filled by election by the respective Regional Ministry; such appointment

by the Bishop to be undertaken in consultation with the convener and/or assistant convener of the respective Regional Ministry. Absent resignation, removal from office, or death, a member's term shall continue through the close of the Annual Convention session.

Canon 19: Regional Ministries: Section 1: The Diocese shall be organized into ten Regional Ministries for the purpose of promoting communication among the congregations and specialized ministries resident within each Regional Ministry area and within the Diocese-at-large, election of such representation to the Diocesan Council as the Canons of the Diocese may direct, and development of program and ministry by congregations and specialized ministries within each Regional Ministry and the Diocese-at-large. The member congregations in each Regional Ministry shall be determined by Diocesan Council.

Proposed McMillin amendment: *The Rev. Andrea McMillin*, Christ Church, Blaine, proposed a **friendly amendment** to add a sentence to the end of Section 4 to read "Council members who were elected to office will remain in such office until the expiration of their terms or earlier resignation."

**Without objection McMillin amendment adopted**

Discussion on amended motion: *The Rev. Andrea McMillin* spoke on behalf of the presenters of the resolution.

Proposed Neal amendment: *The Rev. Jim Neal*, St. Hugh of Lincoln, Allyn, proposed an **amendment** to provide for elections by regions at convention by adding to Section 2 the sentence, "Convention members from each region will vote for candidates only from their region." Seconded.

Discussion on Neal amendment: **Opposed:** *The Rev. Martin Yabroff*, St. Andrew, Tacoma; *Mr. Don Little*, St. Bede, Port Orchard. **In favor:** *Ms. Mary Lyons*, St. Stephen, Longview.

**Motion failed**

*Mr. Val Brustad*, St. James, Kent, requested a count.

**Motion failed**

**No count completed**

**Neal amendment rejected**

Proposed Horn amendment #1: *Mr. Richard Horn*, St. Paul, Bremerton, proposed an **amendment** to add the word "preferably" in line one of Section 2 to read "(preferably one clergy and one layperson)." Seconded.

**Motion failed**

**Horn amendment #1 rejected**

Proposed Horn amendment #2: *Mr. Richard Horn*, St. Paul, Bremerton, proposed an **amendment** to add to Section 2, prior to the sentence which begins "All members shall be elected...": "Regional Ministries will be encouraged and supported in their efforts to involve an equal number of lay people and clergy, under and over 35 years of age, regardless of their ability to physically attend all meetings, and encourage the diocese to explore viable modern technological

alternatives that can be made easily available to those people chosen as representatives." Seconded. Discussion on Horn amendment #2: **In favor:** *The Rev. Pamela Armstrong*, St. Paul, Bremerton.

Proposed Buckley amendment: *Mr. Tom Buckley*, St. Benedict, Lacey, proposed an **amendment to the amendment** to change "under and over 35" to "above 21." Seconded. Discussion on Buckley amendment: **Opposed:** *The Rev. Pam Armstrong*, St. Paul, Bremerton. *Ms. Caitlin Dawes* pointed out an internal conflict because an "adult communicant" is defined as 16 years of age or older. A **friendly amendment** was accepted without objection to change the amendment to "above 16."

*Mr. Bill Montgomery* **moved** the previous on the amendment.

**Motion carried**

**Debate ended**

**Motion failed**

**Buckley amendment rejected**

Continued Discussion on Horn amendment #2:

**Opposed:** *Mr. Steve Faust*, Epiphany Parish of Seattle; *Mr. Dan Haase*, All Saints, Vancouver; *the Rev. Andrea McMillin*, Christ Church, Blaine; *Mr. T.K. Wegg*, St. Stephen, Oak Harbor; *Ms. Donna McNamara*, St. John the Baptist, Seattle; *the Rev. Rebecca Kirkpatrick*, St. Andrew, Seattle; *Br. Isaac Washington*, St. Luke, Ballard. **In favor:** *Mr. Bruce Lee*, Emmanuel, Mercer Island.

*Mr. Jim Church*, St. John, Snohomish, **moved** the previous question.

**Motion carried**

**Debate ended**

**Motion failed**

**Horn amendment #2 rejected**

*Mr. Bob Wheeler*, Diocesan Council and Trinity Church, Everett, moved to refer the motion back to the Diocesan Council. Discussion on motion to refer: **Opposed:** *The Rev. Martin Yabroff*, Diocesan Council and St. Andrew, Tacoma; *the Rev. Jonathan Weldon*, Diocesan Council and St. Paul, Bellingham.

**Motion failed**

**Referral rejected**

*The Rev. Jonathan Weldon*, Diocesan Council and St. Paul, Bellingham, **moved** the previous question.

**Motion carried**

**Debate ended**

**Motion carried in the lay order**

**Motion carried in the clergy order**

**Resolution #5 adopted with amendment**

## **Resolution #6—Establish the First Sunday in Lent as Episcopal Relief & Development Sunday**

**Resolved**, that the 101<sup>st</sup> Convention of the Diocese of Olympia encourage congregations to celebrate Episcopal Relief & Development Sunday on the first Sunday of Lent, or another convenient Sunday during the Lenten season; And be it further Resolved, that the 101<sup>st</sup> Convention of the Diocese of Olympia encourage congregations and individuals to remember and support the life-saving work of Episcopal Relief & Development during Lent through prayer and a special offering that will help heal a hurting world. [Document, pg. 27]

Discussion: **Opposed:** *the Rev. Samuel Torvend*, St. Paul, Seattle; *Mr. Ross Ten Eyck*, St. Andrew, Seattle. **In favor:** *Mr. Chuck Hamilton*, Diocesan ERD Coordinator.

**Motion carried**

**Resolution #6 adopted**

## **Resolution #7—Thank You for Justice for Working People**

**Resolved**, that this 101<sup>st</sup> Convention of the Diocese of Olympia thank General Convention and the Executive Council of the Episcopal Church for recognizing the role of the labor movement in securing a place for workers at the table, and providing them with an opportunity for their voices to be heard, in improving wages, benefits and working conditions, and in affirming the dignity of work and providing avenues of seeking justice at the workplace. And be it further Resolved, that the Diocese of Olympia thanks General Convention for opposing legislative attempts to eliminate or reduce the collective bargaining rights of public and private sector employees as running contrary to our gospel understanding of community; And be it further Resolved, that the Diocese of Olympia commends the work of Interfaith Worker Justice in helping faith communities to establish ethical standards of worker justice in their employment, purchasing and contracting practices, and recommends the resources provided by IWJ as useful guides for faith communities; And be it further Resolved, that the Diocese of Olympia is to be applauded for making its purchasing and contracting decisions and considering the existence of union rights as a favorable factor; And be it further Resolved, that the Diocese of Olympia shall forward this resolution to the 77<sup>th</sup> General Convention of the Episcopal Church, and urge that the resolves contained herein shall be adopted by said Convention as the policy of the Episcopal Church; And be it further Resolved, that the Diocese of Olympia and the Office of Government Relations communicate this Resolution to the elected officials of the State of Washington, to the Congress and to the President, and that church members are urged to advocate in support of the principles contained herein. [Document, pg. 28]

Discussion: **In favor:** *Mr. Clare Bungay*, St. Mary, Lakewood; *the Rev. Steve Tellari*, St. Columba, Kent; *the Rev. Dick Gillett*, St. Andrew, Seattle; *Mr. Dave Wagner*, St. Columba, Kent; *the Rev. Nigel Taber-Hamilton*, St. Augustine's in-the-Woods, Freeland. **Opposed:** *Mr. Andy Valaas*, St. Mark's Cathedral, Seattle; *Mr. Tom Buckley*, St. Benedict, Lacey; *Mr. Bill Carr*, Holy Spirit, Vashon; *Ms. Natalie Harnacker*, St. John, Gig Harbor.

*The Rev. Joe Mikel, moved* the previous question.

**Motion carried**

**Debate ended**

**Motion carried on hand count**

**(251 in favor/162 opposed)**

**Resolution #7 adopted**

### **Courtesy Resolutions**

BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia express its thanks to all persons – lay and clergy – who have given freely of their time and talents to provide leadership for this Diocese over the past year, especially those who are completing their terms on Diocesan Council, and various boards, commissions, committees and task forces. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia remember in their prayers all those in countries around the world where war, or the threat of war, is a daily reality, and for all in military service who risk life and personal safety on our behalf to bring about peace, especially the military chaplains in their rounds, duties and deployment. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia give thanksgiving for the leadership and ministry of our Presiding Bishop, the Most Reverend Katharine Jefferts Schori and that of her husband, Richard. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia sends its greetings to the Archbishop of Canterbury Rowan Williams with our thanks and our prayers. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia sends its love and best wishes to our Bishops Retired, Bavi Edna "Nedi" Rivera, and her husband, the Rev. Robert "Bob" Moore; Sanford "Sandy" Hampton, and his wife, Mari; Vincent Warner, and his wife Shen; and William Choi, and his wife Catherine; Cabbell "Cabby" Tennis, and his wife, Hyde; Craig Anderson and his wife, Lizbeth, and to Terry Cochrane, widow of the Rt. Rev. Robert Cochrane, 6th Bishop of Olympia. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Michael Sande, Bishop of Butere, Kenya and to all the clergy and people of the Diocese of Butere. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Martin Barahona, Bishop of El Salvador, and to all the clergy and people of the Diocese of El Salvador. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Suheil Duwani, Bishop of Jerusalem and the Middle East and to all of the clergy and people of the Diocese of Jerusalem and the Middle East. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Michael Ingham, Bishop of the Diocese of New Westminster and to all of the clergy and people of the Diocese of New Westminster. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia express its thanks and appreciation for the leadership of the Rev. Jo Beecher as President of the Standing Committee. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia express its thanks to the Secretary of Convention, the Rev. Marda Steedman-Sanborn and to those who assisted her in preparing for this Convention. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia express its thanks to those who serve as pages, tellers and work in other capacities behind the scenes, making it possible for this Convention to be together and conduct its business to the

Glory of God. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia thanks for the able work of our Chancellor Judith Andrews. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia thanks all the staff of the Lynnwood Convention Center, for their care for us. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia express its thanks and appreciation to the diocesan staff who work faithfully on behalf of the people and congregations of our Diocese and the wider Church each and every day in the spirit of Servant Leadership. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia recognizes and celebrates the 100th Anniversary St. James, Kent, and the 50th Anniversary of St. Matthew, Castle Rock. BE IT RESOLVED, that the 101st Annual Convention of the Diocese of Olympia express its thanks for the ministry of all who have worked so hard on this Convention's planning; in particular our host congregations Trinity Church, Everett, Leann Torgerson-Harrison, chair, and St. Andrew, Seattle, Sharon Wilson, chair; the Commission for Liturgy and Arts for creating our wonderful liturgies, particularly, Becky Morrill; Chair of Dispatch of Business, Ms. Ann K. McCartney; and especially Ms. Dede Moore, Convention Coordinator, for their dedicated and effective work.

**Motion carried**

**Courtesy Resolutions adopted**

### **Dismantling Racism Training Team**

Bishop Rickel recognized the Rev. Fred Jessett; Jessett said the presentation was given in thanksgiving for the dedication and leadership of the Rev. Constance Moorehead, a founding member and first chair of the team; and in memory of the Rev. Ralph Carskadden. A short video report was shared.

### **Church Divinity School of the Pacific (CDSP)**

Bishop Rickel recognized Mr. Richard Felton; Felton brought greetings and reported on recent activities.

### **Faith Action Network**

Bishop Rickel recognized Ms. Alice Woldt and the Rev. Nigel Taber-Hamilton; Woldt brought greetings and reported on recent activities of this organization, which is a new organization combining the Lutheran Public Policy Network and Washington Association of Churches.

### **Bishop's Committee on the Environment**

Bishop Rickel recognized Ms. Nancy McConnell and Ms. Marilyn Hall; McConnell and Hall reported on behalf of the committee; a short video was shared.

## Clergy and Staff Transitions

Bishop Rickel recognized clergy and staff who experienced transitions during the last year; specifically clergy new to the diocese – Stephen Shaver, Josh Thomas, Jamie Case, Janis Johnson, Lance Ousley, William Seth Adams, Amy Donohue-Adams, Ed Lovelady, Jeremy Lucas; clergy who have retired from full-time ministry based on CPG information – Vicki Wesen, Philip Wong; transitional deacons ordained – Irene Tanabe, Catharine Reid, Halcott Carter, Janet Loyd; priests ordained – Karen Haig, Sheila Crisp, Drew Foisie, William Deng Deng, Irene Tanabe; priests received – David Mesenbring; deceased – Webster Barnett, Eric Werts, Alan Reynolds, William Forbes, Ralph Carskadden; new to the diocesan staff – Arienne Davison, Josh Thomas, Janet Campbell, Blaire Notrica, Lance Ousley, Angela Mealing.

## Mission to Seafarers

Bishop Rickel recognized Mr. Ken Hawkins; Hawkins reported on recent activities.

## Constitution and Canons Committee

Bishop Rickel recognized Mr. Doug Oles, chair; Oles presented the report of the committee. [Document, pg. 29]

### *Second vote on changes to Constitution*

Our diocesan Constitution provides (in Article XXI) that it may be amended by a majority vote of the two orders voting separately at two successive annual meetings of Convention.

Based upon recommendations from a task force created at the direction of the 2009 Convention, the Committee recommends the following clarification to Article II:

**Article II (Acceding to the National Constitution and Canons of the General Convention)**

The Church in the Diocese of Olympia accedes to the Constitution and Canons for government of that branch of the Holy Catholic church known as the of the Protestant Episcopal Church in the United States of America, and recognizes the authority of the General Convention of the same.

**Motion carried in the clergy order**

**Motion carried in the lay order**

**Amendment to Article II, adopted on second reading**

### *First vote on changes to Constitution*

To conform the Constitution to recent practice, and based on a diocesan staff recommendation, the committee offers clarification as to the number of members on the nominating committee (for Annual Convention), as follows:

## Article XIV, Section 2

At least ninety days prior to the Annual Meeting of Convention, the Bishop shall appoint a committee of not fewer than five members of Convention...

**Motion carried in the clergy order**

**Motion carried in the lay order**

**Amendment to Article XIV, Section 2, adopted on first reading**

### *Vote on changes to Canons*

Pursuant to Canons 28 and 29, canons may be enacted or amended by a “vote of a majority of each Order.” These amendments “take effect upon the adjournment of the meeting of convention at which they are enacted” unless the convention votes unanimously for the changes to take immediate effect.

Canon 14 has not been updated for a number of years. With input from diocesan staff, the Committee suggests the following updating/clarifying changes:

### **Canon 14 (Dormant Parishes and Aided Parishes)**

**Section 1:** If any Parish shall for three consecutive years fail to elect a Vestry, or in any year fail to submit an Annual Parochial ~~make a r~~ Report as required by Canon, the Bishop may report the fact to Convention. Upon consent by the Bishop, its union with Convention may, upon motion and vote, as prescribed in Article XVI of the Constitution, be suspended or dissolved and it may not be restored until it shall comply with such conditions as Convention may prescribe.

**Section 3(a):** After any year in which a Parish fails to do one or more of the following: ... 3. Pay the full amount of the salary and benefits contractually promised to the Rector or to another Parish employee; ... the Bishop or a designated representative shall visit the Parish....

**Section 3(b):** After the third consecutive year in which a Parish has failed to meet any of items 3(1)(1-4) above, the Bishop may designate the Parish an “Aided Parish” according to the guidelines of this Canon, ~~and the Parish may be eligible for grants as approved by the Bishop and subject to funding by the Diocese.~~ ...

**Section 3(c):** The Bishop may also designate an “Aided Parish” in response to a joint written request from the Rector, ~~Wardens~~ and Vestry of any Parish, which sets forth the reasons and causes for such request.

**Section 3(d):** No later than six months after being designated an “Aided Parish,” such Parish shall provide the Bishop with a written proposal for regaining financial independence at a Parish level. ...”

**Section 3(e):** “Aided Parish” status under this Canon shall continue for a term of three years ~~whether or not the Parish shall continue to need financial assistance for each of those three years.~~ The Bishop shall have discretion to extend...

**Section 3(f):** If at the end of its time as an “Aided Parish” under this Canon, the Parish remains unable to meet all the financial obligations described in items 3(a)(1-4) above, then the bishop shall report said inability to Convention. Upon receiving such report, Convention may, upon motion and vote, prescribed in Article XVI of the Constitution, change the status of the Parish to that of an ~~organized~~ Mission of the Diocese. If no such change is

effected the Bishop may extend the congregation's "Aided Parish" status.

**Section 4:** Whenever the status of a Parish is changed to that of a Mission, the Parish corporation shall immediately transfer title to all its property and assets to the Diocese of Olympia, Inc. The officers and members of such Parish corporation shall take all steps necessary to effect such transfer, after which they shall dissolve the Parish corporation.

**Motion carried in the lay order**  
**Motion carried in the clergy order**  
**Amendment to Canon 14 adopted**

#### Canon 21 (Commission on Church Architecture)

**Section 1:** There shall be a Commission of the Diocese to be known as the Commission on Church Architecture, which shall consist of the Bishop (or the Bishop's designee), together with at least two clergymen of the Diocese and ~~four~~ two laymen persons to be appointed annually by the Bishop. At least two lay members shall be professional architects. Other members shall have experience in a discipline involving design or construction of buildings and/or development of campus sites. The Diocesan property manager shall be a non-voting member of this Commission ~~him; and the Bishop shall have the power to add to this number.~~ The Bishop shall appoint members to staggered three-year terms.

**Section 2:** It shall be the duty of every Mission to lay before this Commission the plans of any new church, chapel, or other church building or of proposed changes in any existent church, chapel, or other church building, and no such building may be erected without the approval in writing of such Commission. The Commission is charged to provide experienced guidance and support on matters relating to building design, construction, modifications and site development, to all congregations and property managers in the Diocese, including the Board of Directors. The Commission shall review proposed projects, providing advice in matters of safety to persons and property, concurrence with Diocesan goals, Episcopal practice, general aesthetics, and compliance with applicable codes and regulations. The providing of such advice shall not be construed as providing design and shall not relieve any Diocesan entity from obtaining input from its own properly qualified professional designers.

**Section 3:** The Commission may adopt rules for submission of projects for consideration, subject to approval by the Bishop.

**Section 4:** Missions, Parishes, and managers of properties owned by the Diocese shall present project documents describing any proposed construction or modification of buildings and/or sites to this Commission for review and advice. It shall be the duty of every Parish, by its rector, wardens and vestrymen, to lay before this Commission the plans of any new church, chapel, or other parish building, or of proposed changes in any such existent building, for their counsel and advice, which counsel and Such advice shall be given in writing within ~~forty-five days~~ one calendar month after the receipt of said documents. As used herein, "modification" does not include reroofing, resurfacing or other routine maintenance of existing facilities.

Proposed McCarthy Casey amendment: Ms. Karen McCarthy Casey, Grace Church, Bainbridge Island, proposed an **amendment** to add in Section 1, second

sentence, "At least two lay members shall be professional architects, one of whom shall be LEED certified when appointed."

Discussion: **Opposed:** Ms. Karen Younge, St. John, Kirkland. **In favor:** Mr. Fred Pneuman, St. Thomas, Medina.

**Motion failed in the lay order**  
**McCarthy Casey Amendment rejected**  
**Main motion carried in the lay order**  
**Main motion carried in the clergy order**  
**Amendment to Canon 21 adopted**

At the request of the Commission on Ministry, the Committee recommends the following edits to Canon 22:

#### Canon 22 (The Commission on Ministry)

**Section 1(a):** One member of the Commission shall be chosen by the Standing Committee from among its members. Such members shall serve a one-year terms and may be re-appointed.

**Section 4:** At the first meeting of the Commission following the Annual Convention, the Bishop shall appoint a Convenor ~~and the Commission shall elect a Secretary from among the members.~~ The Secretary for Vocations shall be appointed by the Bishop and shall keep a record of Commission proceedings...

**Motion carried in the lay order**  
**Motion carried in the clergy order**  
**Amendment to Canon 22 adopted**

#### Canon 27 (Questions of Procedure)

Commissions and committees of the Diocese may adopt and amend rules for their own operation, which rules and amendments shall be subject to approval by the Bishop. The latest Revised Edition of Robert's Rules of Order shall determine questions of procedure not specifically provided for in these Canons.

Proposed Little amendment: Mr. Don Little, St. Bede, Port Orchard, proposed an **amendment** to change "Bishop" to "Diocesan Council or other appropriate governing body." Discussion: **In favor:** Ms. Karen Younge, St. John, Kirkland; the Rev. Mike Morrissey, St. Bede, Port Orchard.

**Motion failed in the lay order**  
**Little Amendment rejected**  
**Main motion carried in the lay order**  
**Main motion carried in the clergy order**  
**Amendment to Canon 27 adopted**

#### Recognition of youth, pages, volunteers and diocesan staff

Bishop Rickel thanked the following groups for their dedication and hard work in putting together the 101<sup>st</sup> Convention of the Diocese of Olympia: voting and non-voting youth presence; youth and young adults working behind the scenes as pages; Katie Akesson, elections official; registration volunteers from Trinity

Church, Everett, and St. Andrew, Seattle; host committee chairs, Leann Torgerson-Harrison and Sharon Wilson; the St. Hilda-St. Patrick choir; liturgist and worship leaders particularly—not just for this convention but all year-long—Becky Morrill; our Liturgy and Arts Commission; musicians Jason Anderson and Susan Bloomfield; Head Table participants, Judy Andrews, Ann McCartney, and Marda Steedman Sanborn; the entire Diocesan Staff who work on behalf of the diocese each and every day; and finally, Dede Moore, who makes this meeting possible.

### **Committee on Resolutions**

Bishop Rickel recognized Mr. Duncan Bayne, chair, Resolutions Committee; Bayne presented a proposed six-hour resolution on restorative justice. [*Text, pg. 28*]

**Motion to consider failed**  
**Consideration rejected**

### **Final Announcements**

Secretary Marda Steedman Sanborn announced the 2012 Convention will be November 9-10 at the Hilton Seattle Airport, SeaTac.

### **Final Remarks**

Bishop Rickel addressed his final remarks to the convention. The theme of this convention was *Living the Eucharist* and I want to tell you that the great joy I have in being your bishop is going where you are and seeing you do that. It's always an inspiration. Our call, now, is to leave this place, go out and make the Eucharist alive. To make it available and knowable by a world that really needs that very thing. I challenge you to do that and I thank you for the ways you do that. You're a blessing to me and I know a blessing to each other. I want to say again what grace I experience sitting up here and watching you deliberate about matters that sometimes we don't all agree on; but you care for each other and that is greatly appreciated and also a model of civility that's greatly needed in the world as well.

He then announced, "the business of this convention having been completed, the 101<sup>st</sup> diocesan convention is adjourned sine die."

### **Evening Prayer & Commissioning Adjournment**

Closing prayers, including the commissioning of all those elected during the convention, as well as the Offering of Letters from Faith Action Network, were shared.

# Section 2

Convention Address – the Rt. Rev. Greg Rickel  
101<sup>st</sup> Diocesan Convention

*Thanksgiving is the deep inward certainty which moves us with reverent and loving fear to turn with all our strength to the work to which God stirs us, giving thanks and praise from the depths of our hearts.* Julian of Norwich

Delegates, lay and clergy, other guests that are in our midst, welcome to the 101<sup>st</sup> Diocesan Convention for and in this wonderful, rich, and beautiful diocese we call Olympia as we take up our theme, *Living the Eucharist*.

The word Eucharist means thanksgiving, and so living the Eucharist is to live thanksgiving, to live as thankful people. Of course this theme suggests that all we do and be as the Body of Christ comes from our gathering together as we share the sacred meal left to us by Jesus.

*Living the Eucharist* is to learn how to dance, either for the first time or a new dance completely. We, together, have been doing that now for over four years and looking back there is much good to show for our collective work. By necessity to a degree, we have spent a goodly amount of energy on ourselves as a diocese, regaining trust, strengthening connections, bettering communication and responsiveness to questions, all the while continuing the generous legacy this diocese has. Over these last four years we have given well over a million dollars through the *We Will Stand With You* companionship with St. Paul, New Orleans, *Nets for Life*, and this past year's *Wine into Water*. I don't want to steal Chuck Hamilton, ERD diocesan coordinator's thunder, who you will hear from tomorrow, but the short story is: you have done it again! *Living the Eucharist*.

So, you might be wondering, what next? That is really the theme of this address if there is one at all, what next? As to our focus for giving

and outreach, in this next year we are going to focus our attention on the Episcopal Church's *Rebuild Our Church in Haiti* campaign.

When the earthquake hit Haiti in January 2010 it effectively leveled the most populous diocese of the Episcopal Church. Most people do not know Haiti is part of the Episcopal Church USA, or that it is the largest. Seventy percent of church buildings were considered a total loss. Diocesan-run schools, clinics and hospitals that served over 100,000 Episcopalians, as well as countless community members, were wiped out in 35 seconds.

Many of the services we expect from the government — healthcare, education, culture — are provided in Haiti by the Episcopal Church. And many governmental agencies and NGOs have rushed to fill these needs in the aftermath. Episcopal Relief & Development (ERD) is partnering with the Church in Haiti to provide short-term employment, provisional homes, and sanitation systems in addition to other community-focused recovery programs. The Clinton-Bush Haiti Fund sponsored mobile health clinics, and a United Nations fund has underwritten the clean-up of six neighborhoods in Port-au-Prince.

But there is one thing no one else can rebuild for the Episcopal Church: Holy Trinity Cathedral. ERD is doing all it can, and what it does, but it does not do this. Holy Trinity was the home of the famous murals that depicted the biblical narrative; the Cathedral was a beacon in a land where strength of faith is inversely proportional to economic development.

Holy Trinity Professional School and the primary and secondary schools also located on the Cathedral grounds, raised up future leaders in an environment of cultural and spiritual

grace. In 35 seconds, it was all reduced to rubble.

Bishop Jean Zaché Duracin, who sat at my table at the House of Bishops until just recently, and the people of Haiti have asked for our help. The Episcopal Church, acting through the Executive Council, has asked every Episcopal diocese and congregation to join in this initial phase of rebuilding the Diocese of Haiti, and so we will. Our offerings will begin with the offering taken up at the service tonight.

I am happy to say that Jennifer King Daughtery has agreed to chair this project for us. Jennifer is a member of Emmanuel, Mercer Island, and a postulant for Holy Orders. She is the go-to person on this, and if you can't find her, find me. You will hear much more about this as the year goes on but suffice it to say for now: our goal is to buy one brick, for \$10, for every communicant in this diocese; one brick to help our brothers and sisters in Haiti. We will be focused on this for the coming year until our next convention.

Our primary time for the campaign will be the Great Fifty Days of Easter, but much work will need to be done in preparation to lead up to that, and if you have another time you wish to do it, we will certainly work with you on that. Jennifer is going to need a coordinator in every congregation and other volunteers too, so step up, or say yes when asked. Over this year we are going to be taking up some of the questions you may have and we will be answering them, but suffice it to say, some of the biggest questions heard are: Will the money be used for what we raise it for. There is an excellent protocol and procedure set up for just this, and I have great faith in it. That is also available.

That is how we will give outside ourselves; *Living the Eucharist*.

These first four years have been about setting directions, settling in, building the basic foundations needed to create what is to come next. I have to say on the diocesan level, perhaps that has been a bit more directed by me in this first few years. Even before becoming your

bishop, in reading the profile you set forth, I came up with three major focus areas, which have developed into the vision for our work together over these last four years. Those three are congregational development, concentrating on people 35 and under, and stewardship of all our resources.

In congregational development we have seen some amazing things occur, at the forefront of which is the development and wild success of our College for Congregational Development. Nearly 200 people, clergy and lay, have attended, and we are now seeing second teams from the same congregations come through. Our stewardship efforts are wide, and surely suffered a serious blow with the death of Canon Carl Knirk, but I am most grateful we called Canon Lance Ousley (since no one had come from Texas recently we went there to find him). He, like me, worked closely with Carl; he understands that legacy while bringing his own fresh style. The focus we have struggled more with is concentrating on those 35 and under. When this comes up, I think we still find ourselves in the programming mode; we still want to be handed a program: Just tell me what to do to get these folks interested in our church. But this one is not programmable, it is a cultural shift, and I want us to spend some energy here because it will be a learning for the cultural shift all faith traditions are making right now.

I am currently reading a book that I highly recommend, by Mike Kinnamon of the Barna Group entitled *You Lost Me: Why young Christians are leaving church...and rethinking faith*. This is interesting because it is not about those we have not yet touched, it is about those who consider themselves Christian and are leaving. Living with a 15 year old, who has loved church in the past, and still does, but is sharing concerns, some of this resonates. The book should be read by us. I am seriously considering using this for one of our reading journeys this year, and a brief look will not do it justice, but for the sake of our upcoming discussion, let me



throw out the six overarching reasons Barna found for this exodus.

This generation finds the church to be **Overprotective:** They want to re-imagine, recreate, rethink; and they want to be entrepreneurs, innovators, starters. The church is seen as a creativity killer where risk taking and being involved in culture are anathema and shallow. Among this coming generation, the most common perception of churches is that they are boring, with easy platitudes, proof texting, and formulaic slogans. They have been anesthetized by these, leaving them with no idea of the gravity and power of following Christ. How do we see the gravity and power of following Christ?

**Antiscience:** Many young Christians have come to the conclusion that faith and science are incompatible. They see the mostly helpful role science plays in the world they inhabit. What's more, science seems more accessible, where the church is not; science seems to welcome questions and skepticism, while matters of faith seem impenetrable.

**Repressive:** Religious rules – particularly sexual mores – feel stifling to the individualist mindset of young adults. Consequently they view the church as repressive.

**Exclusive:** Although there are limits to what this generation will accept and whom they will embrace, they have been shaped by a culture that esteems open-mindedness, tolerance, and acceptance. Thus Christianity's claims of exclusivity are a hard sell. They want to find areas of common ground, even if that means glossing over real differences.

**Doubtless:** Young Christians (and former Christians too) say the church is not a place that allows them to express doubts. They do not feel safe admitting that faith doesn't always make sense. In addition, many feel that the church's response to doubt is trivial and fact focused as if people can be talked out of doubting.

When we consider what comes next, we have to consider this? And I believe we are

poised as the Episcopal Church in unique and wonderful ways to answer these.

The completion and results of our fourth Mutual Ministry Review will be shared with this convention tomorrow. I commend that presentation to you, but let me say, for now, in summary it shows a faithful people moved from attention to the concerns of diocesan headquarters and to more attention toward and on congregations; moving from a concern about trust, responsiveness, and connectedness, to a place of better health and wellness, and an overwhelming expressed desire to move to a new level, to begin to imagine not just stability and safety but asking what comes next?

With that in mind, in this next year your Standing Committee and I are in discussions with Russ Crabtree, author of *The Fly in the Ointment: Why denominations aren't helping their congregations and how they can*, to come and spend the next year, culminating in the fifth MMR. Our intention is to be much more intensive and hopefully much wider in scope, including questions and opportunities for all who want to have a say, to do so. The focus will be on what we want to do, where we want to go, and who we want to be in the next five years of our journey in mission. You will hear about this review earlier because it will take more work and input to pull off, but our prayer is the effort will be worth what we find out from you, and what we find out about ourselves as a diocese, and what we find out about our hopes and dreams for these next days and years.

Before I get too far along, I wanted to deal with some old business. Last year I believe I stood before you and talked about Cheez Whiz. It was yet another instance for you to question just what you were thinking when you elected me your bishop; an act I continue to marvel at and for which I am deeply grateful. I stood before you then acknowledging that I had done more than my fair share of putting away things probably not much better for you than Cheez Whiz thereby packing on about 25 pounds in the three years since becoming your bishop. I also

packed it on because, if the people of this diocese know how to do one thing, it is eat, and cook, because you do that so well. Those Montesano pancakes with powdered sugar and lemon juice (OOH). I made a mistake and told people I am a pecan pie fan and at one stop, I think St. Philip's, Marysville, I had to taste six different versions (now honestly, it wasn't that bad at all!). I arrived at St. John's, Snohomish this week and they handed me, no lie, as I walked in the door, a dark beer which their famous St. John's Brewer's had brewed, in one hand, and a glass of red wine in the other. It's good to be Episcopalian. We know how to eat, unfortunately I don't know when to stop. Last year, I stood before you and I vowed to try to learn, in hopes of losing the 25 pounds I had packed on since coming here.

I figured I needed about 750 of my closest friends to keep me accountable. I might have counted on your graceful forgetting of my pledge, but instead I decided to try to do something about it. Here is a kettle bell, one incidentally that has helped me in the task at hand. This is a 25 pound kettle bell and it represents the weight I vowed to lose. Today, I stand before you to report in on my progress. As of yesterday I have lost the 25 pounds, and I am only one pound shy of losing another 10, for a total of 34 pounds.

Now, just so you know you have not walked into an episode of the Biggest Loser, I promise not to spend the whole time on this, but, in a sense, it does relate, because in a sense, we are all, as a diocese, and a faith tradition, going to have to go on a diet. We cannot eat what we did before, or live as we have. We are going to have to exercise a bit more, get moving. I am part of a task force in the House of Bishops focused on the cost of healthcare due to, mostly, our inability to take care of ourselves. Early in this next year we are going to offer, paid for and presented by our Church Medical Trust, a day on clergy wellness. This has been offered so far in Arizona and Texas, and we are next. In Arizona the bishop made his clergy attend,

made it mandatory. I can only imagine how that went. He said he was not a very popular guy up to the event, but after the day the clergy and spouses and partners are offered the chance to enter a six week follow up program. The Medical Trust estimated they might get 30 people to do it. Over 120 out of 180 did it. So, when your clergy get this invitation in January, gently insist they attend. It will be one day, and I think it will be worth it. Healthcare is perhaps one of our country's greatest moral issues right now. WE have got to address it, and where we can, as a Church, we must include ourselves. It will only be properly addressed from multiple angles and together. As much as this one is a personal issue, it is a communal one too, for this Church, and for this country.

But our communal diet also is one that is church wide. Bishop Stacy Sauls, new Chief Operating Officer of the Episcopal Church, at this last House of Bishops meeting in Quito, shared a bold plan for reorganizing the Episcopal Church. I urge you to take a look at this proposal and I promise you we will engage it. All of these – local, diocesan, national – will take sacrifice and change, but we all know this about diets: They only work if they stop being a diet and become a way of life.

This is what it will be for us *Living the Eucharist* in these days.

So, we are going to try to make this address a conversation. At your tables you are now going to take up some questions. This is the beginning of next year's Mutual Ministry review right here, right now.

The questions are based in an idea from Russ Crabtree and some basic truths about organizations. An organizational culture basically consists of four key elements: A set of key ideas, a language, a set of values and norms, and a system of rewards and penalties. What are ours as a diocese? And a church?

So we, you and I, continue to learn how to dance. I was reading the other day that when Fred Astaire made his first screen test the Hollywood Executive wrote, "Can't act, can't

sing, slightly balding, can dance a little." We see where he went. We have the greatest power behind us. We can learn a new dance too. Our very own George Herbert, that great pastor,

priest, and poet in our tradition once said, "He who lives in hope, dances without music."

**The Rt. Rev. Gregory Rickel**  
**October 20, 2011**  
**Lynnwood, Washington**

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## Treasurer's Report to Convention – 2011

I had planned to begin this year's report with a joke or a quip, but the subject of money seems more fraught this year than in the recent past. So I won't even try.

The first part of this report will deal with 2010 year-end numbers, because those are the ones for which we have audited statements. As I say every year, it seems somewhat odd to report on events that are 10 months old, but that is the way the fiscal year and our convention calendar work. As you may remember, not-for-profit institutions generally keep financial records on a fund accounting basis. We have several funds: The Operating Fund, the Trust Account Fund and the three real-estate related funds. The Operating Fund, which includes the program funds managed by the Diocesan Council and approved annually by Convention, has the largest cash flows. In 2010, total support and revenue in the Operating Fund was \$7.4 million. Of this, \$3.6 million came from assessments, and another \$360,000 from endowment income. This makes up the \$4 million that we are accustomed to discussing in our regional and pre-convention meetings. An additional \$1 million was earned from conference center, camping and program fees, and \$800,000 from various government grants. The Operating Fund also records \$213,000 as in-kind income from the Trust Funds for the fair rental value of Diocesan House. This last is a wash because it is also included as expense. The Operating Fund ended

2010 with a healthy surplus – an improvement over 2009 which was a bookkeeping loss. The program budget, which Convention votes on, ended the year 2010 with a \$130,000 surplus.

The expenditure items are familiar from budget discussions at regional and pre-convention meetings. You may be somewhat surprised by the size of our camp and conference center income. Camp Huston and St. Andrew's House are active 12 months of the year, booking Episcopal events and camps in season and accommodating other non-profit groups as their schedules allow. Both Bill Tubbs at Camp Huston and Jeff Gruber at St. Andrew's House actively market open times to non-Episcopal groups and should be recognized by Convention for their good work. Our camp and conference center operations are self-supporting, overseen by advisory boards, and a credit to the foresight of previous generations of Episcopalians in western Washington.

Another revenue stream that might surprise you is the size of the 2010 grant income that was secured by our Refugee Resettlement Center, or RRC, which is managed by Greg Hope and Summonat Pattavon. The RCC doesn't get much time on the Convention agenda, so I'd like to use a little of my time to make a plug for them. The RRC deals with persons selected by the U.S. Department of State and referred to Seattle by our national church's refugee office. They

pick up families at Sea-Tac Airport and take them directly to an apartment they have already prepared to welcome them. The apartment will have beds, tables and chairs (mostly donated), house wares, bedding and even food for a few meals. Then the real work begins, as they work to teach or improve the refugees and asylees English language ability and prepare them to find a job. They are so effective at getting people ready for work, that the King County Jail recently asked them to bid on a contract to prepare a small group of recently-released misdemeanants for employment. RRC's proposal for a micro-enterprise loan program was one of 12 recently approved by the U.S. Government from over 300 proposals submitted nationwide. Micro-enterprise loans provide funds to set up small clothing stalls, or install fire alarms and lights to qualify a house as a small day care, or to buy a trailer so a person can go into the haulage business. Loans can be as high as \$15,000, but some are as small as \$200 and the average is \$4,000. Bishop Rivera would be so pleased by this because this sort of social action is very close to her heart. The RRC also has enrolled 300 low income persons in what are called Individual Development Accounts, regular bank accounts to help people accumulate capital to start businesses by regular saving. The diocesan finance office keeps track of these accounts on an individual basis, and Director Greg Hope or Assistant

Director Summonat Pattavon or one of their staff at the RRC individually approve each request for withdrawal.

I hope this excursion into two of our direct-service programs gives you a flavor of the other parts of the Operating Fund.

The diocese had Trust Funds on hand at the end of 2010 in the amount of \$26.1 million dollars, of which \$19 million was donor-restricted, \$1.9 million was unrestricted but designated by the Board of Directors, and \$3.6 million was held in trust by the diocese for the benefit of certain congregations by the terms of the bequest. For those of you writing this down, the above does not add up to \$26 million, and if you want to know about the rest, see me during a break.

Real estate-related funds totaled \$23 million at the end of 2010, of which \$21 million was the stated value of the mission congregations, which are carried on the books of the diocese until those congregations become parishes. This, it must be remembered, is acquisition cost, or historical cost. It is a far cry from replacement cost. Indeed, the Board of Directors learned this week from our property insurer that the replacement value of all the buildings in the diocese (except the two largest churches) is estimated at \$239 million – nearly a quarter of a billion dollars.

Leaving the year 2010 behind, I am pleased to report on some 2011 activity, especially the status of assessment payments. The amount of assessments in arrears is about 4%, about half what it was last year, and down from about 11% three years ago. I attribute this to many causes, but believe that part of it is the active participation of the Council Budget and Finance Committee, led this year by

Joe McGuire, and the Canon to the Ordinary, and perhaps a soupçon of nudging from the Congregation in Good Standing resolution adopted last year.

I have good news for congregations preparing 2012 budgets. The Insurance Committee, under the able leadership of Steve Day, approved a renewal of our existing property and casualty insurance with no increase in premium and a three-year no-increase guarantee. The terms of this policy provide for flood coverage without additional premium or a flood rider, which is quite rare in the insurance industry.

While I'm passing out attaboys, I should mention Bill Goodenough, the Board Representative for Property, who reports each year on the status of building and property loans undertaken by the Board of Directors. His report is on your convention DVD.

A brief word about the Diocesan Investment Fund (DIF) may be in order before I close. The DIF has rebounded nearly to its pre-2008 levels. That's the short story and it's good news. But Chris Smith-Clark wanted me to tell you about the DIF meeting held just three days prior to federal-debt-ceiling-default-day earlier this summer. The atmosphere in the committee room was subdued. Most of the committee members are professional money managers. Some own their own local investment firms, with their own money at risk. One by one the chair led the members to discuss in "coded language" so as not to reveal proprietary information, what their firms were doing to protect against what many feared could be a deep financial rupture. Then the members sought to apply what they were doing

in their own firms to the DIF. After a much consideration, they concluded they had positioned the DIF for the long term, and about one year earlier taken steps to diversify across global markets, (possibly the biggest change in the investment mix of the committee in the last half-dozen years) so there was no upside to changing the mix now. Over the next five days the market went nuts, and the chair contacted committee members to ask if they wanted a special meeting. One by one they weighed in by e-mail and said, "Stay the course." Ten days later the fund balance was back where it had been during the solemn meeting. Our third quarter meeting is next week. I can hardly wait.

Finally, or next to finally, I want to say how much the Treasurer's Office will miss the services of our capable accountant, Paster Soong. Paster, that's a name, not a title, has been with the diocese for 15 years. She has quietly established herself as an adamant defender of careful expense and accounting practice. None dares challenge her. She was, sadly, recently widowed and is returning to Hong Kong to be with family. We will greatly miss her and her devotion to our enterprise.

Finally, as treasurers do every year, knowing that all delegates have had an opportunity to study and absorb the 2012 budget for the Diocese of Olympia at regional and pre-convention meetings, I move the ratification by Convention of the Council-recommended budget for 2012.

**Mr. Steve Faust**  
**Diocesan Treasurer**

# Section 3

## *Reports to the 2011 Convention*

### Holy Orders Report (A.8)

**Postulants – Priesthood:** Edith Burkhalter, Christ Church, Seattle; Michael Carroccino, St. Paul, Bellingham; Jennifer Daugherty, Emmanuel, Mercer Island; Curtis Farr, Good Shepherd, Vancouver; Alfredo Feregrino, St. Mark, Seattle; John Forman, St. Paul, Seattle; Josh Hosler, St. Thomas, Medina; Alex Labal, St. Columba, Kent; Sarah Monroe, St. Mark, Montesano; Laura Murray, St. Paul, Bremerton; Jonathan Myers, Church of the Apostles, Seattle; Alisaabeth Newton, St. Paul, Seattle; John Powless, Church of the Apostles, Seattle; Diane Ramerman, Christ Church, Anacortes; Kate Rickard, St. Paul, Seattle; Carol Rodin, Christ Church, Anacortes; Eliacin Rosario-Cruz, Church of the Apostles, Seattle.

**Candidates – Priesthood:** Christine Hertlein, All Saints, Bellevue; Jessie Smith, St. Andrew, Tacoma; Brenda Sol, Trinity, Seattle; Craig Vocelka, St. Paul, Bremerton.

**Transitional Deacon:** Halcott Cater, Trinity, Seattle; Janet Loyd, Transfiguration, Darrington.

**Postulants – Diaconate:** David Culp Jr., Holy Spirit, Vashon Island; Doug Dahlgren, Christ Church, Tacoma; Eric Johnson, Christ Church, Anacortes; Laura Ellen Muglia, St. Mark, Seattle; Catherine Scheinder, St. John, Gig Harbor; Polly Shigaki, St. Peter, Seattle; Eric Stroo, All Saints, Bellevue.

**Candidates – Diaconate:** Mark Blindheim, St. Andrew, Seattle; Carter Hawley, Redeemer, Kenmore.

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### Final Agenda (A.13)

Diocese of Olympia 101<sup>st</sup> Annual Convention

Friday-Saturday, October 21-22

*Living the Eucharist*

#### Friday, October 21

1:15-3 pm Exhibit Exploration

1:15-2 pm Workshops

- The How-to Guide for Applying and Reporting on Congregational Grants
- The Diocese & Technology – What's New?
- DSOMAT/Faith Nexus – What's New in Adult Formation
- Year Round Stewardship

2:15-3 pm Workshops

- A Taste of the College for Congregational Development
- The Diocese & Technology – What's New?
- DSOMAT/Faith Nexus – Christian Formation to Heal the World, in partnership with Episcopal Relief & Development
- Year Round Stewardship

3:05 pm Orientation

3:30 pm **Convention Business Session #1**

*Opening prayer / Call to order / Certification of quorums / Declaration convention organized for business*

3:45 pm **Bishop's Address & Conversations**

*Introduction of head table / Welcome from host congregations / Appointment of parliamentarian and chancellors / Dispatch of Business report / Privilege Committee report / Nomination & election of Secretary / Appointment of assistant secretaries / Office of the Bishop Report on Congregational Status / Canon 14 actions / Nominations Committee report / Ballot #1 / Announcements*

5 pm

**Break / Exhibit Exploration**

5:30 pm

**Convention Eucharist**

7:30 pm

**Social Hour / Fellowship Time**

#### Saturday, October 22

8 am – on Registration

8 am – on Exhibits open

8:30 am **Convention Business Session #2**

**Morning Prayer**

*Ballot #1 Report / Ballot #2 / Bishop appointments / Appointment of Disciplinary Board / Treasurer's Report / Action on 2012 budget / Resolution #1 2013 Diocesan Assessment Rate / Resolution #2 Cost of Living Adjustment (COLA) for 2012 / Resolution #3 Supply Clergy Compensation / Resolution #4 Suspend and Reconsider Mandates Imposed by GC Resolution A177 / Courtesy Resolutions / Faith Action Network / Episcopal Relief & Development / General Convention Actions / Table Discussion – Insurance / Ballot #2 Report / Ballot #3 / Announcements*

10:30 am **Break / Exhibit Exploration**

11:00 am **Plenary Sessions – Living the Eucharist**

- The Eucharist as Spiritual Direction for Life in Community
- In Work Life, in Civic Life, in Family Life, in School Life
- The Church Feeding the Hungry, Giving Drink to the Thirsty & Clothing the Naked

12:00 pm **Lunch / Exhibit Exploration**

1:15 pm **Convention Business Session #3**  
*Opening prayers / Ballot #3 Report / Ballot #4 / Presentations & Awards / Report on Bishop's Mutual Ministry Review / Resolution #5 Diocesan Council Restructure / Resolution #6 Establish the First Sunday in Lent as Episcopal Relief & Development Sunday / Resolution #7 Thank You for Justice for Working People / Dismantling Racism Training Team /*

*Greetings from CDSP / Church World Service / Bishop's Committee on the Environment / Clergy and staff transitions / Mission to Seafarers / Constitution & Canons Report / Ballot #4 report / Recognitions / Six-hour Resolutions / Final announcements / Bishop's Final Remarks*  
**Closing Prayers & Commissioning**  
4:00 pm Adjourment

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## Nominations Committee Report to Convention (B.4)

MEMBERS OF THE 2011 NOMINATIONS COMMITTEE: **Dr. Leann Torgerson-Harrison**, *Trinity Church, Everett (Sno Isle)*, chair; **Ms. Jeannie Jackson**, *Good Samaritan, Sammamish (Eastside)*; **the Rev. Rilla Barrett**, *Church of Our Saviour, Monroe (Sno Isle)*; **the Rev. Bonnie Campbell**, *St. Mark's Church, Montesano (Willapa)*; **Mrs. Joy Goodenough**, *Church of the Ascension, Seattle (Holy C)*; **Mrs. Jan Hanson**, *St. Stephen's Church, Longview (Columbia)*; **the Rev. Stephen Moore**, *All Saints' Church, Bellevue (Eastside)*; **Ms. Diane Stipp**, *St. Stephen's Church, Seattle (Be Attitudes)*; and **Ms. Pam Tinsley**, *St. Andrew's Church, Tacoma (Rainier)*.

### STANDING COMMITTEE CLERICAL ORDER

**The Rev. Rachel K. Taber-Hamilton**; *Rector, Trinity Church, Everett (Sno Isle)*: Rachel's past committee work includes serving on several diocesan committees, including the Dismantling Racism Training Team, the Commission on Ethnic Ministries, the First Nations Committee and Diocesan Council. For two years, she served as the representative of the Episcopal diocese to Governor Christine Gregoire's office. Additionally, Rachel served as co-chair of the Bishop Search Committee during our most recent search process (2005-2007). Board Certified in healthcare chaplaincy, Rachel previously served on the rota of clergy for the Komo Kulshan cluster, as an associate at St. Augustine's in-the-Woods in Freeland, and as rector of St. Stephen Episcopal in Oak Harbor. *"From my earliest childhood, I have understood this universe, this world, and all that is within it as Sacred and my responsibility therein to cultivate each life for its own sake. My goals are to promote mutual (and self) understanding for the purposes of nurturing love and working peace – which is to say – in every way given to me, I strive to establish God's Kingdom of Heaven within Creation."*

### STANDING COMMITTEE LAY ORDER

**Rebecca (Becky) Clark**; *St. Matthew/San Mateo, Auburn (Evergreen)*: Becky is currently senior warden; recently finished a term on the Commission on Ministry; served on SC/Liturgy & Music and three subcommittees; served diocesan/provincial/national indigenous ministries; served on Diocesan Council, Commission for the Church in the World; Suffragan search committee; diocesan transition committee; as alternate/ deputy (elected for three, attended last two conventions); Cursillo (rectora '02); Community of the Holy Spirit associate; EFM graduate, mentor for last two years. Her interest/goal in serving on Standing Committee would be to bring a new cultural perspective. She believes the church is changing and we need to be aware of our diverse cultures as we live into those changes. Becky is a retired parish office administrator. *"I know God heals, comforts, and sustains me as I walk this journey. I may have felt lost yet I know I am not abandoned. I may have felt grief and I know I am*

**The Rev. Rilla Barrett**; *Priest-in-Charge, Church of Our Saviour, Monroe (Sno Isle)*: Rilla is familiar with the ordination process in our diocese, having recently traveled it, and would feel blessed to be part of the process with others answering a call to ordained ministry. Currently, she is priest-in-charge at Church of Our Saviour, Monroe. She was also the curate in Komo Kulshan Cluster and served with multiple and unique congregations. Before ordination, her twenty-nine years as a public school teacher in Washington reinforced respect, confidentiality, and discretion in her professional (as well as private) relationships. As a lay person, she served a term on the Bishop's Commission for Education (one year as chair), on cluster council, and, at St. James, Sedro-Woolley, several terms on the bishop's committee, serving both as junior and senior warden. *"God is very present to me in creation, in the relationships I have with others, and in Word and Sacrament. I live with a Rule of Life, part of my Third-Order Franciscan vocation, crafted as a frame upon which my life is lived – always in the presence of God as I strive to do God's work (with God's help)."*

*not abandoned. Through the stresses and joys of life I know God is with me if I but open my eyes and see. 'How great is the love the Father has lavished on me, that I should be called his child. For that is who I am.' 1 John 3:1."*

**Creamy Wilkins-Manning**; *Christ Church, Anacortes (Mt Baker)*: Creamy presently serves on the bishop's committee, works with the worship committee, and is in her fourth year EFM class. She is a Community of Hope facilitator at Christ Episcopal Church. She enjoys serving and working in the church community. Creamy also participates in serving food to the homeless in her community. Creamy is a retired lab-tech in microbiology. *"As I walk with God on my Christian journey, I am rewarded with a newness of life with the Holy Spirit leading and guiding me through the day as I share his love, joy and hope through caregiving and ministering to others."*

## DIOCESAN COUNCIL

**Mr. Joe McGuire; St. Bede, Pt. Orchard (Peninsula):** Joe describes his experience as follows: St. Bede's – senior warden, stewardship chair. St. John the Baptist, West Seattle – stewardship and capital campaign committee. Diocesan – member, Commission for Stewardship and Planned Giving. He is a current member of Diocesan Council and chairs the diocesan Budget & Finance Committee. Professionally – 25 years middle management at AT&T, two years public accounting, and 10 years private tax practice. He has management, leadership and organizational skills. Joe is a social justice advocate and believes a diocese exists primarily for the benefit of its congregations. *"God and I have a strong yet turbulent relationship. But this I know is true: I strive to love God and my fellow man. I believe that the reason we exist is to help one another. God gave me talents. I know I must continue to use and development them. This is not always easy. I have a strong interest (though limited talents) in financial areas. I have helped the Church in these areas and hope to continue."*

**Deacon Norman Dennis Taylor:** For St. Paul's, Mount Vernon, Dennis has been alternate and delegate to convention, vestry member, treasurer, clerk and senior warden. Other roles included newsletter and electronic display editor, search committee, discernment group and cluster formation member. For many years he served as Faith Community Nurse for both St. Paul's and the Komo Kulshan Cluster. Diocesan service includes BACOM team, Student Scholarship Committee, NEXUS board and diaconal formation team. Dennis is a registered nurse and diocesan liaison for National Episcopal Health Ministries. *"My daily experience of God is to be reminded of the sacredness of all created things in God's eyes and to look for God in the faces of everyone I encounter for they all have something to teach me."*

**Ms. Kara Hunt; St. Aidan's Church, Camano Island (Sno Isle):** Kara describes her experience at St. Aidan's as: Bishop's Committee (2005-2008); senior warden (2006-2008); member, *Caring Connection*, altar guild, Women of St. Aidan's; graduate of

EFM (Education for Ministry). She organized the remodel committee and chaired the committee for the congregation's "Golden Jubilee" 50<sup>th</sup> anniversary, in 2009. The past two years she facilitated a "Connect" class Lenten series. This summer Kara co-chaired the Summer Festival, an annual outreach sale. *"I continue the mission to nurture and care for our congregation through serving as a chalice bearer and lector, as well as serving on the hospitality committee to help congregational development and growth at St. Aidan's. I meet regularly with a small group to nurture my daily life through prayer and support. My past experience living my faith has been in Cursillo serving as rectora and a presenting couple with my husband in Episcopal Marriage Encounter for 15 years."*

**Ms. Rebecca (Becky) Moore; St. Andrew's, Seattle (Be Attitudes):** Becky is a life-long Episcopalian. She served on the choir, altar guild, the vestry and as delegate to convention for the Church of the Holy Apostles in the Diocese of Western Tennessee. At St. Andrew's, Seattle, she served on the choir, as prayer leader, on the vestry, and as senior warden. She is currently serving her 6<sup>th</sup> year as the chair of the Technology Committee. Becky served over 5 years as delegate and alternate delegate to convention, currently serving as alternate. She served as regional co-facilitator for Be Attitudes for several years. She also served on the Diocesan Technology Committee, and as its chair. Becky has completed 2 of 4 years of EFM. In her corporate role as a Sr. Project Manager, she is responsible for various projects and programs, their budgets, and their schedules. *"One person can make a difference and something as simple as prayer or a smile can have a profound impact. I appreciate everyone has a faith, story, and talents that are uniquely theirs. My prayer is for God's grace to provide me with strength of purpose, clarity in communication, and the heart to do what I'm called to do."*

## CATHEDRAL VESTRY

**Mr. Michael D. Evans, Epiphany Parish of Seattle (Holy C):** Church Leadership Background: Member – Epiphany Parish, Seattle since 1968. Vestry member on three separate occasions (classes of 1977, 1988 and 2005), senior warden on two occasions, junior warden on two occasions, Stewardship Committee on many occasions, including committee chair for the past 4 years. Parish Call Committee member in 1998. Continuous activity on the Epiphany Social Action Committee for many years. Currently serving on the leadership team for a Guatemala village support project with Agros International, 2005-present. Chair of the parish worship and liturgy committee for approximately 20 years. Also, now in year two, Education for Ministry. Church Choir participation, 1974 - present. Member, Diocesan Council for 7 years, approximately 1978-1985. Three year Cathedral Chapter membership shortly after that. Served on two Diocesan Commissions, including the apportion task force in the late 80's, and on the first board for the Episcopal Charities Appeal. Non-Church Experience: Family physician, Group Health Cooperative, 1974-present. Served in a number of leadership capacities during that time. Board Member – Therapeutic Health Services in the late 80's. Skills: As noted, extensive stewardship and parish budgeting activity over many years. Past participation in Leadership Skills Institute, resulting in a good working knowledge of group dynamics. Past activity on call committees, including calling two Rectors in the mid-80's (one of whom served for less than two years). Gifts, experiences from spiritual life: Extensive participation in Cursillo, 1975-1989. I've been in prayer group activities for over 30 years.

## GENERAL CONVENTION 4<sup>TH</sup> LAY ALTERNATE

**Nancy I. McConnell, St. John's Church, Snohomish (Sno-Isle):** Nancy helped start the Creation Stewards, which she chairs, at St. John. Creation Stewards focuses on reducing our energy footprint, raising awareness of our Christian duty to care for creation, and on feeding the hungry. She also joined the Bishop's Committee for the Environment (BCE) and became chair in

January 2009. The BCE worked to pass the Genesis Covenant at convention and is training churches to use the EPA's carbon calculator for houses of worship. She represents the BCE on the Church in the World and Stewardship commissions. *"I believe in community, the transforming power of people working and praying together to carry out Christian responsibilities. I would listen to fellow*

deputies and consider their positions carefully. I won't hesitate to speak out for what I believe."

**Randolph W. Urmston, St. Mark's Cathedral, Seattle (Holy C):**

Randy has been a member of St. Mark's Cathedral for 35 years, serving on vestry twice, once as senior warden, and delegate to diocesan convention. He is currently active on the Mid East Task Force and the Bishop's Committee on Israel/Palestine. He was

fortunate to attend a Sabeel Conference in Bethlehem in February 2011 with eight others from St. Mark's. Randy's goals include strengthening and growing the Church and increasing its efforts in support of peace in Israel/Palestine. Randy is an attorney. *"My theology supports inclusiveness, social justice, sustainability and concern for the human rights of Palestinians, while encouraging discipline in the Church and support of its traditions."*

SECRETARY OF THE DIOCESE OF OLYMPIA

**The Rev. Marda Steedman Sanborn, St. James' Church, Kent:** Marda is currently the rector of St. James Parish, Kent, a suburban parish in the Evergreen region. She serves the Diocese as a member of the Congregational Consulting Network, is a member of the Board of Directors and Constitution and Canons Committee, on the staff of the College for Congregational Development and has served on the Commission on Ministry, and Board of Examining Chaplains. She has also taught at the Diocesan School of Ministry and Theology. In addition, Marda has served on numerous Cursillo and Kairos teams and been a member of the Secretariat. *"Practicing the presence of God in a Eucharistic context (taken, blessed, broken, given) prepares me to enter into worship, service and ministry with others. Sharing our stories reminds us that real community is the discipline and devotion of disparate people bearing up with one another in the hard tasks of love."*

ARCHIVIST AND RECORDS MANAGER

**Ms. Diane Wells:** Diane Wells is completing her seventeenth term as Archivist & Records Manager. Her goal is to maintain high archival and records management standards in the care of diocesan records and to provide archival and records management expertise to the congregations, ministries and institutions of the Diocese. Diane is currently implementing improved access to the archive's collections via the Internet. She is active in professional organizations including the Episcopal Archivists, the Society of American Archivists and the Association of Records Managers and Administrators. She has graduate degrees in history and library science, a certificate in records management and is a certified archivist. *"God has a plan for each of us. In order to live into that plan we must understand the context of the world in which we live. Context is based on history, on documented memory, which enables us to learn from those who have gone before. The focus of my entire ministry is on preserving those memories."*

TREASURER

**Mr. Steve Faust:** Steve is completing his third term as diocesan treasurer. He has also served as treasurer of the Greater Seattle YMCA and the Church Council of Greater Seattle. Diocesan positions include chair of the Personnel Commission and member of a convention-mandated committee created to consider various Lambeth statements, which reported conclusions to Convention. He has also been a convention delegate on several occasions. Steve is a member of Epiphany Parish of Seattle and serves the parish as a licensed lay Eucharistic minister, chalice bearer and member of the worship committee. He is a life-long banker and currently an executive officer of a small bank in Seattle. *"I experience God in word and prayer and song. I endeavor to bring what I hope will be pleasing to God to my thinking and working time, my reflection time and my joyful time."*

HISTORIOGRAPHER

**Br. Carle Griffin, OCP, Community of the Paraclete, Seattle:** Br. Carle has served in parishes as lay reader, acolyte, Eucharistic minister, lector, junior warden, member of bishop's committee, and stewardship chair. In the Community of the Paraclete, he has served as Minister, Guardian, treasurer, and national vocation director. Currently, he serves as diocesan historiographer and has held this office since 2003. Br. Carle has a B.A. and M.A. in history from U.C. Berkeley. As historiographer he has presented illustrated talks on diocesan history and the history of St. Mark's Cathedral. He wrote a history of St. Andrew's House and a brief history of the diocese which appears on the diocesan website. His goal is to continue informing people about our past through presentations and a comprehensive history. *"As I grow in my journey as an Episcopalian and Paracletean I find that my faith in God and my commitment to following the way of Jesus guide my actions in every sphere, including work and relationships with neighbors. Congregational development and growth as well as the evolution of spirituality are major subjects of my research into diocesan history."*

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## Resolutions Committee 2011 Report to Convention (D.2)

Diocese of Olympia

RESOLUTIONS COMMITTEE

2011 Report to Convention

MEMBERS OF THE RESOLUTIONS COMMITTEE: **Mr. Duncan Bayne, St. Mark's Cathedral, Seattle, chair, Diocesan Vice-Chancellor; Ms. Mary Maxon, Emmanuel Church, Mercer Island; the Rev. Jim Neal, St. Hugh's of Lincoln, Allyn; Mr. Ralph Provencal, St. Benedict's Church, Lacey; the Rev. Suzi Robertson, Good Samaritan Church, Sammamish; Mr. David Swim, St. John the Baptist's Church, Seattle; and the Rev. Jonathan Weldon, St. Paul's Church, Bellingham.**



## Resolution #1 – 2013 Diocesan Assessment Rate

*Submitted by the Diocesan Council*

**Resolved,** That this 101<sup>st</sup> Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2013 diocesan assessment rate factor be set at 17.0% of the Net Disposable Income (NDI). Explanation: In accordance with Canon 7, Diocesan Convention determines the assessment rate for the second year of assessment following determination; thus the 2011 Convention sets the 2013 assessment rate. This Diocesan Council recommendation is consistent with its efforts to reduce diocesan expenses and its long-term commitment to pass any savings from these reductions on to the congregations. A .5% reduction in assessment rate (from 17.5% in 2012 to 17.0% in 2013) reflects an estimated reduction in assessment revenues of approximately \$110,000. It is the hope of the Diocesan Council that this projected decrease in revenues be offset as the economy continues to improve and work continues on our goal to reduce the assessment payment shortfall. We continue to see very stable assessment payments in 2011; at the end of July the net assessment payment shortfall is about 5% (as it has been since the beginning of the year). In this stressful economic climate, all but ten of the 93 congregations have stayed current or are within one month of current with assessment payments. Diocesan Council is thankful for these efforts. It is hoped this will continue and even improve as we complete the year –coming in well under the 2011 projected shortfall of 8%. Long term, Diocesan Council continues to consider changes to the assessment basis and/or rate; including a recent request to Bishop Rickel to establish a task force to work on this challenge. While the present assessment system has been in place since the late 1970s and was reviewed once in 1993 (convention that year did not accept any of the proposed changes), this proposed review will be undertaken in conjunction with the current mission strategy and programs established for our Diocese. **Recommendation of the Resolutions Committee:** Do PASS

## Resolution #2 – Cost of Living Adjustment (COLA) for 2012

*Submitted by the Personnel Commission of the Diocese of Olympia*

**Resolved,** That this 101<sup>st</sup> Convention of the Diocese of Olympia set the Cost of Living Adjustment for 2012 parochial clergy salary scale at 3.5%. Explanation: As required by Canon 23, Sections 2 and 5, the Personnel Commission, in July, 2011, proposed the Cost of Living Adjustment (COLA) for 2012 for the parochial clergy salary scale at 3.5%. This is based on the Bureau of Labor Statistics (BLS) for West Coast cities under 1,500,000 population (Bremerton/Tacoma) COLA information for the calendar year June 2010 to June 2011, which showed an increase in the cost of living of 3.2%. The Commission rounded the adjustment up to the next half percentage because of signs that the CPI will continue to rise over the coming months. For information purposes the Commission on Personnel offers the clergy salary scale adjusted for the proposed COLA increase:

### Commission on Personnel—2012 Parochial Clergy Salary Scale

GRADE	MINIMUM	MID-POINT	MAXIMUM
A	\$78,465	\$98,083	\$117,698
B	\$71,333	\$89,165	\$106,999
C	\$64,836	\$81,046	\$97,255
D	\$58,952	\$73,689	\$88,426
E	\$53,658	\$67,072	\$80,487

## APPLICABLE POLICIES:

### MANDATORY POLICIES (APPLIES TO RECTORS AND VICARS)

1. If church-owned housing is provided, the range is reduced by 20% plus the amount of any utilities provided, either in form of actual utility costs paid or in allowances provided.
2. Clergy must be paid at least the minimum of the applicable range.
3. Clergy with five (5) or more years of ordained service must be paid at least 90% of the mid-point of their congregation's applicable grade. *Note: A clergy person with less than five (5) years should be given pay raises greater than the cost-of-living adjustment so the salary would reach the 90% of mid-point by the fifth year.*
4. Clergy with ten (10) or more years of ordained service must be paid at least 100% of the mid-point of their congregation's applicable grade. *Note: A clergy person approaching (10) years in the same grade or congregation should be given pay raises greater than the cost-of-living adjustment so the salary would reach the 100% of mid-point by the tenth year.*
5. Exceptions to these policies require approval of the Bishop.
6. All financial agreements with clergy must be rewritten or amended in their Letter of Mutual Ministry Agreement (LOMMA) to reflect changes in compensation or provisions and a copy forwarded to the Bishop.

### Advisory Policies:

1. For assisting clergy, it is recommended that minimum compensation be established at two salary grades below that established for the parish or mission, depending upon qualifications and experience.
2. If a congregation is moving toward a higher grade, that congregation would be wise to increase toward that new salary grade incrementally.
3. For interim clergy of a parish or mission, it is recommended that compensation shall be at the grade level of the parish or mission, prorated for the percentage of time committed.

**Recommendation of the Resolutions Committee:** Do PASS

## Resolution #3 – Supply Clergy Compensation

*Submitted by the Personnel Commission of the Diocese of Olympia*

**Resolved,** That the 101<sup>st</sup> Convention of the Diocese of Olympia set the minimum rate of compensation for supply clergy at Sunday Liturgy with Sermon\*: One liturgy \$210; Two liturgies \$260; Weekday Liturgy: \$85; Educational/Pastoral Duties: \$25 hr (preparation and performance). \**Sunday liturgy includes liturgies falling on other days that require significant preparation and duties, such as Christmas, Holy Week liturgies, parish feast days, significant Saturday or Sunday evening liturgies. Congregations and supply clergy should clarify for such liturgies when making an agreement for service.*

- Standard IRS business mileage rates and direct transportation costs, such as ferries, etc. shall be reimbursed.
- Reimbursement for lodging and meals must be negotiated in advance.
- Negotiation of rates below this minimum under special circumstances requires approval of the Bishop.
- These are minimum standards. Supply clergy and congregations may negotiate a higher compensation rate. Nothing herein precludes supply clergy from donating their services.

**And be it further Resolved**, that these rates be tied to the annual COLA and be changed annually by rounding up in \$10 increments.

Explanation: This resolution broadens "Sunday Liturgy" as many congregations require supply clergy assistance at liturgies that occur on Saturday or Sunday evenings, principal feast days, and other occasions when the preparation and performance required is equal to that of a principal Sunday liturgy. This resolution directs congregations to compensate supply clergy for those liturgies as if they were principal Sunday liturgies. Second, this resolution applies the proposed COLA adjustment stipulated in the supply clergy resolution approved at the 98<sup>th</sup> Diocesan Convention.

**Recommendation of the Resolutions Committee: Do PASS**

#### **Resolution #4 – Suspend and Reconsider Mandates Imposed by GC Resolution A177**

*Submitted by the Personnel Commission of the Diocese of Olympia. Approved by the Diocese of Olympia Commission on Personnel on July 21, 2011. The Clergy Association of the Diocese of Olympia (CADO) Board, at its July 28, 2011 meeting, moved to endorse this resolution and urges its passing.*

**Resolved**, that the 101<sup>st</sup> Convention of the Diocese of Olympia calls upon the 77<sup>th</sup> General Convention to suspend the January 1, 2013 deadline for the implementation of Resolution A177; **And be it further Resolved**, that future modifications in the Denominational Health Plan lead toward the equitable provision of health insurance to lay employees and clergy while giving dioceses the ability to develop practices that are just and feasible in their respective contexts. Explanation: The Mission Priorities established by the 76<sup>th</sup> General Convention include "Growing Congregations and the Next Generation of Faith" and "Strengthening Governance and Foundations for Ministry." The Diocese of Olympia wholeheartedly supports these priorities and asks for the suspension of Resolution A177 because its implementation will inhibit the Church in its attempt to realize them. In the Diocese of Olympia full implementation of Resolution A177 could benefit a few lay employees and clergy who are scheduled to work "full-time" (at least 1,500 hours per year) and do not presently have medical coverage paid for by their congregation. However, given the precariousness of funding in all congregations, the approach to parity which is mandated by Resolution A177 would likely make this benefit for a few short-lived while distracting the laity and clergy of all the congregations of the Diocese with multiple full-time employees from their Ministry. Resolution A177 requires that each Diocese establish a minimum level of paid coverage for lay employees and clergy and mandates that any paid coverage offered to lay employees must be offered to clergy, and *vice versa*. One unintended consequence of Resolution A177 would be that vestries would tend to see the minimum level established by the Diocese as an "accepted standard" and reduce existing paid coverage to this level. Then clergy and lay employees presently receiving more than this minimum would see their benefits package reduced. In the case of clergy whose congregations presently pay premiums for dependents this reduction could be devastating. Yet any attempt by a vestry to transfer lost benefits to another category of remuneration would go against the principle of equity. Another unintended consequence of Resolution A177 would be that financially hard-pressed congregations would tend to reduce the hours of lay employees and clergy so that they fall under the threshold of eligibility. Ensuring just healthcare benefits for all church employees is a goal that the Diocese of Olympia shares with the drafters of Resolution A177. However, this Resolution

threatens to undermine the morale and financial viability of the very ministry vocations on which "Growing Congregations" and "Strengthening Governance and Foundations of Ministry" must depend. We request therefore that Resolution A177 be suspended, and that any future mandates issued to the Dioceses and congregations across the United States be designed to aid and encourage diverse Dioceses and congregations to progress on their own terms toward the goals of parity and justice, rather than imposing mandates which lead in the opposite direction.

**Recommendation of the Resolutions Committee: Do PASS**

#### **Resolution #5 – Diocesan Council Restructure**

*Submitted by the Diocesan Council*

**Resolved**, that the 101<sup>st</sup> Convention of the Diocese of Olympia amend Canon 6 and Canon 19 of the Canons of the Diocese of Olympia to reflect changes in membership and the election process of the Diocesan Council as follows:

##### **Canon 6: The Diocesan Council**

Section 1: The Bishop and Council of the Diocese, as hereinafter constituted, shall be known as the "Diocesan Council" and shall exercise powers of Convention between the meetings thereof.

Section 2: The Diocesan Council shall consist of the Bishop, Bishop Coadjutor, Suffragan Bishops, if any, ~~ten (10) and two members (one clergy and one layperson) one representing elected from each of the ten Regional Ministries, one clergy and one laypersons, three (3) members, clergy or laypersons, elected by the Diocesan Convention, and up to six (6) members, clergy or laypersons, appointed by diocesan Program Commissions.~~ All members shall be elected at the annual convention according to a regional rotation. All lay members shall be adult Communicants in Good Standing; all clergy members shall be canonically resident in the Diocese of Olympia. The convention Nominations Committee shall be charged with selecting nominees according to Article XIV, section 2.

Section 3: The Bishop shall be the President of Council, provided that the Bishop may delegate the presiding function at any meeting to another member of Council.

Section 4: In 2012, representatives shall be elected as follows: Mt. Baker Regional Ministry, one clergy representative for a one-year term and one lay representative for a two-year term; Sno Isle Regional Ministry, one clergy representative for a two-year term and one lay representative for a three-year term; Be Attitudes Regional Ministry, one clergy representative for a three-year term and one lay representative for a one-year term; Holy C Regional Ministry, one clergy representative for a one-year term and one lay representative for a two-year term; Eastside Episcopal Churches Regional Ministry, one clergy representative for a two-year term and one lay representative for a three-year term; Evergreen Regional Ministry, one clergy representative for a one-year term and one lay representative for a three-year term; Rainier Regional Ministry, one clergy representative for a two-year term and one lay representative for a one-year term; Peninsula Regional Ministry, one clergy representative for a three-year term and one lay representative for a two-year term; Willapa Regional Ministry, one clergy representative for a three-year term and one lay representative for a one-year term; Columbia Regional Ministry, one clergy representative for a one-year term and one lay representative for a two-year term. Beginning in 2013, or as terms expire, regional representatives shall be elected according to the continuing rotation schedule to serve as members of the Diocesan Council for three-year terms.

No member who has served on Council for two consecutive full terms shall be eligible for re-election until the expiration of one year. The Council shall have power to fill any vacancies in its membership and shall fill any such vacancies for any position if the unexpired term is more than eleven (11) months. Absent resignation, removal from office, or death, a member's term shall continue through the close of the Annual Convention session.

~~In 1997, Regional Ministries A, D, G, and J of the Diocese shall each elect one representative, who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a three year term; Regional Ministries B, E, and H of the Diocese shall each elect one representative, who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a two year term; Regional Ministries C, F, and I of the Diocese shall each elect one representative, who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a one year term. Beginning in 1998, or as terms expire, each Regional Ministry of the Diocese shall elect one representative who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a three year term. In 1997, the Diocesan Convention shall elect one person who shall be an adult Communicant in Good Standing, either clergy or lay, to serve as a member of the Diocesan Council for a three year term, one person to serve for a two year term, and another person to serve for a one year term. Beginning in 1998, the Diocesan Convention shall annually elect one person, who shall be an adult Communicant in Good Standing, to serve as a member of the Diocesan Council for a three year term. No member who has served on Council for two consecutive terms shall be eligible for re-election until the expiration of one year. The Council shall have power to fill any vacancy of terms of those persons elected by the Diocesan Convention, and the Bishop shall have the power to fill by appointment any vacancy of terms of those persons elected by Regional Ministries in the event such vacancy is not promptly filled by election by the respective Regional Ministry; such appointment by the Bishop to be undertaken in consultation with the convener and/or assistant convener of the respective Regional Ministry. Absent, resignation, removal from office, or death, a member's term shall continue through the close of the Annual Convention session.~~

### **Canon 19: Regional Ministries**

Section 1: The Diocese shall be organized into ten Regional Ministries for the purpose of promoting communication among the congregations and specialized ministries resident within each Regional Ministry area and within the Diocese-at-large, ~~election of such representation to the Diocesan Council as the Canons of the Diocese may direct,~~ and development of program and ministry by congregations and specialized ministries within each Regional Ministry and the Diocese-at-large. The member congregations in each Regional Ministry shall be determined by Diocesan Council.

Explanation: Rotation schedule would begin with staggered terms in 2012. The Diocesan Council (DC) has spent the past year considering both the way it works as a diocesan governing body and how best to populate itself to accomplish the goals and objectives set by convention, canon, our bishop and our diocesan vision, mission and priorities. This proposal increases the size of the DC by one member. It suggests that all members be elected by the whole convention while maintaining and even increasing

regional representation as there would be two positions elected for each region. Staggered terms provide for continuity, strengthening of partnership with regions, and mentoring between new and continuing DC members each year. In consultation with the bishop, the proposal reflects the elimination of commission representatives as voting members of the DC with a goal to improve interaction and oversight of all commissions (not just the five with seats on the DC under the current structure) and committees through the DC working process. This may include a rotation system for presentation and discussion with commissions throughout the year; commissions also may request time as needed on DC meeting agendas. Diocesan leadership desires the ability to create commissions and special committees as needed, for as long as they are needed, without the pressure of the accompanying DC membership. The current system does not represent all of the existing commissions; it also reflects a "silo" effect, where representatives are responsible to specific special interests. Modern communication, collaboration and leadership all point to systems which function as a network, rather than in discreet areas. Nominees from the regions will ideally have an understanding of their role as part of a network. Commissions would be free to encourage members to run for Council seats within their specific regions. The revised structure eliminates convention "at-large" positions; two positions from each region are elected to Council and would be elected by the whole convention. In addition, all current terms on Diocesan Council would end in 2012. Per Article XIV, section 2, the Convention Nominations Committee would recruit and nominate two candidates from the regions in which current positions are open. For instance, once the initial election of a full new Council is achieved in 2012, in 2013 the Nominations Committee would nominate two clergy persons each from Mt. Baker, Holy C, Evergreen and Columbia, and two lay persons each from Be Attitudes, Rainier and Willapa (those who were elected to one-year terms in 2012); the whole convention would elect one in each of these regions for a three-year term. **Recommendation of the Resolutions Committee: DO PASS**

### **Resolution #6 – Establish the First Sunday in Lent as Episcopal Relief & Development Sunday**

*Submitted by Chuck Hamilton, Episcopal Relief & Development Coordinator, Diocese of Olympia*

**Resolved**, that the 101<sup>st</sup> Convention of the Diocese of Olympia encourage congregations to celebrate Episcopal Relief & Development Sunday on the first Sunday of Lent, or another convenient Sunday during the Lenten season; **And be it further Resolved**, that the 101<sup>st</sup> Convention of the Diocese of Olympia encourage congregations and individuals to remember and support the life-saving work of Episcopal Relief & Development during Lent through prayer and a special offering that will help heal a hurting world. Explanation: The Episcopal Church's ongoing commitment to fight poverty and disease around the world is lived out in a variety of ways. Advocacy with our government for the achievement of the Millennium Development Goals is one vital way. Another is through the ministry of Episcopal Relief & Development, which, as the relief and development arm of The Episcopal Church, works globally to alleviate hunger, fight disease and strengthen communities. In 2008, the Presiding Bishop designated the first Sunday in Lent as Episcopal Relief & Development Sunday and as an annual celebration of Episcopal Relief & Development's role in our collective mission to seek and serve Christ in all persons. The Board of Episcopal Relief & Development believes that designating

the first Sunday in Lent as Episcopal Relief & Development Sunday would focus the church's attention on the important work of healing a hurting world. A bulletin insert is available from Episcopal Relief & Development to advertise this special Lenten Sunday. The Parish Representatives and the Diocesan Coordinator for Episcopal Relief & Development will be responsible for promoting this annual event. The only anticipated expenditures for an individual church would be copies of the ½ page bulletin insert and forwarding the special offering to Episcopal Relief & Development. **Recommendation of the Resolutions Committee:** DO PASS

#### **Resolution #7 – Thank You for Justice for Working People**

*Submitted by the Economic Justice Committee of Church in the World*

**Resolved**, that this 101<sup>st</sup> Convention of the Diocese of Olympia thank General Convention and the Executive Council of the Episcopal Church for recognizing the role of the labor movement in securing a place for workers at the table, and providing them with an opportunity for their voices to be heard, in improving wages, benefits and working conditions, and in affirming the dignity of work and providing avenues of seeking justice at the workplace. **And be it further Resolved**, that the Diocese of Olympia thanks General Convention for opposing legislative attempts to eliminate or reduce the collective bargaining rights of public and private sector employees as running contrary to our gospel understanding of community; **And be it further Resolved**, that the Diocese of Olympia commends the work of Interfaith Worker Justice in helping faith communities to establish ethical standards of worker justice in their employment, purchasing and contracting practices, and recommends the resources provided by IWJ as useful guides for faith communities; **And be it further Resolved**, that the Diocese of Olympia is to be applauded for making its purchasing and contracting decisions and considering the existence of union rights as a favorable factor; **And be it further Resolved**, that the Diocese of Olympia shall forward this resolution to the 77<sup>th</sup> General Convention of the Episcopal Church, and urge that the resolves contained herein shall be adopted by said Convention as the policy of the Episcopal Church; **And be it further Resolved**, that the Diocese of Olympia and the Office of Government Relations communicate this Resolution to the elected officials of the State of Washington, to the Congress and to the President, and that church members are urged to advocate in support of the principles contained herein. Explanation: We recognize the role of labor unions in struggling for civil rights, for social security, medical care and bringing about democratic reforms. We further recognize the need for the Church and the labor movement to work together, with others of good will, for the common good, and for a more just society. (1) The General Conventions of the Episcopal Church have adopted resolutions concerning the workers' rights, the role of labor unions, and living wages and benefits starting in 1982: 1982-

A058 Principles for Re-industrialization Plans; 1991-C054 Solidarity with Dominican Sugar Cane Workers; 1997-D082 Living Wage; 2000-D015 Fair Employment Practices at TEC; 2000-A081 Living Wage; 2004-A130 Living Wage; 2003-C030 Minimum Wage; 2006-C008 Right to Form Unions; and 2006-D039 Fix Our Broken Labor Laws. The Executive Council of the Episcopal Church as adopted Resolves on similar concerns: EC Resolves 1991 Support for Labor Rights; EC Resolves 1993 Resolution on NAFTA; EC Resolves 2000 Labor Rights at Kohl's; and EC Resolves 2007 Food Purchases and Farm Workers. (2) the Episcopal Church, at its recent Summit on Domestic Poverty adopted a Call to Action to alleviate poverty and injustice in our country. (3) the late Rev. Dr. Martin Luther King, Jr. described the American labor movement as "the first and pioneer anti-poverty program," and gave his life in the struggle to obtain union rights for the Memphis sanitation workers. And (4) in our Baptismal Covenant, we vow to "respect the dignity of every human being," that in the employment context, we are called to ensure that workers have a place at the table and the opportunity for their voices to be heard in determining their wages, benefits and working conditions. **Recommendation of the Resolutions Committee:** NO OPINION

#### **Six Hour Resolution – Restorative Justice**

*Resolution not considered by the convention*

**Resolved**, That the 101<sup>st</sup> Convention of the Diocese of Olympia endorse the exploration and study of restorative justice for use in congregational disputes and church disciplinary procedures; **And be it further resolved**, that the findings of this exploration and study be reported back to the 102<sup>nd</sup> convention of the Diocese of Olympia. Explanation: The Episcopal Church resolved to study restorative justice in the secular criminal justice system. If we wish to recommend this paradigm to others, we would do well to model restorative justice in our own trial court system and to bring our approach to ecclesiastical complaints and disputes into greater accord with New Testament principles of justice. *Resolution number: 2000-B003. Title: Endorse the Study of Restorative Justice in Criminal Justice System. Legislative action taken: Concurred as substituted. Final Text: Resolved, that the 73<sup>rd</sup> General Convention of the Episcopal Church endorse the exploration and study of restorative justice for our nation's criminal justice system; and be it further resolved, that the office of the Bishop for the Armed Services, Healthcare and Prison Ministries report back to the 74<sup>th</sup> General Convention the results of the study.* Other denominations have already begun to use restorative justice principles in their complaint/disciplinary processes with good results.

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#### **Courtesy Resolutions (D.3)**

*See page 11.*

## Committee on Constitution and Canons Report to 2011 Annual Diocesan Convention (E.1)

At its three meetings this year, our Committee considered clarifications to several canons and provided input to others with respect to resolutions proposing amendments to the Diocesan Constitution or Canons. We also assisted other diocesan groups in formulating their proposals for canonical changes. The following are changes that the Committee recommends for passage at Convention:

### Second Vote on Changes to Constitution

Our diocesan Constitution provides (in Article XXI) that it may be amended by a majority vote of the two orders voting separately at two successive annual meetings of Convention. Based upon recommendations from a task force created at the direction of the 2009 Convention, the Committee recommends a second and final vote to adopt the following clarification to Article II:

**Article II:** Acceding to ~~the~~ National Constitution and Canon of the General Convention

The Church in the Diocese of Olympia accedes to the Constitution and Canons for government of that branch of the Holy Catholic Church known as the of the Protestant Episcopal Church in the United States of America, and recognizes the authority of the General Convention of the same.

### First Vote on Changes to Constitution

#### Constitution, Article XIV, Section 2:

To conform the Constitution to recent practice, and based on a diocesan staff recommendation, we offer a clarification as to the number of members on the nominating committee (for Annual Convention), as follows:

At least ninety days prior to the Annual Meeting of Convention, the Bishop shall appoint a committee of not fewer than five members of Convention...

### Votes on Changes to Canons:

Pursuant to Canons 28 and 29, canons can be enacted or amended by a "vote of a majority of each Order." These amendments "take effect upon the adjournment of the meeting of Convention at which they are enacted" unless the Convention votes unanimously for the changes to take immediate effect.

#### Canon 14 (Dormant Parishes and Aided Parishes):

Canon 14 has not been updated for a number of years. With input from diocesan staff, the Committee suggests the following updating/clarifying changes:

**Section 1:** If any Parish shall for three consecutive years fail to elect a Vestry, or in any year to submit an Annual Parochial make a Report as required by Canon, the Bishop may report the fact to Convention. Upon consent by the Bishop, its union with Convention may, upon motion and vote, as prescribed in Article XVI of the Constitution, be suspended or dissolved and it may not be restored until it shall comply with such conditions as Convention may prescribe.

**Section 3(a):** After any year in which a Parish fails to do one or more of the following ...

3. Pay the full amount of the salary and benefits contractually promised to the Rector or to another Parish employee; the Bishop or a designated representative shall visit the Parish...

**Section 3(b):** After the third consecutive year in which a Parish has failed to meet any of items 3(a)(1-4) above, the Bishop may designate the Parish an "Aided Parish" according to the guidelines of this Canon, ~~and the Parish may be eligible for grants as approved by the Bishop and subject to funding by the Diocese.~~ ...

**Section 3(c):** The Bishop may also designate an "Aided Parish" in response to a joint written request from the Rector, ~~Wardens~~ and Vestry of any Parish, which sets forth the reasons and ~~causes~~ for such request.

**Section 3(d):** No later than six months after being designated an "Aided Parish," such Parish shall provide the Bishop with a written proposal for regaining financial independence ~~at~~ a Parish level. ..."

**Section 3(e):** "Aided Parish" status under this Canon shall continue for a term of three years ~~whether or not the Parish shall continue to need financial assistance for each of those three years.~~ The Bishop shall have discretion to extend...

**Section 3(f):** If at the end of its time as an "Aided Parish" under this Canon, the Parish remains unable to meet all the financial obligations described in items 3(a) (1-4) above, then the Bishop shall report said inability to Convention. Upon receiving such report, Convention may, upon motion and vote, prescribed in Article XVI of the Constitution, change the status of the Parish to that of an ~~Organized~~ Mission of the Diocese. If no such change is effected, the Bishop may extend the congregation's "Aided Parish" status.

**Section 4:** Whenever the status of a Parish is changed to that of a Mission, the Parish corporation shall immediately transfer title to all its property and assets to the Diocese of Olympia, Inc. The officers and members of such Parish corporation shall take all steps necessary to effect such transfer, after which they shall dissolve the Parish corporation.

#### Canon 21 (Commission on Church Architecture)

**Section 1:** There shall be a Commission of the Diocese to be known as the Commission on Church Architecture, which shall consist of the Bishop (or the Bishop's designee), together with at least two clergy members of the Diocese and four two laymen persons to be appointed by the Bishop. At least two lay members shall be professional architects. Other members shall have experience in a discipline involving design or construction of buildings and/or development of campus sites. The Diocesan property manager shall be a non-voting member of this Commission; and the Bishop shall have the power to add to this number. The Bishop shall appoint members to staggered three-year terms.

**Section 2:** The Commission is charged to provide experienced guidance and support on matters relating to building design, construction, modifications and site development, to all congregations and property managers in the Diocese, including the Board of Directors. The Commission shall review proposed projects, providing advice in matters of safety to persons and property, concurrence with Diocesan goals, Episcopal practice, general aesthetics, and compliance with applicable codes and regulations. The providing of such advice shall not be construed as providing design and shall not relieve any Diocesan entity from obtaining input from its own properly qualified professional designers.

**Section 3:** The Commission may adopt rules for submission of projects for consideration, subject to approval by the Bishop.

~~Section 2: It shall be the duty of every Mission to lay before this Commission the plans of any new church, chapel, or other church building or of proposed changes in any existent church, chapel, or other church building, and no such building may be erected without the approval in writing of such Commission.~~

~~Section 43: Missions, Parishes, and managers of properties owned by the Diocese shall present project documents describing any proposed construction or modification of buildings and/or sites to this Commission for review and advice. It shall be the duty of every Parish, by its rector, wardens and vestrymen, to lay before this Commission the plans of any new church, chapel, or other parish building, or of proposed changes in any such existent building, for their counsel and advice, which counsel and Such advice shall be given in writing within forty-five days one calendar month after the receipt of said documents/plans. As used herein, "modification" does not include reroofing, resurfacing or other routine maintenance of existing facilities.~~

**Canon 22: (The Commission on Ministry)**

At the request of the Commission on Ministry, the Committee recommends the following edits to Canon 22:

**Section 1(a):** One member of the Commission shall be chosen by the Standing Committee from among its members. Such members shall serve a one-year terms and may be re-appointed.

**Section 4:** At the first meeting of the Commission following the Annual Convention, the Bishop shall appoint a Convenor ~~and the Commission shall elect a Secretary from among the members.~~ The Secretary for Vocations shall be appointed by the Bishop and shall keep a record of Commission proceedings...

**Canon 27 (Questions of Procedure)**

To authorize reasonable rule-making authority for committees and commissions, the following edits to Canon 27 are recommended:

**Canon 27: Rules and Procedure**

Commissions and committees of the Diocese may adopt and amend rules for their own operation, which rules and amendments shall be subject to approval by the Bishop. The latest Revised Edition of Robert's Rules of Order shall determine questions of procedure not specifically provided for in these Canons.

Faithfully submitted, COMMITTEE ON CONSTITUTION & CANONS: Douglas Oles, Chair; Judith L. Andrews, Chancellor; Duncan Bayne, Vice Chancellor; Sarah S. Mack; Donna R. McNamara; Dede Moore, Diocesan Staff; The Reverend Stephen Moore; The Reverend Marda Steedman Sanborn.

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**Office of the Bishop Report on Congregational Status (E.2)**

All congregations not listed below are Congregations in Good Standing.

Congregations Not in Good Standing – as of October 12, 2011

St. Stephen's – Oak Harbor	Assessment (not St. Stephen's Episcopal Congregation – Oak Harbor)
St. Charles – Poulsbo	Assessment

Congregations in Provisional Good Standing

St. Matthew – Auburn	Prior Years Assessment, Current Assessment, Audit, Loan Payments
Grace – Bainbridge	Audit
St. Margaret – Bellevue	Prior Years Assessment (2011 assessment current)
St. Aiden – Camano Island	Audit
St. Matthew – Castle Rock	Audit
Transfiguration – Darrington	Current Assessment, Audit
Trinity Parish – Everett	Prior Year Assessment, Current Assessment
St. Augustine – Freeland	Audit
St. David – Friday Harbor	Audit
St. Columba – Kent	Loan with Board of Directors not as written
St. John – Kirkland	Prior Years Assessment (2011 assessment current) Audit
St. Benedict – Lacey	Prior Years Assessment (2011 assessment current)
St. Joseph-St. John – Lakewood	Prior Years Assessment (2011 assessment current)
St. Mary – Lakewood	Current Assessment, Audit
St. Philip – Marysville	Prior Years Assessment, Current Assessment, Audit
Emmanuel – Mercer Island	Audit
St. Paul – Mount Vernon	Audit
Grace – Lopez Island	Audit, Current Assessment
St. Christopher – Olympia	Audit
Holy Cross – Redmond	Prior Years Assessment, Current Assessment
St. Luke – Seattle	Prior Years Assessment, Current Assessment
St. Peter – Seattle	Audit
St. Stephen – Seattle	Audit
St. James – Sedro Wooley	Prior Year Assessment, (2011 assessment current), Audit
St. David – Shelton	Prior Years Assessment, (2011 assessment current)

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### Commission on Personnel—Letter to Diocesan Convention (E.3)

In 2011 the Diocesan Commission on Personnel has had an unusually active schedule. In 2009, General Convention passed Resolution A177 which called for

- The creation of a Denominational Health Plan that provides Health Insurance options to Dioceses of the Episcopal Church, as a group. The DHP is to be administered by the Church Pension Fund.
- All eligible clergy and lay employees (those who work 1,500 hours per year, or 30 + hours per week) will be required to have health insurance through the plan (with a few exceptions), the premiums for which will partially or fully paid by their employer congregation/institution, and there will be parity between clergy and laity within that congregation. Parity means “the same as”.
- Each Diocese is to determine a minimum employer-contribution amount that all congregations must meet.
- A congregation is free to pay more than the mandated minimum as long as they provide the exact same benefit to each eligible employee (clergy and lay).
- Compliance, according to the GC A177, is no later than December 31, 2012.

The Commission on Personnel was responsible for providing a resolution to this Convention recommending the minimum employer contribution for the Diocese of Olympia. We began working on this matter in earnest in 2010, learning the implications of A177, discussing the possible consequences of various decisions we could make on a minimum diocesan standard. One complicating factor is that, by long-time existing Diocesan Convention legislation, full-time clergy in our Diocese receive 100% employer contribution for the cleric and dependents. Were our resolution to set a lower minimum, it would change a long-time standard in the Diocese for clergy benefit compensation. If we were to set the minimum for lay and clergy at the current clergy level, compliance would not be economically feasible for many congregations.

Throughout 2011 we informed and listened to the input from the Diocese at

- the Warden's/Vestry Day
- Annual Clergy Conference
- A special meeting of rectors of A and B grade congregations who may be most affected by our decision
- four focus groups in different parts of the Diocese

The message we received from participants in this process is that, while GC A177 was passed with the best intentions of healthcare justice in mind, it may have many unintended adverse consequences for the church, particularly given our current economy.

**Resolution on A177:** The Commission on Personnel decided to put off a decision about a minimum employer contribution until next year's 2012 Diocesan Convention, following General Convention 2012 and unanimously determined that our most faithful response would be to share our findings with General Convention and ask General Convention to reconsider A177 and address the potential unintended consequences. That resolution is before you. If the Convention adopts the COP resolution, it will go to General Convention in 2012 for consideration. If you reject this resolution, it implies that the congregations in the Diocese of Olympia are willing to commit to providing healthcare benefits to eligible lay employees at parity with clergy healthcare benefits.

**Cost of Living Resolution (COLA):** The Commission on Personnel is responsible for providing a resolution to Diocesan Convention on clergy salaries according to cost of living. Our decision for change is based upon the Consumer Price index (CPI). Over the past two years, we have not advised a change in the clergy scale as the CPI had not increased significantly. This past year, however, the CPI has increased over 3% in our region, thus reducing the effect of clergy compensation. The COLA mechanism is meant to maintain the clergy scale at its current value. **Supply**

**Clergy Rate Resolution:** This resolution contains a small revision to our resolution of two years ago: it allows for the current reality in which some congregations have principal services on days other than Sunday mornings where the expected supply compensation would be the same as a Sunday morning; and it increases the rate according to the COLA as determined in our previous resolution.

The Commission on Personnel also engaged in discussion about aiding vestries and clergy in their compensation negotiations. Cheryl Middleton lead a terrific discussion of these issues to gain input from clergy about such negotiations entitled “Beyond COLA” at this year's clergy conference.

I am grateful to every member of the Commission on Personnel for the extra work they have put in this year and to our Diocesan House staff who have aided and supported us in this work: The Rev. Bill Fulton, St. Anthony's, Silverdale; Cheryl Middleton, St. Andrew's, Seattle; Courtney Searles-Ridge, St. Paul's, Seattle; Jim Quitslund, Grace, Bainbridge; The Rev. Jonathan Weldon, St. Paul's, Bellingham; Linda Beardslee, St. George's, Maple Valley; Linda Bruen, Good Samaritan, Sammamish; Lynn Frink, Epiphany, Seattle, The Rev. Paul Collins, Trinity, Seattle; and The Rev. Canon Joan Anthony, Chris Smith-Clark, and Sharon Pethers of Diocesan House.

**Yours faithfully,**  
**The Rev. Kevin Pearson, Chair**

## 2011 Convention Committees (E.4)

### Constitution & Canons Committee

Ms. Judith Andrews, *Diocesan Chancellor*  
Mr. Duncan Bayne, *Diocesan Vice Chancellor*  
Ms. Sarah S. Mack, *Trinity Church, Everett*  
Ms. Donna McNamara, *St. John the Baptist, Seattle*  
Ms. Dede Moore, *Bishop's Executive for Governance*  
The Rev. Stephen Moore, *All Saints, Bellevue*  
\*Mr. Douglas Oles, *Redeemer, Kenmore*  
The Rev. Marda Steedman Sanborn, *Secretary of Convention*

### Resolutions Committee

\*Mr. Duncan Bayne, *St. Mark's Cathedral, Seattle*  
Ms. Mary Maxon, *Emmanuel, Mercer Island*  
The Rev. Jim Neal, *St. Hugh of Lincoln, Allyn*  
Mr. Ralph Provencal, *St. Benedict, Lacey*  
The Rev. Suzi Robertson, *Good Samaritan, Sammamish*  
Mr. David Swim, *St. John the Baptist, Seattle*  
The Rev. Jonathan Weldon, *St. Paul, Bellingham*

### Nominations Committee

The Rev. Rilla Barrett, *St. Paul, Mt. Vernon*  
The Rev. Bonnie Campbell, *St. Mark, Montesano*  
Mrs. Joy Goodenough, *Ascension, Seattle*  
Mrs. Jan Hanson, *St. Stephen, Longview*  
Ms. Jeannie Jackson, *Good Samaritan, Sammamish*  
The Rev. Stephen Moore, *All Saints, Bellevue*  
Ms. Diane Stipp, *St. Stephen, Seattle*  
Ms. Pam Tinsley, *St. Andrew, Tacoma*  
\*Dr. Leann Torgerson-Harrison, *Trinity, Everett*

### Insurance Committee

Mr. Gerald Coe, *St. Mark's Cathedral, Seattle*  
\*Mr. Steve Day, *Epiphany Parish of Seattle*  
Mr. Steve Faust, *Diocesan Treasurer*  
Mr. Phillip Haas, *St. Mark's Cathedral, Seattle*  
Mr. William Meacham, *St. John, Kirkland*  
Ms. Carrie Rohlik, *Staff Liaison*  
The Rev. Raymond Sheldon, *Faith Church, Kingston*  
Mrs. Chris Smith-Clark, *Canon for Finance*

### Committee on Privilege

\*The Rev. Ken Grabinski, *All Saints, Bellevue*  
Ms. Dede Moore, *Bishop's Executive for Governance*  
The Rev. Canon Joan Anthony, *Canon to the Ordinary*

### Commission on Personnel

Ms. Linda Beardslee, *St. George, Maple Valley*  
Ms. Linda Bruen, *Good Samaritan, Sammamish*  
The Rev. Paul Collins, *Trinity, Seattle*  
Ms. Elisabeth Demmon, *St. Antony, Silverdale*  
The Rev. William Fulton, *St. Antony, Silverdale*  
Ms. Cheryl Middleton, *St. Mark's Cathedral, Seattle*

Ms. Cindy Miller, *St. Luke Memorial, Tacoma*  
\*The Rev. Kevin Pearson, *St. Luke, Renton(CADO)*  
Ms. Carol Pollock, *St. John, Gig Harbor*  
The Rev. Canon Jonathan Weldon, *St. Paul, Bellingham*  
The Rev. Canon Joan Anthony, *Staff*  
Ms. Sharon Pethers, *Staff*

### Commission on Church Architecture

The Rev. Janet Campbell  
Mr. Guy Falskow, *St. Stephen, Seattle*  
Mr. William Goodenough, *Bishop's Rep for Property*  
The Rev. Canon Robert Hayman  
Mr. Kenneth Large, *Good Samaritan, Sammamish*  
Mrs. Jeannette Moore, *St. Mark's Cathedral, Seattle*  
Mr. Allen Moses, *Redeemer, Kenmore*  
Mr. Frederick Pneuman, *St. Thomas, Medina*  
Mr. Ralph Provencal, *St. Benedict, Lacey*  
Mr. Nate Thomas, *Grace Church, Bainbridge Island*

### Commission on Ministry

The Rev. John Allen, *St. John, Olympia, Standing Committee*  
The Rev. Doyt Conn, *Epiphany Parish of Seattle*  
The Rev. Arienne Davison, *Grace, Bainbridge Island*  
Mr. William Demmon, *St. Antony, Silverdale*  
The Rev. Kim Forman, *TCM Missioner*  
The Rev. Gen Grewell, *St. Benedict, Lacey, Archdeacon*  
Ms. Heidi Kim, *St. Mark's Cathedral, Seattle*  
Ms. Roberta Newell, *St. Mary, Lakewood*  
Mr. Blaire Notrica, *Secretary for Vocations*  
Mr. Karl Oles, *Church of the Redeemer, Kenmore*  
The Rev. Kathleen Patton, *St. Stephen, Longview*  
The Rev. Mary Shehane, *Church of the Ascension, Seattle*  
The Rev. Stephen Crippen, *St. Mark's Cathedral, Seattle*  
The Rev. Kate Wesch, *Epiphany Parish of Seattle*  
The Rev. Gail Wheatley, *St. Andrew, Port Angeles*

### Liturgy & Arts Commission

Mr. Jason Anderson, *St. Michael & All Angels, Issaquah, Music*  
The Rev. Elizabeth Bloch  
Ms. Susan Bloomfield, *St. Benedict, Lacey, Music*  
The Rev. Janet Campbell, *Canon for Liturgy*  
The Rev. Gen Grewell, *St. Benedict, Lacey, Diaconal*  
Mrs. Deborah Hickey-Tiernan, *Liturgical Arts chair*  
The Rev. Joseph Hickey-Tiernan, *Liturgical Catechisis & Theology chair*  
The Rev. Mary MacKenzie, *Christ Church, Seattle*  
Ms. Becky Morrill, *St. Mark's Cathedral, Diocesan Liturgist*  
The Rev. Carla Robinson, *All Saints, Seattle*  
The Rev. Steven Shaver, *St. Paul, Seattle*  
The Rev. Samuel Torvend, *St. Paul, Seattle*

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## Report of the Committee on Privilege (E.5)

The Committee on Privilege recommends that the following persons be given the privilege of voice or seat and voice at the 101<sup>st</sup> Annual Convention of the Diocese of Olympia.

**Retired Bishops now residing in the diocese, if present :** The Rt. Rev. Cabell Tennis, Bishop Retired, Delaware; The Rt. Rev. William Choi, Bishop Retired. **Officers of the Diocese/Convention who are not members of Convention:** Mrs. Diane Wells, Archivist and Records



Manager (voice). **Diocesan Staff members who are not members of Convention:** Mr. Blaire Notrica, Executive Assistant to the Bishop & the Canon to the Ordinary; Ms. Dede Moore, Bishop's Executive for Governance; Mrs. Kathleen Hamilton, Canon for Youth and Young Adults; Mr. Bill Goodenough, Representative for Property. **Mission Stations:** Salvador Morales & Hortensia Gonzalez, Resurreccion, Mt. Vernon; Eric Mason & Elizabeth Maupin, Church of the Apostles, Seattle; Joseph Deng & Philip Kuol, St. John's Sudanese, Tukwila; Matt Hornyak & Jerome Wright, St. Germain, Hoodspart. **Diocesan Youth Presence:** Denaya Blalock, St. Columba, Kent; Sheena Burleigh, Church of the Good Shepherd, Vancouver; Jacqueline Garnett, Trinity Church, Seattle; Eric Lee, Emmanuel Church, Mercer Island; Carolyn Milander, Grace Church, Bainbridge Island. **Others who are not members of Convention:** Ms. K. Ann McCartney, Dispatch of Business & Parliamentarian. **Those presenting reports to this Convention (voice only during time of report):** Mr. Jason Anderson & Ms. Susan Bloomfield, convention musicians; Dr. Leanne Torgerson-Harrison, Nominations Committee; Ms. Katie Akesson, elections; The Rev. Eldon Olson, Bishop's MMR; Ms. Becky Morrill, Liturgy & Arts Commission; Ms. Nancy McConnell & Ms. Marilyn Hall, Bishop's Committee on the Environment; Mr. Christopher Carpenter, Church World Service; Mr. Chuck Hamilton, Episcopal Relief & Development; The Rev. Richard Felton, Church Divinity School of the Pacific; Ms. Claudia Eberly, Mission to Seafarers; Ms. Alice Woldt, Faith Action Network.

**Clergy canonically resident, but not domiciled or ecclesiastically employed within the Diocese of Olympia, if present:**

Adams, Richard	Heller, Jan	Shirota, Andrew
Ayers, Phillip	Keller, Patterson	Smith, Robin
Bell, John	Kolbet, Paul	Snyder, Ken
Berge, Clark	Lambert, John	Stewart, Daniel
Blue, Gordon	Lindsey, Barrett K.	Stewart, Ralph
Bogel, Marianne	Maier, Andrea	Taylor, Robert
Brock, Charles	Marchand, Richard	Tench, Jack
Clark, Corbet	McCaw, Mary	Tomter, Patrick
Cleveland-Stout, Jennifer	McDaniel, Judith	Ward, Karen
Conklin, Daniel	Michelfelder, Becky	Weber-Johnson, Jered
Dement, Thomas	Miller, A. Scott	Whitfield, Ann
Easton, Elizabeth L	Moore, David	Williams, Robert H.
Elkins, Donald	Rivera, Nedi	Wilton, G.W Paul
Foisie, Stephen	Robertson, Patricia	Wolfe, Eugene
Gitane, ClayOla	Rouffy, Edward	Yearwood, Kirtley
Hammond, Constance	Ruder, John	

**Clergy licensed in the Diocese of Olympia, if present:**

Allaire, Nancy	Gallagher, Robert	McMurtry, Herbert
Armstrong, Pamela	Gillett, Richard	Miller, Donald
Axberg, Keith F.	Goddard, John	Minter, Russell D.
Barnett, Webster	Greenwood, Don	Moore, Diane
Bethell, James	Harper, Helen	Ortung, Thomas
Beveridge, Robert	Harris, Carl	Ostertag, Ed
Bird, Julie	Helsel, Verle	Powers, Robert
Bourne-Raiswell, Margaret	Holly, F.E.	Rodman, Reginald
Brown, Marilynn	Hubbard, Winfield	Shippen, Sallie
Brown, Robert	Hubbard, John	Tudor, William
Callahan, Carol	Kirking, Kerry	Van Eenwyk, John
Campbell, Dennis	Kreis, Sandra	Watson, Stennis
Dexter, Raymond	Larive, Armand	Whitmore, Charles
Echols, Beth	Larson, L. John	Williams, Henry
Edwards, Nancy	Marie, Christine	Willis, Andrew
Elliott, James	Maxwell, William	

*Submitted by, Committee on Privilege: (The Rev. Ken Grabinski, chair; Ms. Dede Moore; Canon Joan Anthony)*

## Mutual Ministry Review Executive Summary

The purpose of the Diocesan Mutual Ministry Review is to provide a process, which includes the voices of clergy and laity, for critical appraisal of the ministries carried out across the Diocese.

Questions were asked about accomplishments, what is working well and is positive in our life together, and what challenges and issues do we face in the future, to be addressed by clergy and congregation and Diocesan leadership. Methodology: Conversational, creating 'listening stations' for free-flowing

conversations of 60-90 minutes. 6 listening points with 26 congregations participating. Interviews with Diocesan staff and governing bodies. Web survey. Locations of Listening stations: Seattle, Olympia, Longview, Port Angeles, Mount Vernon, Vancouver. Fewer participants than in 2009, low clergy

participation. Also HYC but only staff participated; youth did not choose to attend workshop times available to them.

Comparison with 2009 MMR:

1. Focus in 2009 primarily on new Bishop. In 2011 only Diocesan staff spoke much of Bishop. Current focus is on Diocesan partnerships with and among congregations, regionally and locally, and on streamlined administrative processes of accountability and transparency.
2. In 2009 there was much focus on Diocesan staff and programs. Now the emphasis is on congregations, their ministries and connectedness between congregations and partnership with the Diocese. "We are no longer part of the Diocese – the Diocese is part of us."
3. In 2009 there were 'silos' of programmatic areas and interests. Now there is a much more of a common mind around a holistic Diocesan Mission.
4. Today there is a call for a mindset that is less focused on differences, more focused on common challenges.
5. In 2009 there were more concerns about budgetary restraints, staff reconfiguration, and a relatively new Bishop. Conversations in 2011 were distinctly more candid, honest, reflective, and creative. It seems that it is now safer to express challenging and provocative thoughts. Still there is a widespread realization that church faces complex challenges.

These observations are the result of generalizations made by the facilitator, interpretive assumptions from countless comments made at 'listening points'.

Four initiatives of recent years that must be lifted up as consistently valued throughout the Diocese. Each accomplishment raises questions and concerns:

1. Increased accountability and transparency leading to enhanced trust throughout Diocese:
  - a. Joint Finance Panel providing shared policies and oversight for Board of Directors', Diocesan Council's and Standing Committee's financial domains.
  - b. Move from subsistence grants to incentive grants, grants for mission.
  - c. More consistent and timely administrative responses are offered to congregations in crisis and conflict, and in processes of calling a priest.

Concerns: some are calling for alternative formation for deacons, emergent church leadership, and equipping for leadership in parishes that can no longer afford to have stipendiary clergy.

2. Happy with lay leadership training being carried out through College for Congregational Development and through new Region-based lay training workshops, seminars and resource sharing. Looking forward to implementation of video-conferencing system.

Concerns: Diocesan focus on under 35 found to be difficult and even unjust by persons in churches with mostly retirement age members. College for Congregational Development costs are too expensive for some congregations. Geographic challenges of the Diocese.

3. Hope for Diocese to provide models for safe conversations around complex and politically-charged issues.
  - a. Social/political/economic issues of local and/or national importance. How can the church provide an arena of civility for conversations around economic justice, diversity, etc.?
  - b. Concerns around multi-cultural ministry, emergent church movement, TCM model for non-stipendiary ordained and lay leaders. Response at Diocesan level has been primarily structural. Response on local level tends toward 'silo' mentality. These need to be addressed by the whole of the Diocese, moving these conversations into the public arena where the whole church can honor the integrity of these concerns without allowing divisive polarization.
4. Diocese needs to be aware that it is increasingly standing on holy ground.
  - a. There was an evident pastoral concern for one another from Diocesan staff, regional ministries, and Diocesan governing bodies and committees. Concern for persons and parishes.
  - b. Could be more than it is: ecclesiastical organization with administrative agendas, programmatic response to congregational needs, and fellowship and friendship of common faith and ministry.
  - c. Possibilities and needs for realizing this shift:
    - i. More opportunities for fellowship across the Diocese;
    - ii. Covenants that provide guidelines for developing Core Values;
    - iii. Creating safe context for engaging in more complex and potentially divisive conversations.

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## Report of the Archivist & Records Manager (October 2011)

The Archivist and Records Manager is the official custodian of diocesan records and responsible for the direction and implementation of the Archives and Records Management Program of the Diocese. [www.ecww.org/archives/index.cfm](http://www.ecww.org/archives/index.cfm) Last year we celebrated the 100th anniversary of diocesan status. As part of that celebration the Archives sponsored and developed two major history projects: A video entitled "Becoming the Diocese of Olympia, 1910-2010," which was shown at last year's convention and a CD entitled: "Becoming the Diocese of Olympia, the Congregations," which updated our congregational histories first published in the book, "More Than 100 Years of Ministry..." published in 1989. The information contained on this CD was included with last year's report and after making a few corrections, and because I would like it to reach as many people as possible, I am including it with this year's report as well. Soon, I hope to make it available on the diocesan website. 2011 has also been a very busy year. I continue to consult with congregations on the topics of records

management and archives; to write a regular column, *Archives in Action* which appears in *FYI* <http://www.ecww.org/search/node/FYI> ; to write a segment for the clergy spouse/partner online newsletter, *A La Mode*, to work with other diocesan archivists to increase interest in and knowledge of archives and the importance of preserving our documentary heritage; to provide archival reference service; to manage our own diocesan archives with all that entails; and to provide tours of Diocesan House which is such a treasure in our midst. This year at the annual meeting of the Society of American Archivists I attended a number of sessions devoted to social media and in conjunction with several of my colleagues I am currently working on the development of a social media policy for the diocese. And, directly related to that is one "event" that I am particularly looking forward to - the launch of my Archives blog. Also called, ARCHIVES IN ACTION, I will address archives and records management issues, respond to questions you may have and provide glimpses of our diocesan history through historical photographs, stories, quotations, etc. The wonderful thing about social media is that it is a two-way-street – and I hope that I will hear from many of you as I embark on this venture. For more information look for the Archives exhibit at Diocesan Convention as we celebrate the theme, *Living the Eucharist*. I look forward to seeing you.

Respectfully submitted by,  
Diane Wells, CA  
Archivist and Records Manager

[dwells@ecww.org](mailto:dwells@ecww.org)

<http://www.ecww.org/departments/archives>

### Report of the Board of Directors (2011)

The Board of Directors of the Diocese of Olympia, Inc. has legal and fiduciary responsibility for the assets of the diocese, including land, buildings, endowments and other funds. It is the mission of the Board to manage these assets to further God's work in this diocese, both now and in the future. The Board is comprised of 12 members noted below. The Board convenes monthly as needed (with the exception of July).

Loans to congregations are made from:

#### Mission Development Fund (MDF)

Assets as of 9/30/11	\$912,987.68
5 non-interest bearing loans	\$294,372
3 not serviced	\$218,410
Property in Orchards	\$557,615
Available funds	\$60,999

#### Building Loan Fund (BLF)

Assets as of 9/30/11	\$5,171,537
16 interest, 3 non-interest bearing loans	\$4,149,167
4 of 19 loans - non-performing	(Totaling \$1,721,859)
Interest in arrears	\$72,668.86
Available funds	\$949,701.84

#### Loans Made October 2010-September 2011:

- *St. Paul, Pt. Townsend* - \$190,000 Building Loan Fund (BLF) loan for purchase of adjacent property, subject to evidence of environmental abatement and to be repaid in fifteen years.
- *Church Investment Group, New York* - \$25,000 loan from Sam and Nathalie Brown bequest to become initial investors in Trust for Investment Management Access, Efficiency, Unity and Scale (TIMAEUS)
- *Church of the Good Shepherd, Vancouver* - \$200,000 bridge BLF loan made in June 2010, extension for repayment to allow for negotiation with seller of another property and work with Board; loan rolled to a new loan due on Nov/Dec 2011, will be considered as an urgent loan application.
- *St. Clare, Snoqualmie* - \$41,000 loan to complete installation and upgrade to code portable units, and rewrite of current loan of approx. \$33,000 for a total loan of \$74,000; loan to be repaid in ten years with interest at mission rate.

#### Significant Actions Taken October 2010-September 2011 (Detailed actions are available from the Board upon request):

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Authorized \$12,004.92 refund of Good Samaritan Episcopal Church/Diocese of Olympia sewer charges be paid to mortgage interest instead of sewer loan; sewer loan to be revised and applied to Building Loan Fund loan.</li> <li>• Approved Joint Use Agreement between Good Samaritan Episcopal Church/Diocese of Olympia, Inc. and Sammamish Rotary Foundation.</li> <li>• Approved purchase of CD in increments of \$250,000 rather than \$100,000.</li> <li>• Approved adding Tiffany Brannon as signer for US Bank operating account.</li> <li>• Approved updating the Corporate Resolutions for Bank, Hodges DIF and Real Property to reflect the Rev. Dr. Ann Lukens as Vice President and also the Bank Resolution to list Tiffany Brannon as authorized signer.</li> </ul> | <ul style="list-style-type: none"> <li>• Approved 2011 Building Loan Fund interest rate to stay at 3.5%.</li> <li>• Approved a donation of \$1,000 be taken from the Hodges Fund to the Seattle Bravest Charity in appreciation for the hard work and dedication of the Seattle Fire Department when a heating pipe burst at Diocesan House and they were quick to respond.</li> <li>• Approved adding the Rev. Canon Joan Anthony as an authorized signer on US Bank Diocese of Olympia Discretionary account.</li> <li>• Approved up to \$15,000 be used from Sam and Nathalie Brown bequest to become reception sponsors for Bishop Desmond Tutu's May 2011 visit to Tacoma.</li> <li>• Authorized St. Antony, Silverdale to purchase land from the Catholic Archdiocese of Seattle, drawing \$171,000 to \$197,000 from their DIF account.</li> </ul> |
|---|---|

- Approved Diocesan guarantee of Church of the Good Shepherd, Vancouver bond issue to repay their \$200,000 BLF loan, subject to the establishment of a sinking fund in 2012 and deed to the property.
- Adopted the process and procedures for vestries/bishop's committees to obtain BLF loans: motion of loan application, standard loan application, urgent loan application
- Approved the elimination of the ten percent penalty on all BLF loans more than 120 days in arrears.
- Accepted the St. Hugh, Allyn proposed ten year repayment plan of \$335 per month beginning July 1, 2011.
- Verified the Board's responsibilities regarding fire flow at St. Bede, Pt. Orchard.
- Adopted the loan standard application procedures, including borrowing resolution for missions and parishes for loan renegotiations. This requirement may be waived in unusual circumstances by the Board upon advice of the mentor or Bishop.
- Authorized up to \$185,000 from Sam and Nathalie Brown bequest to establish the Diocesan Media Center.
- Accepted in accordance with Canon 11 the Susan Fegan estate bequest of real estate for St. Aidan, Camano Island – 19996 Stackpole Road, Mt. Vernon and 130 NW 58th St, Seattle.
- Authorized the use of \$20,000 in excess appreciation of the Clergy Emergency Fund to assist a congregation with a severance package.
- Approved the bondholder guarantee resolution for the Church of the Good Shepherd, Vancouver.
- Directed Chancellor Judith Andrews, Treasurer Steve Faust and Comptroller Christine Smith-Clark to write a resolution pertaining to the write-off of mission loans.

- Thanked Bob Kuehn for his years of service as Chair of the Diocesan Investment Committee and further expressed its gratitude for his willingness to continue to serve as a committee member.
- Thanked John Morton for his seventeen years of generous service as a member of the Diocesan Investment Committee.
- Authorized Ed Lintott as signer on US Bank debit card for St. Andrew's House.
- Approved the disposition to the Diocese of Olympia Episcopal Charities Appeal of an unrestricted \$403 gift that was received from The Seattle Foundation, estate of Ann Jackson naming the Diocese as beneficiary due to closure of the Chapel of St. Martha and Mary of Bethany.
- Authorized a new checking account at US Bank for Sudanese ministry discretionary account.
- Approved the change in signers for US Bank Diocese of Olympia discretionary, operating, stewardship and stock accounts, as well as safety deposit box.
- Authorized \$7,600 from Hodges Fund to pay for Diocesan House entry door and patio repairs.
- Approved changes to US Bank wire transfer authorization; call back confirmation is required for recurring transfers in excess of \$1,000 and nonrecurring transfers in excess of \$10,000.
- Agreed that the St. Francis, Mill Creek Mission Development Fund (MDF) loan of \$94,941.46 is deemed uncollectible and approved write off.
- Agreed from time to time that MDF loans may be deemed uncollectible and will at least once a year review any non-performing loans.

**Members of the 2010-2011 Board of Directors:** the Rt. Rev. Gregory Rickel, president; the Rev. Ann Lukens, vice president, St. Michael and All Angles, Issaquah; the Rev. Dr. Marda Steedman Sanborn, secretary; Mr. Steve Faust, treasurer, Epiphany, Seattle; Mrs. Judith Andrews, St. Mark, Seattle, chancellor; Mr. Bill Goodenough, Ascension, Seattle; Mr. George Garcia, St Joseph –St. John, Lakewood; Ms. Patricia McGuire, St. Bede, Pt. Orchard; Mr. John Rolfe, St. Mark, Seattle; the Rev. Ray Sheldon, Faith, Kingston; Mr. Marshal McReal, St. Mark, Seattle; and Mr. Collie Liska, St. Benedict, Lacey. *Submitted by Bill Goodenough, Board of Directors Representative for Property.*

## Commission for Multicultural Ministries (2011)

The Commission for Multicultural Ministries resources and supports congregational and diocesan multicultural ministries. These ministries include: Dismantling Racism Training, congregational and outreach ministries in the African American, Asian American, First Nations, Indo-Hispanic, Sudanese communities of Western Washington. In 2011, the Commission was represented by Ms. Charlotte Brown on Diocesan Council.

In January of 2011, Bishop Rickel called the Rev. Canon Arienne Davison to provide staff support to the Commission and the ministry area. In the summer, the Commission resumed meeting after a break corresponding to the staff transition. Commission members are nominated by constituent ministry areas and appointed by the Bishop. The Commission meets approximately once monthly to steward the budget and human resources of diocesan multicultural ministries. In August, the Commission allocated small one-time grants to:

- *St. John's Mission Station* (Sudanese) for startup costs related to liturgy and formation programs,

- *Santa Maria Magdalena* (meets at St. Elizabeth-Burien) an emerging Episcopal Perpechua community in South King County.
- *Dismantling Racism Training Taskforce* for a training seminar that will mark a year of discernment around new models for anti-racism training that reflects the culture and context of the contemporary Pacific Northwest.

Ministry Area Work: 2011

- The African American Ministry Team continues to raise funds for and administrate the Richard Younge People of Color Curacy Fund. The fund provides financial support for congregations that employ new clergy of color in the Diocese of Olympia. The ministry team also hosted a BBQ this summer.

- Asian American Ministers maintain contact with churchwide Episcopal Asiamerican Ministries. Asian American congregations include: Holy Apostles-Bellevue (Chinese), Holy Family of Jesus-Tacoma (Cambodian), and St Peters-Seattle (historically Japanese). The ministry area was overjoyed to celebrate the ordination of the Rev. Irene Tanabe, currently serving as Curate at St. Marks Cathedral.
- First Nations Ministry celebrated a commemoration of David Pendleton Oakerhater at St Marks Cathedral, which also included public discussion of the churchwide movement around of the Repudiation of the Doctrine of Discovery. This movement exposes the Doctrine of Discovery as a manifestation of racism and oppression resulting in genocide, slavery and economic injustice in the Americas and throughout the world.
- Indo Hispanic Ministries continues to work to reach out to peoples native to Central and South America: both Spanish-speaking and indigenous peoples. Indo-Hispanic ministries gathers and resources ministers from Episcopal congregations and communities in the Diocese of Olympia including: Saint

Matthews-San Mateo Auburn, Santa Maria Magdelana (Burien), St Lucas (St Lukes) Vancouver, St John's Olympia, Resurrecion Mt Vernon. The ministry area also celebrated the Feast of Guadalupe at St Marks Cathedral (see picture, right).

- Diocesan Sudanese Ministries provided \$1,500 divided
- between the Sudanese Community Church (meets at St Columbas) and St John's Mission Station. St Johns was delighted to welcome home newly ordained Fr. William Deng. William serves half time at St. Johns and halftime at St James Kent.
- Dismantling Racism Training Taskforce worked throughout the year to reflect on and improve its training materials to make them more contextually relevant and effective. The teams work included a fall retreat and an upcoming training seminar for taskforce members.

### Episcopal Charities Appeal Report (2011)

Episcopal Charities Appeal was formed by Diocesan Convention in 1988 to provide a corporate means to respond to local human needs in our diocese. All ECA supported ministries must have an Episcopal connection either on the board or with support from an Episcopal congregation. ECA distributed \$55,810 in June, 2011 to 29 ministries across Western Washington. Since 1988 over \$2 million has been given by congregations and individuals in our diocese. We accept grant applications from ministries in mid – December which are deliberated on by ECA committee members in January. Following is a list of this year's ministries and their grant amounts:

Ministry	City	Amount	Ministry	City	Amount
AIDS Housing Association	Tacoma	\$ 1,000	La Iglesia Episcopal de la Resurreccion	Mt. Vernon	\$ 3,000
Babies in Need	Vancouver	\$ 2,500	La Iglesia Santa Isabel	Burien	\$ 750
Congregations for the Homeless	Bellevue	\$ 2,000	MANNA	Port Angeles	\$ 2,000
Dungeness Valley Health & Wellness Clinic	Sequim	\$ 2,500	Matthew House	Monroe	\$ 500
Episcopal Campus Ministry	Bellingham	\$ 1,000	Mediation & Settlement Center	Montesano	\$ 2,000
Episcopal Crossroads Campus Ministry	Seattle	\$ 2,000	Mission to Seafarers	Seattle	\$ 3,000
Family Promise	Seattle	\$ 1,000	Northwest Harvest South	Vancouver	\$ 2,000
Fort Vancouver Seafarer's Center	Vancouver	\$ 1,500	Reach out Homeless Men's Shelter	Federal Way	\$ 1,500
Gormet Grub	Seattle	\$ 3,500	Refugee Resettlement Office	Seattle	\$ 2,000
Harmony Hill	Union	\$ 500	Sanctuary Art Center	Seattle	\$ 1,500
Helping Hand	Langley	\$ 3,000	Skagit Valley Friendship House	Mt. Vernon	\$ 2,000
HomeStep	Seattle	\$ 560	St. James Family Center	Cathlamet	\$ 4,500
Jackson Street Food Bank	Tacoma	\$ 1,000	St. James Outreach Program	Kent	\$ 3,000
KAIROS Prison Ministry of WA	Bellevue	\$ 2,500	St. Matthew/San Mateo	Auburn	\$ 1,000
			VIMO	Port Angeles	\$ 2,500
<b>Total Distributions</b>					<b>\$ 55,810</b>

Meeting basic needs – \$15,500 (28%)

Housing/Homeless – \$9,560 (17%)

Children/Youth/Families – \$16,750 (30%)

Promoting physical or spiritual health and independence – \$14,000 (25%)

**THANKSGIVING OFFERING** – Diocesan Convention passed a Canon in 1989 asking that all congregations take a special offering for ECA around Thanksgiving. About one third of our congregations faithfully do so; some choose to do it at a different time of the year. All ongregations are encouraged to participate. The Stewardship and Development office can offer donation envelopes, brochures, and sample announcements for bulletins and newsletter to tell the ECA story and promote this Thanksgiving Offering. We encourage all congregations to take part in this offering.

**ECA ENDOWMENT FUND:** The ECA endowment fund was created several years ago from part of one major gift ECA received. The original balance of \$20,000 has grown to \$25,000 and the committee has no plans to spend any of the endowment until we reach a substantially larger principal amount. Several members of the Bishop's Society (our diocesan recognition society for anyone who has made arrangements for a legacy gift upon their death) have named ECA to receive a legacy gift. If you would like assistance with wording on how to make this a part of your will or estate plans, contact the diocesan Stewardship and

Development office at 1-800-488-4978 or visit the diocesan website: [www.ecww.org](http://www.ecww.org).

**MEMORIAL GIVING/ACKNOWLEDGEMENT FOR ECA.** Anyone can make a gift to ECA in memory of a birthday, anniversary, loss of a loved one, etc. Visit our website or call the Stewardship and Development office for assistance. Acknowledgements of all memorial gifts will

be sent to the family, relatives, loved ones that you wish.

**ELECTRONIC GIVING.** Giving via credit cards, debit cards, or directly from your checking account is now available through our diocesan website: [www.ecww.org](http://www.ecww.org). All gifts are acknowledged promptly with a thank you letter that also serves as a tax receipt.

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### Report of Diocesan Historiographer (2011)

During the 2010 – 2011 year, your Historiographer:

- Completed a rough draft of a comprehensive history.
- Researched the relation of congregational growth to population.
- Researched early growth in eastern Washington during the 1870's and 80's.
- Attended the annual conference of the National Episcopal Historians and Archivists (NEHA) in Portland, OR.

I will continue making presentations on the Diocese of Olympia to interested congregations. *Br. Carle Griffin, OCP*

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### Work of the Joint Finance Panel in 2011 Concerning Questions about the Resolutions at the 2010 Convention for Congregations in Good Standing

There were at least three areas of follow-up for the Joint Finance Panel to do following the 2010 Convention's discussion and actions on two resolutions about Congregations in Good Standing. Resolution 3, which was a proposed Canon change that calls for a congregation deemed "Not in Good Standing" based on defined criteria, to have its lay delegation lose vote at Convention, was passed overwhelmingly after short discussion. Resolution 4, which was a proposed Constitution change, that calls for a congregation deemed "Not in Good Standing" based on defined criteria, to have its lay delegation lose seat, voice and vote at Convention, was referred to the Constitution & Canons Committee after lots of discussion.

For the Resolution 4 deferral, Joint Finance Panel has asked for the C&C Committee to withdraw this resolution, deciding it is best at this time to work with the Resolution 3 only change for now.

Two main questions concerning implementation or possible change to Resolution 3 approved Canon change were: 1) could the implementation to determine any congregations not in good standing involve more than just the Bishop's office? 2) Why are not the clergy who are part of a congregation's delegation deemed "Not in Good Standing" also subject to this canon?

For question 1), the Bishop's Office is working closely with the Diocesan Council in determining and reviewing the communications and ongoing work with congregations potentially "Not in Good Standing". The final determination is made with Council's approval before notification with any congregation occurs prior to Convention.

The second question, about the clergy losing vote at Convention, required some research and discussion with the Bishop and the C&C Committee. The C&C Committee feels this is a tricky issue involving the National Church Canons, and could be a challenge to implement. The Bishop believes this could be implemented via Constitution or Canon changes based on prior experiences in other dioceses, but says the existing ones already

give the Bishop's Office the authority to discipline clergy directly if it is felt they are going against the idea of "Congregations in Good Standing", and not following canons involving their annual congregational reporting, and payments of assessments and loans.

JFP's review of existing documentation shows the clergy vows at ordination (from the Book of Common Prayer), appropriate canons dealing with clergy responsibilities in leading congregations and being under the authority of the Bishop, and the latest Clergy Manual are sufficient in working with affected clergy on this issue. So JFP has decided to take no action to propose anything more for the three Boards to consider at this time.

There has been some excellent progress in our first year of working with the Congregations in Good Standing canon; this has led to better communication and willingness and support to correct issues. Our hope, and that of the leadership of the Diocese, is that awareness, communications, and work on the aspects of being "Congregations in Good Standing" will ultimately mean invoking of this canon for lay delegations and discipline of their clergy will be few and far between in the future.

## Commission for Stewardship & Planned Giving (Fall 2011)

The purpose of the Commission is to provide servant leadership and encouragement for developing and sharing resources to strengthen the work of the Episcopal Church in Western Washington. The Diocesan Office for Planned Giving/Stewardship supports the Commission and its work in the areas of planned giving, stewardship, and Episcopal Charities Appeal. **Staff members include:** The Rev. Canon Lance Ousley, Canon for Stewardship & Development; Sharon Pethers, Administrative Assistant ; Heather Hodsdon, Program Assistant; Chair of the Commission, Maryellen Young, St. Alban's, Edmonds.

The Commission sets and reviews goals and objectives annually. A copy of the goals for 2011 are attached at the end of this report. In August of this year, we welcomed our new Canon for Stewardship & Development, The Rev. Canon Lance Ousley. The commission has worked diligently together as a group and in consultation with Lance over the year to re-define this work as we go forward. The Stewardship Commission in the Diocese of Olympia is a group of non-stipendary individuals that each have a deep passion for stewardship formation in themselves and in others. The structure proposed is to create teams that form around particular aspects of Stewardship. These Teams include:

- ❖ Year Round Stewardship, Designated Giving and Annual Giving
- ❖ Planned Giving/Legacy Giving
- ❖ Capital Campaigns
- ❖ Development
- ❖ Creation/Environment
- ❖ Fiscal Responsibility
- ❖ Asset/Resource Management
- ❖ Multicultural Stewardship
- ❖ Human Resources
- ❖ Outreach (Not on the Dec. 10, 2010 List)\*

The idea is to have at least one commission member on each of these Ministry Teams that would head up a team dedicated but well resourced, in the other areas of the Stewardship Commission. Would look to see how we could have all 10 Regions represented within the teams, but not necessarily 1 per region per team. The core Commission team, also, designs and runs an annual one day conference with plenaries and workshops. We are moving toward regional trainings to try to go to the people more instead of having them come to us. Our diocese is spread out and takes several hours (4) for some to travel to a central location. We are working on setting up a web-based structure for trainings, seminars, and conferences using webinar technology. This would include some face to face folks on the ground at regional trainings, but also forming purely on-site video/ppt modules that would create conversation and stewardship development. Kerry Allman is instrumental in this work and is working with Congregational Development and other departments to make this happen.

### Create Initial Coaching Teams in Target Areas of Stewardship

Year Round/Annual Giving/Designated Giving

Planned/Legacy Giving

Property and Finance (Fiscal Responsibility) /Asset Resource Mapping

Outreach

Environmental/Creation

MENTORS and the Mentoring Program

### Target Groups

- ❖ Stewardship Ministry Teams
- ❖ Clergy
- ❖ Vestries

### Areas to Cover

- ❖ Congregational Basics

- Theology of Stewardship
  - Spiritual Issue not a Financial Issue
- Theology of the Tithe
- Scriptural Basics
- Abundance vs. Scarcity
- Spiritual Gifts
- ❖ Year-Round Matrix
- ❖ Asset Mapping
- ❖ Planned Giving
- ❖ Fiscal Responsibility – Expense Management
  - Financial Basics
  - Audit at a Glance
  - Transparency
- ❖ Long-Term Planning/Capital Campaigns/Development
- ❖ Mission Outreach Element of Stewardship Ministry

### Identifying Mentors

- ❖ Annual Conference Attendees
- ❖ Task Forces
- ❖ Congregational Development
- ❖ Personal Journey
- ❖ Conference Presenters

### Assigning Mentors

- ❖ Relationships
- ❖ Invitation by Parishes
- ❖ Locality
- ❖ Convocational / Regionalization
- ❖ Requests for Assistance
- ❖ Particular Area of Need

As of convention, 600 individuals have received first hand resources, teaching, or preaching from the stewardship/planned giving program. Legacy work within many of the congregations are continuing strong and moving forward with their plans as well. The Bishop's Society has grown from 1,393 to 1,450 members as of Convention, 2011; and increase of 57 and 4%. Started in 1993, our society is the largest diocesan recognition legacy society in The Episcopal Church. Anyone who has made arrangements for a gift to any Episcopal church or ministry in their will or estate plans qualifies. Seventy five members and guests enjoyed a Luau this past August with Bishop Rickel at diocesan house. The diocesan planned giving website is well into its third year, at: [www.ecwwgift.org](http://www.ecwwgift.org) This website had 15,000 hits in 2009, 17,000 in 2010 and we've had 21,128 already as of Convention. It offers a wealth of information on ways to leave a legacy gift to your church or any Episcopal ministry. Witness stories from several diocesan legacy donors highlight the website with links to everything from how to set up an endowment at your church, to making a charitable gift annuity and what the return on your gift would be. We hope to continue to bring relevant and inspiring content; therefore, if you have a story to share about Legacy Giving, we would welcome contributions. For our annual diocesan stewardship program, The Commission presented a workshop, Stewardship: All around, Year-round ... Life abounds! The Rev. Lance Ousley was the plenary speaker. The workshop drew 74

attendees, and was hosted by St. John's, Kirkland. **Episcopal Charities Appeal, Linda Brice, St. Andrew's, Tacoma, Chair** Episcopal Charities Appeal was founded in 1987 by the Diocesan Convention as our diocesan annual appeal to support ministries with an Episcopal Connection in Western Washington reaching out to those in human need. Congregations are asked to take a special offering for ECA on Thanksgiving or the Sunday before or after Thanksgiving. An annual direct mail appeal is sent to diocesan households during Lent each year. A separate ECA report is included to convention delegates. The ECA committee distributed \$55,807 to 29 ministries in Western Washington. Donations may now be made electronically, on line, year round. Go to [www.ecww.org](http://www.ecww.org) and link to the secure website to make a gift to ECA via credit card, debit card, or electronic transfer. **Additional Diocesan-Wide Campaigns and Consulting** The Planned Giving/Stewardship office supports several other diocesan wide campaigns, the Student Scholarship Committee. **Electronic Giving Now Available** The Diocese of Olympia has now set up a secure website link through our website: [www.ecww.org](http://www.ecww.org) where donors can give via credit card, debit card, or electronic transfer from their bank accounts. You can now give to ECA, We Will Stand With You, Mission to Seafarers and the Student Scholarship Fund campaigns as well as other campaigns. In some churches more than a third of their donations are received through electronic giving. If you are not offering this service to your members, it is now time to consider it and take the steps to do so. The costs are minimal for the services provided, and need to be a budgeted item for the cost of running the church. **Some Stats re: Electronic Giving Growing Preference for Electronic Giving**

- For the last two years online giving in this country has increased more than 50% each year.
- Currently 12% of all charitable gifts are made online.
- It is estimated that by 2010 one-third of all charitable donations will be made online. (This estimate was before relief giving for Hurricanes Katrina and Rita victims introduced millions of new donors to the ease of online giving. Experts now are suggesting this prediction might be too low.)
- Generally those who prefer to do online banking tend to also prefer to make their charitable gifts electronically. 25% of Americans now bank online and this number is continually growing.

- Those between 28-39 years of age tend to be the ones who most prefer conducting all their financial business – including charitable giving – electronically.

We suggest that parishes using any electronic giving options promote the spirit of stewardship with the following methods:

- Continued formation in total stewardship, including time and talent, so the promotion of electronic giving methods doesn't suggest that money amounts are the "real goal" of stewardship.
- Maintaining the use of an envelope or other concrete symbol of giving. Design Offertory envelopes which include a checkbox for "I give electronically," which enable the giver to still take part in the Offertory collection. The advantages of this include: 1) The envelope can still be used as an indication of attendance, which remains an indispensable act of stewardship. 2) The envelope can be used at home in prayer and dedication to stewardship. This enables the giver(s) to reflect on the act of giving in a concrete way and is seen by some parishes as an important way for children (and adults) to be formed in the importance of giving - both the concrete gift and how we show it externally.

We here at the Diocesan office use Vanco for our merchant services. We accept on-line payments by debit and credit card as well as ACH. We now have a special arrangement with Vanco and are able to sign up the churches in our diocese under a sub-account to our main account for a discounted monthly cost to the congregation(s). Currently we have 11 congregations signed up under this. Some churches have gone with their own services for accepting online payments whether through their own banks or one of the many other providers available out there. I will say that Vanco's services are particularly equipped to deal with religious organizations and the non-profit sector. You can find more information about VANCO at their website: [http://www.vancoservices.com/vs\\_nonprofit\\_main.htm](http://www.vancoservices.com/vs_nonprofit_main.htm) or simply do a search online for VANCO. If you would like to know more information from our diocesan office, call Sharon Pethers, at ext. 2041 at Diocesan House (800-488-4978). There are other providers available as well, besides Vanco. The important thing is that churches do their own investigation and move forward to make it easy for people to be generous with their monetary gifts.



# Section 4

## *Leadership Lists*

### **Congregations of the Diocese of Olympia**

Aberdeen, St. Andrew (Parish 1890)  
Allyn, St. Hugh of Lincoln (Mission 1969)  
Anacortes, Christ Church (Mission 1890)  
Auburn, St. Matthew (Parish 1896 / Mission 2011)  
Bainbridge Island, Grace Church (Mission 1994 / Parish 2010)  
Bainbridge Island, St. Barnabas (Parish 1944)  
Battle Ground, Church of the Holy Spirit (Mission 1996)  
Bellevue, All Saints (Mission 1996)  
Bellevue (formerly Seattle), Church of the Holy Apostles (Mission 1990)  
Bellevue, Church of the Resurrection (Parish 1957)  
Bellevue, St. Margaret (Parish 1957)  
Bellingham, St. Paul (Parish 1883)  
Blaine, Christ Church (Mission 1889)  
Bremerton, St. Paul (Parish 1901)  
Burien, St. Elizabeth (Parish 1941)  
Camano Island, St. Aidan (Mission 1959)  
Castle Rock, St. Matthew (Mission 1961)  
Cathlamet, St. James (Mission 1851)  
Centralia, St. John (Parish 1889 / Merged with Chehalis 2000)  
Chehalis, St. Timothy (Parish 2000 / formerly Centralia and Chehalis)  
Chehalis, Church of the Epiphany (Parish 1883 / Merged with Centralia 2000)  
Darrington, Church of the Transfiguration (Mission 1955)  
Eastsound/Orcas Island, Emmanuel Parish (Parish 1885)  
Edmonds, St. Alban (Parish 1952)  
Edmonds, St. Hilda-St. Patrick (Mission 1963)  
Elma, St. Luke (Mission 1895)  
Enumclaw, St. Catherine (Mission 1940's, closed 2007)  
Everett, Trinity Church (Parish 1892)  
Federal Way, Church of the Good Shepherd (Parish 1961)  
Forks, St. Swithin (Parochial Mission 1964)  
Freeland, St. Augustine in-the-Woods (Parish 1949)  
Fremont, Church of the Apostles – COTA (Mission Station 2010)  
Friday Harbor, St. David (Mission 1950 / Parish 1999)  
Gig Harbor, St. John (Parish 1916)  
Hoodport, St. Germain (Developing Congreg. 1976 / Mission Station 2010)  
Issaquah, St. Michael & All Angels (Parish 1950)  
Kenmore, Church of the Redeemer (Parish 1947)  
Kent, St. James (Parish 1890)  
Kent (Des Moines), St. Columba (Mission 1957)  
Kingston, Faith Church (Mission 1997)  
Kirkland, St. John (Parish 1922)  
Lacey, St. Benedict (Mission 1980)  
Lakewood, St. Joseph-St. John (Mission 1969)  
Lakewood, St. Mary (Parish 1949)  
Longview, St. Stephen (Parish 1923)  
Lopez Island, Grace Church (Mission 1954)  
Maple Valley, St. George (Mission 1967)  
Marysville, St. Philip (Mission 1958 / Parish 1998)  
Medina, St. Thomas (Parish 1943)  
Mercer Island, Emmanuel Church (Parish 1909)  
Monroe, Church of Our Saviour (Mission 1910)  
Montesano, St. Mark (Mission 1909)  
Mount Vernon, La Iglesia Episcopal de la Resurreccion (Mission Station 2010)  
Mount Vernon, St. Paul (Parish 1891)  
Oak Harbor, St. Stephen Episcopal (Parish 1952)  
Olympia, St. Christopher (Mission 1959)  
Olympia, St. John (Parish 1853)  
Port Angeles, St. Andrew (Parish 1891)  
Port Gamble, St. Paul (Parochial Mission 1931)  
Port Orchard, St. Bede (Mission 1963)  
Port Townsend, St. Paul (Parish 1860)  
Poulsbo, St. Charles (Parish 1963)  
Puyallup, Christ Church (Parish 1882)  
Redmond, Church of the Holy Cross (Parish 1909)  
Renton, St. Luke (Parish 1892)  
Rockport, St. Martin-St. Francis (Developing Congregation 1952)  
Sammamish, Church of Good Samaritan (Mission 1990)  
Seattle, All Saints (Mission 1903)  
Seattle, Beacon Hill Church Plant (Mission Station 2010)  
Seattle, Christ Church (Parish 1903)  
Seattle, Church of the Ascension (Parish 1938)  
Seattle, Epiphany Parish of Seattle (Parish 1908)  
Seattle, St. Andrew (Parish 1906)  
Seattle, St. Clement (Parish 1890)  
Seattle, St. George (Parish 1954 / Mission 2010 / Closed 2011)  
Seattle, St. John the Baptist Church (Parish 1892)  
Seattle, St. Luke (Parish 1891 / Mission 2011)  
Seattle, St. Mark Cathedral (Parish 1889)  
Seattle, St. Paul (Parish 1892)  
Seattle, St. Peter (Parish 1908)  
Seattle, St. Stephen (Parish 1920)  
Seattle, Trinity Church (Parish 1865)  
Seaview, St. Peter (Mission 1896)  
Sedro-Woolley, St. James (Mission 1890)  
Sequim, St. Luke (Parish 1893)  
Shelton, St. David of Wales (Parish 1890)  
Shoreline, St. David Emmanuel Church (Mission 1958)  
Shoreline (formerly Seattle), St. Dunstan (Parish 1949)  
Silverdale, St. Antony of Egypt (Mission 1985)  
Snohomish, St. John (Parish 1889)  
Snoqualmie, St. Clare (Mission 1982)  
South Bend, St. John (Mission 1890)  
Tacoma, All Saints (Mission 1890)  
Tacoma, Christ Church (Parish 1889)  
Tacoma, Holy Family of Jesus Church (Mission 1980)  
Tacoma, St. Andrew (Parish 1890)  
Tacoma, St. Luke (Parish 1879)  
Tacoma, St. Matthew (Parish 1951)  
Tahuya, St. Nicholas Mission (1968)  
Tukwila, St. John's Sudanese (Mission Station 2010)  
Vancouver, All Saints (Mission 1977)  
Vancouver, Church of the Good Shepherd (Mission 1966 / Parish 2005)  
Vancouver, St. Luke (Parish 1836)  
Vashon Island, Church of the Holy Spirit (Parish 1912)  
Washougal, St. Anne (Mission 1951)  
Westport, St. Christopher (Mission 1959)

## Diocesan Canonically Resident Clergy – October 2011 (A.5)

The Right Reverend Gregory H. Rickel, Diocesan Bishop

The Right Reverend Bavi Edna "Nedi" Rivera, retired

The Right Reverend Sanford Z.K. Hampton, retired

The Right Reverend Vincent W. Warner, retired

001	Forbes Jr., Charles A.	060	Bethea, Robert L.	119	Kindle, Charles R.
002	Adams, Richard C.	061	Halbrook, Thomas R.	120	Wright, Scot R.
003	Garlichs, Richard W.	062	Bogel, Marianne	121	Dills, R. Scott
004	Leche, Edward D.	063	Smith, Don L.	122	Francis, Mary Jane
005	Schaeffer, John G.	064	Ferguson, John F.	123	O'Shea, Susan
006	Huston, John A.	065	Lane, John C.	124	Cleveland, Jennifer B.
007	Hunter, Charles W.	066	Mikel, Joseph F.	125	Gould, Mary D.
008	Winn, J. Barrie	067	Pyrne, Carla V.	126	Lukens, Ann Pierson
009	Jordan, Alan	068	Besheer, Kimbrough A.	127	Murray, Vincent D.
010	Maddux, Donald J.	069	Snow, Peter D.	128	Scott, Richard H.
011	Snyder, Kenneth M.	070	Ludden, Carol P.	129	Bigelow, Thomas S.
012	Luethe, Robin L.	071	Sonnesyn, Roger	130	Hayman, Robert F.
013	Carpenter, George W.	072	French, Richard C.	131	Ensor, A. Jeanne
014	Nakayama, Timothy	073	Berge, William Clarke	132	McCaw, Mary Ann
015	Radcliffe, Ernest	074	Taylor, Patricia L.	133	Brelsford, Diane
016	Storm, David A.	075	McCulloch, Kent T.	134	Lonegan, W. Gerald
017	Carney, Joseph P.	076	Williams Jr., Hollis R.	135	Minifie, Thomas
018	Johnson Jr., William C.	077	Nemes, John D.	136	Harper, William
019	Tomter, Patrick A.	078	Dement, Thomas E.	137	Shehane, Mary K.
020	Gorsuch, John P.	079	Nichols, Robert	138	Kolbet, Paul R.
021	Bigford, Jack N.	080	Ford, R. Lawrence	139	Campbell, Anne
022	Smith, Homer H.	081	Waring, William D.	140	Bartels, Judith T.
023	Tench, Jack M.	082	Lewis, Margaret K.	141	Bayles, Richard
024	Stewart, Daniel R.	083	Keller, Patterson	142	Brown, Lawrence Edward
025	Burnett, William M.	084	Rietmann, Paul D.	143	Mullins, Judith P.
026	Bond, L. Wayne	085	Richards, Fitzroy I.	144	Ruder, John Williams
027	Christie, Robert L.	086	Hickey-Tiernan, Joseph	145	Craighead, J. Thomas
028	Peterson Jr., Phillip	087	Astleford, Elise	146	Anthony, Joan M.
029	Dunning, David	088	Steig, Terrance	147	Strimer, Peter
030	Ethelston, Geoffrey F.	089	Jessett, Frederick E.	148	DeVeau, Peter J.
031	Ross, H. Stewart	090	Moore, Robin A.	149	Arnold-Boyd, Annette
032	Wolfe, V. Eugene	091	Bell, John R.	150	Best, Stephen
033	Sherman, Guy C.	092	Davis, M. Fletcher	151	Korathu, Anna Maria
034	Fast, Todd H.	093	Creighton, Susan	152	Lee, Samuel
035	Rhodes, Robert W.	094	Stanton, Barclay R.	153	Moorehead, Constance
036	Blundell, James	095	Phinney, James	154	Peters, Gregory
037	Parker, Allan C.	096	DeVine, Whitney Jones	155	Simonsen, Douglas
038	Rogers, Henry S.	097	Mackay III, Donald	156	Miller, Mark
039	Collins, Paul M.	098	Miller, A. Scott	157	Dunn, Robert E.
040	Wilson, George S.	099	Ridge III, Charles D.	158	Kinney, Kathleen
041	Grabinski, Kenneth	100	Hauge, Morris	159	MacKay, Wray
042	Wilton, G.W.	101	Hanna, Gerald B.	160	Pratt, Jennifer
043	Clark, D. Corbet	102	Carmichael, M. Jean	161	Stiles, Linda
044	McDaniel, G. Judith	103	Thompson, John K.	162	Miller, Judith J.
045	Davis, West R.	104	Pollock, Douglas S.	163	Walker, Randolph D.
046	Sterling, Edward A.	105	Porter, Gerald W.	164	Conklin, Daniel G.
047	Gehrig, Stephen J.	106	Van Zanten, Peter E.	165	Trytten, Patricia S.
048	Zimmerman, Curtis	107	Alkins, David S.	166	Cole, Dennis C.
049	Lambert, John P.	108	Steedman-Sanborn, Marda	167	Forman, Bernard (Kim)
050	Knowles, Walter R.	109	Paolozzi, Joann	168	Prestegard, JoAnn
051	Lindsey, Barrett K.	110	Lueckert, Diana M.	169	Wolford, Rachael
052	Garratt, Stephen R.	111	Dietel, Robert G.	170	Helgeson, Gail M.
053	Stewart, Ralph R.	112	Moore, Stephen E.	171	Williams, Robert H.
054	Rankin, Edward H.	113	Smith, Kevin C.	172	Endicott, Rachel Faith
055	Walker, John F.	114	Williams, Robert L.	173	Fageol, Suzanne A.
056	Johns III, Norman S.	115	Trelease, Murray L.	174	Brill, Steven G.
057	Sell-Lee, William	116	Martin, Irene	175	Avery, Joyce M.
058	Biever, Robert	117	Dierick, Frances L.	176	McMeekin, Dorothy N.
059	Fowler Jr., Stanley G.	118	Gunderson, Gretchen A.	177	Irving, Anthony T.

178	Spina, Frank A.	230	Baker, Patricia	282	Campbell, Boneta
179	Rhoads, Robert L.	231	Grout, Earl L.	283	Leech, John
180	Taylor, Robert V.	232	Marshall, David	284	Kirkpatrick, Rebecca
181	Price, David L.	233	Taber-Hamilton, Rachel	285	Johnson, June
182	Gott, Jayne	234	Weller, Edith	286	Fowler, Dan
183	Grewell, Genevieve M.	235	Ackermann, John	287	Warne, W. Tom
184	McConnell, Joyce	236	Morrissey, Michael	288	Fulton, William
185	Novak, Margaret A.	237	McMillin, Andrea	289	DeShaw, Glen
186	Shigaki, Jerry M.	238	Sells, Jeffrey	290	Priest, Hunt
187	Westpfahl, Carol E.	239	Sells, Patricia	291	Thibodeaux, James
188	Wong, Philip	240	Mack, Allan E.	292	Jillard, Chris
189	Green, Richard	241	Borders, LeRoy	293	Yearwood, Kirtley
190	Patton, Kathleen	242	Santman, Linda	294	Haynes, Kendall
191	Wesen, Vicki	243	Cochran, Elizabeth Jane	295	Robinson, Carla
192	Perry, Lawrence S.	244	Streiff, Suzanne	296	Waldie, Nan
193	Taber-Hamilton, Nigel	245	Bloch, Elizabeth	297	Torvend, Samuel
194	Longwood, David P.	246	Maynard, Jane F.	298	Wheatley, Gail
195	Heller, Jan C.	247	Kalunian, J. Peter	299	Morrison, Mikel
196	Jackson, E. Michael	248	Moore, Bridget	300	Barrett, Rilla
197	Amburgey, Cristina G.	249	Garman, Gerald R.	301	Fayette, Shelly
198	Espeseth, Cynthia A.	250	Sheldon, Raymond S.	302	Ward, Karen
199	Taylor, N. Dennis	251	Stroup, Susan L.	303	McClain, Rebecca
200	Eichner, James	252	Ballinger, Kathryn E.	304	Tellari, Steve
201	Armer, Susan C.	253	Allen, Mary L.	305	Wright, Brian
202	Barber, Grelhe	254	Reid, M. Sue	306	Lolcama, Terri
203	Wills, Clark E.	255	Atcheson, Charles B.	307	Pierce, Karen
204	Allen, John M.	256	Skelton, Melissa	308	Robertson, Suzi
205	Buhrer, Richard	257	Carlson, Sara	309	Breckinridge, Alexander
206	Dean, Susan Chanda	258	Lewis, Philip	310	Crisp, Sheila
207	Moon, Mary Louise	259	MacKenzie, Mary	311	Haig, Martha Karen
208	Poirier, Esther Holley	260	Scott, Rebecca	312	Kingslight, Kathleen
209	Rozendaal, Jay Calvin	261	Smith, Jacqueline	313	Chrisman, Robert
210	Maier, Andrea R.	262	Smith, Robin	314	Weldon, Jonathan
211	Demura, Christine A.	263	Moore, David	315	Malone, Bonnie
212	Tiederman, Nancy Coppas	264	Heathcock, Deborah	316	Eustis, Pat
213	McQueen, Dale L.	265	Pearson, Kevin	317	Parker, Stephanie
214	Glenn, Katherine Merrell	266	Cornwell, Marilyn	318	Ringland, Robin
215	Younge, Richard	267	Dogaru, Vickie	319	Crippen, Stephen
216	Steele, Chris C.	268	Saunderson, Ann	320	Shaver, Stephen
217	Campbell, Janet	269	Anderson, Mary Petty	321	Adams, William Seth
218	Seeger, Elisabeth A.	270	Hopkins, Vivian	322	Thomas, Joshua
219	Beecher, Josephine C.	271	Newland, Benjamin	323	Donohue-Adams, Amy
220	Haase, Sylvia Anne	272	Wesch, Kate	324	Carter, Halcot
221	Logan, Christie Larson	273	Lobdell, Gary	325	Loyd, Janet
222	Neal, James Frederick	274	Carver, Robert C.	326	Tanabe, Irene
223	Brentnall, Burden	275	Yabroff, Martin I.	327	Reid, Catherine
224	Goode, Colin	276	Brock, Charles F.	328	Case, Jaime
225	Tyree-Cuevas, Susan	277	Davison, Arienne S.L.	329	Mesenbring, David
226	Boyle, George Anne	278	Tierney, Dennis S.	330	Lovelady, Ed
227	Deng Deng, William	279	Niemann, Joan	331	Johnson, Janis
228	Hosea, Beverly	280	Lander, James R.	332	Lucas, Jeremy
229	Johnston, Zula	281	Carlson, Constance		

## Lay Delegates & Alternates as of October 12, 2011 (A.6)

### *Be-Attitudes Region*

Kenmore, Redeemer Emily Austin, Debi Laughlin, Doug Oles, Bill McGlinn, Don Bentley, Lee Darrow, Ginny Ferguson, Karl Oles  
Seattle, Christ Church Eric Dodsley, Liz Osborne, Frank Prohaska, Joan Burton, Paul Osborne  
Seattle, St. Andrew Becky Moore, Suzy Chloupek, Elizabeth Denison, Mark Hartinger, Mike Hicks, Ross TenEyck, Mark Wensnahan, Bob Parker  
Seattle, St. Luke Nancy Tyler, Br. Isaac Washington  
Seattle, St. Stephen

Tom Boyns, Lisa Clausen, Guy Falskow, Greg Finger, Bill Montgomery, Peggy Habegger, Robin & Mary Fran Hopkins, Diane Stipp, Jenna Ingersoll, Rick Nauman, Terry Gudger  
Shoreline, St. David Emmanuel Edith Byington, Hayden Street, Maureen Lyons  
Shoreline, St. Dunstan JJoan Baker, Charles Pacher, Mary E Pacher, Mary O Pacher, Dixie Buol, Bill & Joane Frost, Mike Servais

### *Columbia Region*

Battle Ground, Holy Spirit Janice Bradley, Dave Trestrail, Bob Bradley, Debi Gallino Castle Rock, St. Matthew Ray & Mary Stevens, Julie & Ken Holt Cathlamet, St. James Betsy Nelson, Michael Nunes, Dany Freeman Chehalis, St. Timothy Pat Hogan, Bonnie Jean Kay, Sonja Burton, David Johnson Longview, St. Stephen Alan & Jane Brunk, Sue Lane, Marlene Norman, Michael Wright, Wayne Amondson Vancouver, All Saints Dan Haase, Suzanne Philbrook, Beverly Brown Vancouver, Good Shepherd Cheryl Armstrong-Herbenson, Audrey & Jeff Courser, John & Sheila Ford, Diane & Roger Lyngholm, Don Weir, Chuck & Sandy Bristol, David Herbenson, Marcella Rush, Jane Whitfield Vancouver, St. Luke Nancy Denny, Felix Gimenez, Annette Lessman, Ebie Mountford, Kelly Fahey, Bob Hiltz, Amy Surface Washougal, St. Anne Drew & Sue Snyder, Tusie Hodgins, Mary Tipton

### *Eastside Episcopal Churches*

Bellevue, All Saints Fred & Judy Williams, Bruce McMenemy, Sarah McMenemy Bellevue, Resurrection Clyde Bell, Pat Campbell, Vee Drummond, Virginia Hofmeister Bellevue, Holy Apostles Torres Hui, Matilda Wong, Thomas Kuk, Kathy Truong Bellevue, St. Margaret Missy Couch, Judy Davis, Cathy Dean, Mark Dolby, Dave Hoffman, Nancy Jacobs, Bill Levings, Jeanie Totten, Margaret Dawson, Jim Gibons, Rick Jillard, Pete Moore Issaquah, St. Michael & All Angels Mike & Priscilla Kaufmann, Carolyn Lukens, Mark Shaffer, Jan & John Rittenhouse, Jack & Pat Smith Kirkland, St. John Bernice Atwood, Ted Ederer, Tom Mathews, Karen Younge, Karen Davis, Nancy Laswell Medina, St. Thomas Lurton Ahroon, Carol Howie, Aileen MacLaren-Loranger, Kim Malcolm, Keith Moulton, Joseph Murashie, Fred & Mary Pneuman, Alyce & Dick Rogers, Ed Rozanek, Bob Simeone, Roger Ahroon, Mary Friedlander, Rose Magee Mercer Island, Emmanuel Stacy Dimmich, Bruce Lee, Sandy Maloof, Lee Shephard, Barb Beatty Redmond, Holy Cross EJ Bourdeau, Laura Gregg, Karen & Marty Smith Sammamish, Good Samaritan Michelle Bartel, Betty Gest, Jeannie Jackson, Pat Norris, Colin Elder, Randy Hayes Snoqualmie, St. Clare Amy Workman, Paul Yarnton

### *Evergreen Region*

Auburn, St. Matthew/San Mateo Nadine Baxter, Becky Clark, James Dofelmier, Tom Sernka, Dianne Aid, Karen Calvo-Martinez, Elsie Dennis, Helen Shultz-Kamadulski Burien, St. Elizabeth Danielle Butz, Miki Hopper-Estrada, Bunny Frisvold, Brenda Tooke Federal Way, Good Shepherd Scott Armer, Edie Hitchcock, Dale Blesner, Doreen Davis Kent, St. Columba Dave Wagner, Susan Wilkes, Larry Marta, Jessica Mayabb Kent, St. James Laura Brustad, Garth Fisher, Don Gauthier, Tovi & Norm Harris, Anne McKelvey, Tina Shafer, Tom Zimmer, Val Brustad, Michelle Coburn, Debbie Danioth, Chuck Foisie, Jan Gauthier, Richard Ogden, Dave Paisley Maple Valley, St. George Jim Goddard, Sheri Verburg, Alan Spurgeon, Sharon Turner Renton, St. Luke Daniel Crayne, Charles Smith, Rachel Myers, German Vergara Tukwila, St. John Sudanese (non-voting Mission Station) Joseph Deng, Philip Kuol

### *Holy C Region*

Seattle, All Saints Ib & Ellen Rosen, Kathy Albert, Victor Bright Seattle, Ascension Bob Boyd, Marie Cain, Carol Lumb, Tom

Reeder, Carol Batchelder, Bill Lemke, Kim Stark, Matt Witter Seattle, Epiphany Parish Liz Larson, Nicole Lewis, Peter Melin, Vicki Reed, Barbara Rhyter, Michael Simmons, Hunter Wessells, Peggy Wilton, Lex Lindsey, William Wurts Seattle, St. Clement Eleanor Goodall, Paul Hill, Roy Sparks, Diane Westergaard Seattle, St. John the Baptist Jim McDonald, Donna McNamara, Mike Johnson, Anne Rogers, Ann Blake, David Peterson Seattle, St. Mark Cathedral Colleen Boyns, Mary Dickinson, Liz Gruchala-Gilbert, Paul Johns, Rene Marceau, Gordon Miller, Jacquelyn Miller, Kathy Minsch, Tim O'Sullivan, Chris Rigos, Andy Valaas, Nancy Valaas, Kathy Elkins, Helen Folsom, Mary Frederick, Sean Horner, Sandy McCloud, Mark Roberts, Carolyn Shaw, Walter Stuteville Seattle, St. Paul Sharon Cumberland, Helen Rogers, John Sutherland, Michael Zubitis, Dustin Helgeson, Heather Kmitta Seattle, St. Peter Martin Powell, Kathy Mihara Cox, Ben Kodama Seattle, Trinity Church Jo Baim, Mary Cutting, BrittaLisa Gess, Carl McNabb, Cindy Johnson-Garnett, Kurt Lucks Seattle, COTA Church of the Apostles (non-voting Mission Station) Eric Mason, Elizabeth Maupin

### *Mt. Baker Region*

Anacortes, Christ Church Diane & John Guinn, Dale & Diane Ramerman Bellingham, St. Paul Jim Beckwith, Roger Emerson, Julia Findley, Linda Hardy, Ryan Knight, Debbie & Ed McMeel, Erin Rehm, Reg Rehm, Linda Telfer, Jessa Parrish, Josh Parrish, Bill Findley Blaine, Christ Church Carl Bradley, Colleen Gilliam, Caroline Hodgins Eastsound/Orcas Island, Emmanuel Kate Hansen, Darleen Kent, Dick & Patty Thompson Friday Harbor, St. David Dick & Rita Weisbrod, Beth Drake, Nancy Sheplor Lopez Island, Grace Church Trevor & Joanne Bryant, Jim & Kathy Montgomery Mt. Vernon, St. Paul Margie Adams, Mary Ann Taylor Oak Harbor, St. Stephen Susan Ho, T.K. Wegg Sedro Woolley, St. James Judy Baker, Barbara Tasker Mueller Mt. Vernon, Resurreccion (non-voting Mission Station) Hortensia Gonzalez, Salvador Morales, Baudelina Paz, Francisco Lopez

### *Peninsula Region*

Bainbridge Island, Grace Demi Allen, Jim Beug, Ruth Blaney-Matthews, Eric Matthews, Karen McCarthy Casey, Holly Renfrew, John Sinclair, Lynn Sinclair, Don Warkentin, Rachel Yobs, Willa Fisher, Connie Smith Bainbridge Island, St. Barnabas Charlie Anderson, Brian Andvik, Su Beecham, Laura Carroll, Stu Case, Lynn Whipple, Jerry Carlin, Paul Holzman Bremerton, St. Paul Katherine Freeze, Ann & Richard Horn, Rick Seelhoff, Georgann Falotico, Jacquie Weston-Stringham Gig Harbor, St. John Marje Anderson, Mike Brokaw, Natalie Harnacker, Kassi Lyon, Gene Bal, Linda Broun, Cristie Laybourne, Rick Samuelson Kingston, Faith Church Ellen Green, Frank Toth Pt. Angeles, St. Andrew David McCoy, Pat Milliren, Valerie Tutton, Dick VanCalcar, Ralph Angulo, Angela Reynolds, Mary Reynolds, Mark Schander Pt. Orchard, St. Bede Rick Fallstrom, Mary-Francis Jones, Sarah Yergin, John Nordgren Pt. Townsend, St. Paul Kate Bast, Catherine Evans, Ken Evans, Polly Fish, Robert Ford, Ginny Ford Sequim, St. Luke Lynn Cain, John Junell, Candy & Rich Olmer, Jean Hicks, Chris Hill Silverdale, St. Antony of Egypt Bill Demmon, Maggie Scott, Tovi Andrews, Ken Stephens Tahuya, St. Nicholas No delegation for 2010 Vashon Island, Holy Spirit Bill Carr, Dick Clow, Connie Frederick, Muriel Watts, Doug Clarke, Mark Yelken

### *Rainier Region*

Lakewood, St. Joseph-St. John Teresa Gumbs, Mina Lucas, Lee Johnson Lakewood, St. Mary Clare Bungay, Doris Claypool, Debra Marshall, Frank McCracken, Fred McIlroy, Alythya Newell, Wayne Harsha, Jennifer Kuljam Puyallup, Christ Church Helen Godwin, Barry O'Brien, Karen Jensen, Joshua Prescott, Bruce & Peggy Blocher Tacoma, All Saints Nate George, Carol Mazzuca, Charla Conner, Larry Talbert Tacoma, Christ Church Barbara Williams, Dennis Johnson, Elin Gratton, Hank Davis Tacoma, Holy Family of Jesus Tula Habb, Chai Yun, Chantana Yuong, Robert Yuong Tacoma, St. Andrew Jeffery Boyce, Bill & Linda Brice, Pam Tinsley, Don Ramage, Geri Schlosser, Reberta Skinner Tacoma, St. Luke Memorial Walt Corneille, Cindy Miller, Bill & Jean Sampson, Dave Bishop, Raine Bradley Tacoma, St. Matthew Leanne Kennedy, Judy & Tom Peterson, Alex Ringstad, Art & Pam Ladley

### *Sno-Isle Region*

Camano Island, St. Aidan Frank & Kara Hunt, Bill & Susie White, Rick Columbo, Kathy DuBois Darrington, Transfiguration No delegation for 2011 Edmonds, St. Alban Emily Bee, Karen Ford Edmonds, St. Hilda-St. Patrick Bernie Johnson, Loretta Matson, Michael Rader, Nancy Smith, Nancy Ariz, Greg Walrath Everett, Trinity Church Evie Beard, Jonathan Dewdney, Jim Greene, David Kosar, Julie Amdal, Brenda Congdon, Wick Congdon, Pat Grodt, Leann Torgerson-Harrison Freeland, St. Augustine in the Woods Albert Rose, Margaret Schultz, Bert & Mary Ann Speir, Diane & Stephen Schwarzmann Marysville, St. Philip Scott & Susan Halsey, Janice Saulewicz, Mike Wray Monroe, Our Saviour Hank & Lois Hofmann, Janice Cheeseman, Burr Hosley Snohomish, St. John Katie Akesson, Jim Churck, Bob Knight, Sally Wesley, Eleanor Church, Eric Fritch

### *Willapa Region*

Aberdeen, St. Andrew Bob Preble, Wes Rolfe, Susan Rolfe, Gail Rolfe Allyn, St. Hugh of Lincoln Roy Ferguson, Karen Kennedy, Barry Betsinger, Sheri Simpson Elma, St. Luke Robin Nunez, Donna Hallock, Libby Nemes, Kathy Eko Lacey, St. Benedict Tom Buckley, Janice Chandler, Martha & Collie Liska, Mary Michael Garlich, John Pitts Montesano, St. Mark Martha Krug, John Tennefos, Rozena Williams Olympia, St. Christopher Dani Egan, Mike Swigert, Charlotte Clark-Neitzel Olympia, St. John Daren Chidester, Dennis Cooper, Hope Duncan, Ted & Vicki Focke, Linda Madison, Kathleen McKinney, Jens-Dieter Stahmer, Georgie Allen, Kay Cooper, Don Duncan, Larrel O'Keefe, Gustavo & Portaro Rosario, Ray Williard Seaview, St. Peter Gretchen Goodson, Tom Trotta Shelton, St. David of Wales Jef Conklin, Judy Ogden, Bud West, Barb Weza, Betti & Doug Haskins South Bend, St. John Patricia Neve Westport, St. Christopher Julie Dickson Hoodsport, St. Germain (non-voting Mission Station) Matt Hornyak, Jerome Wright

### *Delegates-At-Large*

Regional Ministry Leadership Team Keri Adams-Lee, Jan Akin, Val Brustad, Sue Clary, Kelly DiCicco, Deborah Estep, Julia Findley, Colleen Gilliam, Mike Kaufmann, Mary Lyons, David McCoy, John Selberg, Pam Tinsley, Nancy Zabel Diocesan Council Sally Barnes, Lavonne Beede, Charlotte Brown, Sally Farrell, Don Little, Sandy McCloud, Joe McGuire, Mary Pneuman, Jordan Rickard, Bob Wheeler Standing Committee Jim Campbell, Barbara Fox, Bob Jacobs, Virginia Wagner Board of Directors George Garcia, Bill Goodenough, Pat McGuire, Marshal McReal, John Rolfe Other Judy Andrews, Duncan Bayne, Steve Faust, Ann McCartney

### *Youth Representatives*

Maegi Barrett, Denaya Blalock, Sheena Burleigh, Caitlin Dawes, Margaret Epply, Jacqueline Garnett, Eric Lee, Carolyn Milander, Michaela Rogers, Patrick Violette, Michael Walther

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### **Officers of the Convention**

The Right Reverend Gregory Rickel, Bishop  
The Reverend Marda Steedman Sanborn, Secretary  
Mr. Steve Faust, Treasurer  
Ms. Judith Andrews, Esq., Chancellor  
Mr. Duncan Bayne, Esq., Vice Chancellor  
Mr. Mike Reynvaan, Esq., Vice Chancellor  
Br. Carle Griffin, OCP, Historiographer  
Mrs. Diane T. Wells, Archivist and Records Manager

### **Standing Committee**

The Rev. Jo Beecher (2011)  
Ms. Virginia Wagner (2011)  
The Rev. George Ann Boyle (2012)  
Ms. Barbara Fox (2012)  
The Rev. John Allen (2013)  
Mr. Bob Jacobs (2013)  
The Rev. Marilyn Cornwell (2014)  
Mr. Jim Campbell (2014)

## Board of Directors

The Rt. Rev. Gregory Rickel, president  
The Rev. Ann Lukens, vice president, St. Michael & All Angels,  
Issaquah

### ***Directors appointed by Bishop Rickel, confirmed by Diocesan Convention***

Mr. William Goodenough, Ascension, Seattle  
Mr. George Garcia, St. Joseph-St. John, Lakewood  
Mr. Collie Liska, St. Benedict, Lacey  
Ms. Patricia McGuire, St. Bede, Pt. Orchard

Mr. Steve Faust, treasurer, Epiphany, Seattle  
The Rev. Dr. Marda Steedman Sanborn, secretary  
Ms. Judith Andrews, chancellor, St. Mark's Cathedral

Mr. Marshal McReal, St. Mark's Cathedral, Seattle  
Mr. John Rolfe, St. Mark's Cathedral, Seattle  
The Rev. Ray Sheldon, Faith, Kingston

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## Bishop's Office Staff

**Bishop Diocesan**—The Rt. Rev. Gregory Rickel, bishop; The Ven. Gen Grewell, Archdeacon; The Rev. Canon Janet Campbell, canon for liturgy; Mr. Blaire Notrica, executive assistant to the bishop and the canon to the ordinary; Ms. Angela Mealing, receptionist; Mr. Mark Swanson, building manager.

**Adult Faith Formation**—The Rev. Josh Thomas, dean of Diocesan School of Ministry and Theology/Faith Nexus navigator; Ms. Shannon Jergenson, project manager.

**Archives**—Ms. Diane Wells, archivist and records manager.

**Canon to the Ordinary**—The Rev. Canon Joan Anthony, canon to the ordinary; Mr. Blaire Notrica, executive assistant to the Bishop and the Canon to the Ordinary; Ms. Sharon Pethers, coordinator human resource.

**Communications**—Mrs. Norah Joslyn, director of diocesan communications; Mr. Kerry Allman, internet strategist; Mr. Greg Hester, publications coordinator.

**Congregation Development**—The Rev. Canon Melissa Skelton, canon for congregational development.

**Diocesan Resource Center**—Ms. Sue Tait, director of resource center.

**Finance, Insurance and Employee Benefits**—Mr. Steve Faust, treasurer; Ms. Chris Smith-Clark, canon for finance; Ms. Jane Huang, accountant; Ms. Carrie Rohlik, insurance and finance assistant.

**Governance**—Mrs. Dede Moore, bishop's executive for governance; Mr. Bill Goodenough, board property representative.

**Multicultural Ministries**—The Rev. Canon Arienne Davison, canon for multicultural ministries.

**Stewardship & Development**—The Rev. Canon Lance Ousley, canon for stewardship and development; Ms. Sharon Pethers, coordinator for stewardship and development; Ms. Heather Hodsdon, program assistant.

**Youth & Young Adults**—Ms. Kathy Hamilton, canon for youth & young adults; the Rev. Mary Shehane, Episcopal chaplain; Ms. Shannon Jergenson, project manager.

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## Diocesan Council

**At-Large** The Rt. Rev. Greg Rickel; Mr. Jordan Rickard (2012); the Rev. Jonathan Weldon (2013); and the Rev. Richard Younge (2011).

**Elected by Regional Ministries** The Rev. Chuck Atcheson (Be-Attitudes, 2011); Ms. Sally Barnes (Columbia, 2011); Ms. Lavonne Beede (Evergreen, 2011); Ms. Sally Farrell (Eastside, 2012); Mr. Don Little (Peninsula, 2012); Ms. Sandy McCloud (Holy C, 2013); the Rev. Andrea McMillin (Mt. Baker, 2012); the Rev. Jim Neal (Willapa, 2013); Mr. Robert Wheeler (Sno-Isle, 2012); and the Rev. Martin Yabroff (Rainier, 2013).

**Appointed by Program Commissions** Ms. Charlotte Brown (Multicultural Ministries, 2011); the Rev. Susan Dean (Evangelism, 2011); the Rev. JR Lander (Faith Formation, 2011); Mr. Joe McGuire (Stewardship/Planned Giving, 2012); and Ms. Mary Pneuman (Church in the World, 2012).

**Non-voting Members/Staff** Ms. Judith Andrews, The Rev. Joan Anthony; Mr. Steve Faust; Ms. Dede Moore; and Ms. Christine Smith-Clark.

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# Section 5

## *Statistics & Financial Documents*

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## Diocesan Priorities

1. Congregational Development
2. Concentrating on those aged 35 and Under
3. Stewardship of all our Resources

*Each program or department requesting budget funds was asked to identify the priorities supported. These diocesan priorities are referred to by number in each budget request presented in this document.*

## Letter from Bishop Greg Rickel

### Dear Ones,

To say that this year has been a financially interesting one, in our world and in our church, would be a huge understatement. And yet, in this diocese, we have continued to weather these changes in a tremendous way. This year, thanks to the diligent work of the Budget and Finance Committee, your Diocesan Council and staff, we are presenting to you a balanced budget. There is no doubt this has been achieved with some sacrifices. However, it also comes from good work on efficiency, balanced with a commitment to maintain the level of grant support going back to congregations, and the continued commitment to support the three focus areas of congregational development, people 35 and under, and stewardship of all our resources.

Our revenues, your assessment dollars, have remained steady and even stronger than in years past. We are seeing a good payment rate as the vast majority of congregations diligently and regularly pay their assessment. This fact remains even as we also have lowered the assessment in this budget to 17.5% and have, just this past week, put forth a resolution to our diocesan convention to lower it yet again in 2013 to 17%.

Once again we have tried to be very tactical in our reductions while attempting to offer the programming in other ways. Through this careful work we have been able to lower the expense budget by 5.7% from 2011.

The excellent letter written by Joe McGuire, chair of the Budget and Finance Committee, on behalf of the Diocesan Council, details many of the reductions but I also wanted to highlight a few. We have continued to reorganize our diocesan staff over these last four years, trying to be efficient while also building the staff needed for the church which exists now and into the future. While none of us knows what that might be, we have a pretty good idea what it won't be.

*Continued on pg. 15*

## Letter from Diocesan Council

### Convention members,

We present for your review and ratification the approved final 2012 Operating Budget for the Diocese of Olympia. This budget represents a \$145,000 reduction from the draft that was available for review and comment at the spring regional meetings; this includes \$25,000 of additional revenue and \$120,000 of expense reductions.

The revenue increases reflect \$15,000 of additional assessment revenue. This is the result of congregations' ever increasing compliance with assessment payments. Fresher data also indicated a \$10,000 increase in investment income.

When reviewing the expense reductions, keep in mind that these are not necessarily programs that were rejected on their merits, but areas where the expenditure need may have been vaguely defined. When additional, well defined program needs are identified, the Council encourages these programs to come to the Council to discuss financing options.

This is a balanced 2012 Budget with revenues and expenses of \$4,165,594, a 5.74% reduction from 2011. A detailed review of the reductions in 2012 from 2011 provides a clear indication of a shrinking diocesan role and an increasing congregation role in the program development decision making process.

As you read through this document, in each area you will see changes, if any, and the current recommended funding level highlighted in the left-hand sidebar.

*Continued on pg. 15*



## Congregational Development

Priorities Addressed: 1

Staff: **Melissa Skelton**, Canon for Congregational Development (50% time)

**Requested: \$681,535**

**Council recommendation: \$632,748**

Difference requested/recommendation:

- *Assistant support included in College funding.*
- *Grants to Congregations includes potential funding for St. Luke, Ballard (previously included in Bishop's Initiatives, pg. 7).*
- *Restricted investment income updated; Bishop Directed Grants increased 3.5% from spring projection, still down 33.2% from 2011.*
- *Congregation Consulting Network & General Office reduced based on prior years' actual expenses.*
- Compensation 7.9% of recommendation
- Grants to Congregations 67.3% of recommendation
- Recommendation represents

35.2% of Program Allocations

15.2% of Total Budget

Revenue Source:

- 87.3% Assessments
- 9.0% College tuition
- 3.7% Restricted income (Mission Ministry fund) supports Bishop Directed Grants

**Summary, pg. 13, line 7-10**

## Faith Formation

Priorities Addressed: 1, 2, & 3

Staff: **Kathy Hamilton**, Canon for Youth & Young Adults (fulltime); **Shannon Jergenson**, Project Coordinator (75% time); **Josh Thomas**, Dean, Diocesan School of Ministry & Theology; Navigator, Faith Nexus (50% time); **Sue Tait**, Director of Diocesan Resource Center (57% time)

**Requested: \$389,269**

**Council recommendation: \$382,269**

Difference requested/recommendation:

- *College Work UW reduced to \$60,000 based on 2009 & 2010 actual expenses.*
- *College Work WWU reduced to \$43,000; still a 7.5% increase from 2011.*

Continued next page

## Congregational Development

In addition to those highlighted below, the **Bishop Directed Grants** (fully funded by restricted income) are also included in this area.

2010 Highlights: The **Congregation Consulting Network (CCN)** completed 35 consultations with congregations and other diocesan entities. There were 130 participants in the **College for Congregational Development ("College")** training; at the end of the year participant evaluations overwhelmingly gave the College a 4 or 5 rating on a 5 point scale (1=low, 5=high). The Council Grants Committee completed the **congregation grant** process for the year, allocating \$358,700 to 23 congregations & diocesan entities; the group also completed the first round of grant reporting.

Selected 2012 Goals: Provide third-party **consultation** to congregations and diocesan entities on mutual ministry reviews, vestry retreats, conflict, decision-making and congregational development work. Through the **College**, train lay and clergy leaders in congregational and organizational development. Continue to transition the **College** to a program led by a broader group of people. Initiate **new workshops** to support and assist congregational leaders. Provide **direct coaching** and consultation to entities looking to improve their functionality in the diocese. Transition the **Grants** process to more comprehensive ownership and a web-assisted process.

## Faith Formation

This program includes training, education, consultation and resources for congregations, with specific programs for children, youth, young adults, and adults. In addition to those highlighted below, funds support **Children's Curriculum/Consultation**, **Adult Formation/Ministry Training**, **Ministry Resource Day**, and dues for **EFM** (Education for Ministry).

2010 Highlights: Researched and purchased software for online catalog for **Diocesan Resource Center**. **Youth & Young Adults** maintained steady participation in **HYC** and **JYC** conferences; added new **music** to conferences with a complete revamp of the old books; held a **6-Day** conference with a theme of the *Circle of Life* with lots of participation and lots of energy to make it happen; had 7 of 10 regions represented by a **voting youth presence** at the convention; attended the College for Congregational Development, and launched the *Wine into Water* campaign at convention. **Adult Resources/DSOMAT/Faith Nexus** hired Josh Thomas as the new Dean/Navigator; he began his work January 1, 2011.

## Faith Formation, continued

- Compensation 50.8% of recommendation
- Adult resources 10.5% of recommendation
- Youth & young adults (including college work) 38.7% of recommendation
- Recommendation represents

21.3% of Program Allocations

9.2% of Total Budget

### Revenue Source:

- 93.4% Assessments
- 2.1% Restricted income (College Work fund) partially supports UW College Work
- 4.5% Fees for Resource Center & Youth Events

Summary, pg. 13, line 11–14

## Supporting Congregations

Priorities Addressed: 1 & 2

Staff: **Joan Anthony**, Canon to the Ordinary (compensation, pg. 9);  
**Kim Forman**, Total Common Ministry Missioner (50% time)

Request: \$285,855

Council recommendation: \$189,018

Difference requested/recommendation:

- *Clergy Residency Program reduced 50%; reflects new information on clergy to be supported in 2012.*
- *Two new programs – Grant Writer & Organizing for Mission – reduced or eliminated based on updated information regarding timing & state of readiness.*
- *Support for Congregations line item requested an increase of 15%; recommend a 10% increase.*
- Compensation (not including Canon Anthony) 21.6% of recommendation
- Recommendation represents

10.5% of Program Allocations

4.5% of Total Budget

### Revenue Source:

- 94.3% Assessments
- 5.7% Restricted income (Clapp fund) covers the Bond Support Grant for Battle Ground

Summary, pg. 13, line 15–17

Selected 2012 Goals: Increase visibility, accessibility and services of the **Resource Center** and barcode collection for the new automated system. Maintain the quality of **HYC, JYC** and **6-Day** programs; provide youth ministry networking and training; schedule regular gatherings for young adults including one young adult retreat weekend; revise HYC/JYC conference staff materials; hold at least two music days for youth and youth leaders; and link with Provincial and National Youth and YA networks. Continue to reconfigure **DSOMAT/Faith Nexus** structure and programs by implementing distance learning strategies, enhancing licensed ministry training, nurturing a network of educators, and developing foundational and advanced adult formation programs/resources (with a focus on Episcopal/Anglican identity and web-based methods for exploring faith and connecting with spiritual growth opportunities in congregations and the wider community).

## Supporting Congregations

Congregations and the support of ministry through people, dollars and resources is the primary goal of this area. In addition to those mentioned below, this includes resources and **leadership training**, a **Mission Ministry grant** to Battle Ground to cover bond support debt, the **Total Common Ministry** program and missioner, **clergy days**, **misconduct rehabilitation and settlement**, a **misconduct case manager** (funding increased based on General Convention revision of Title IV disciplinary canon), **support for congregations in conflict**, and the Mission InSite **demographic** program.

2010 Highlights: The **Clergy Residency Program**, which partners with congregations to place recently ordained clergy who have been sponsored from the Diocese of Olympia, placed Karen Haig at St. Thomas, Medina. Two additional placements were made/planned for early 2011.

Selected 2012 Goals: Support recently ordained clergy – who have been sponsored from the Diocese of Olympia – placed in congregations, through the **Clergy Residency Program**.

## Evangelism & Growth

Priorities Addressed: 1 & 2

Staff: **Melissa Skelton**, Canon for Congregational Development (compensation, pg. 2); **Sharon Pethers**, Administrative Assistant (compensation, pg. 5)

**Request: \$53,500**

**Council recommendation: \$36,000**

Difference requested/recommendation:

- o *TV Eucharist & COTA salary support funded at requested level.*
- o *Evangelism Program reduced 54%; program in transition; no revenue anticipated in 2012. Reduction does not reflect de-emphasis; once plan is developed funding level will be reconsidered.*
- Compensation 0% of recommendation (included elsewhere)
- Recommendation represents

2.0% of Program Allocations

0.9% of Total Budget

Revenue Source:  
100% Assessments

**Summary, pg. 13, line 18**

## Emerging Mission

Priorities Addressed: 1

**Request: \$30,000**

**Council recommendation: \$10,000**

Difference requested/recommendation:

- o *Reduced 67%; program in transition; no revenue anticipated in 2012. Reduction does not reflect de-emphasis; once program is redeveloped funding level will be reconsidered.*
- No compensation included in request.
- Recommendation represents

0.6% of Program Allocations

0.2% of Total Budget

Revenue Source:  
100% Assessments

**Summary, pg. 13, line 19**

## Evangelism and Growth

This area equips congregations to share the good news of Jesus Christ with others.

2010 Highlights: Financially supported and fulfilled diocesan commitment of \$100,000 towards pay-off of **COTA** (Church of the Apostles) property. Financially supported and publicized the Sunday **TV Eucharist** on KONG-TV. Awarded **grants** for pilot projects to Santa Isabel, Beacon Hill Church Plant, and Underhill House of Prayer. Promoted April 2010 talk with Phyllis Tickle; sponsored workshop with Reggie McNeal on missional renaissance.

Selected 2012 Goals: Develop an approach to **evangelism training** based on exploring new ideas and techniques that address the needs of diverse populations, generations and ethnicities. Provide \$16,000 to support and publicize the **TV Eucharist**. Support in a variety of ways through small **grants** emerging and specialized ministries. Provide \$5,000 in financial support, friend-raising support and awareness for **COTA** (Church of the Apostles). Assist in development of **lay pastoral care** ministry at the diocesan level.

## Emerging Mission

This program supports emerging mission initiatives – currently Church of the Apostles (COTA), Fremont, and the Beacon Hill house church.

2010 Highlights: Supported **COTA** (Church of the Apostles, Seattle Fremont), which is moving in the direction of establishing a set of bylaws and a constitution to become a Lutheran/Episcopal federated congregation. The leader of the **Beacon Hill house church** was integrated into the Congregational Consultant Group and learned new skills.

Selected 2012 Goals: Continue to focus on the under 35 population. Respond to requests to develop the under 35 population in specific existing congregations. Reconstitute the **Commission on Emerging Mission** and develop a work plan for ministry.

## Multicultural Ministries

Priorities Addressed: 1, 2, & 3

Staff: **Arienne Davison**, Canon for Multicultural Ministries (25% time)

**Request: \$149,000**

**Council recommendation: \$141,000**

Difference requested/recommendation:

- o *Committee & commission funding reduced by 16.7% to 2011 funding level; distribution of funds left to the discretion of the Commission for Multicultural Ministries.*
- o *Holy Family of Jesus & Resurreccion funded at the requested level.*
- Compensation 17.7% of recommendation
- Recommendation represents

7.8% of Program Allocations

3.4% of Total Budget

Revenue Source:

100% Assessments

**Summary, pg. 13, line 20–22**

## Stewardship & Development

Priorities Addressed: 1, 2, & 3

Staff: **Lance Ousley**, Canon for Stewardship & Development (fulltime); **Sharon Pethers/Heather Hodsdon**, Administrative Assistant (full time; job share 60%/40%)

**Request: \$174,936**

**Council recommendation: \$174,936**

Difference requested/recommendation:

- o *No change.*

Continued next page

## Multicultural Ministries

This area supports, empowers and develops multicultural ministry with a goal to promote the health and development of a culturally and ethnically diverse diocese. In addition to those noted below, funding is provided for the **African American Committee**, Holy Family of Jesus **Cambodian ministry**, **Resurreccion** in Mt. Vernon, the **Indo-Hispanic** and **Sudanese** committees, and the **Commission for Multicultural Ministries**.

2010 Highlights: The **First Nations Committee** hosted celebrations for First Nations Holy women and men (Oakerhater, Enmagahbow & Matoaka), First Nations events/issues (new Jamestown Covenant & repudiation of the Doctrine of Discovery), as well as a PowWow etiquette workshop. The **Dismantling Racism Training Team (DRTT)** offered three trainings throughout the diocese, and a group teambuilding event with museum visit and dinner. The Rev. Jerry Shigaki completed his tenure as Canon for Multicultural Ministries at the end of 2010; the Rev. Arienne Davison began her work in this role in 2011.

Selected 2012 Goals: During 2011 multicultural ministries will transition as the new Canon for Multicultural Ministries begins her work. More goals for 2012 are expected to be developed as this work continues. Some are already identified. Host celebrations commemorating **First Nations** Holy women and men, as well as educational events; maintain relationships locally, regionally and nationally with other Episcopal First Nations people and ministries. Through **DRTT**, provide canonically required training to ordained ministers and congregations, support the training team, develop new contextual training tools, and build relationships with existing diocesan resources.

## Stewardship & Development

This program provides resources and training to develop the ministry of legacy giving as well as support for annual campaigns and development of a theology of giving in gratitude for all that God has given us.

2010 Highlights: Increased the **Bishop's Society** membership to 1,412, exceeding the goal of 1,400. The **Planned Giving Website** drew 24,000 visitors. First-hand **resources, teaching** or **preaching** were provided to about 1,600 individuals; with the help of the Commission chair and members; this work continued on a scaled-back level following the death of Carl Knirk. **Legacy work** continued with 32 congregations receiving resource tools and presentations. Paid for a diocesan corporate membership and membership for each congregation in **TENS** (The Episcopal Network for Stewardship); distributed \$68,689 to 28 ministries through the **Episcopal Charities Appeal** (ECA), a 15% increase from 2009.

## Stewardship & Develop, continued

- Compensation 75.1% of recommendation
- Recommendation represents

9.7% of Program  
Allocations

4.2% of  
Total Budget

Revenue Source:

100% Assessments

Summary, pg. 13, line 23–25

## Communications

Priorities Addressed: 1, 2, & 3

Staff: **Norah Joslyn**, Director of Diocesan Communications (fulltime); **Greg Hester**, Publications Coordinator (40% time); **Ky Chen**, Print Shop Coordinator (86% time through June 2011)

**Request: \$265,033**

**Council recommendation: \$182,243**

Difference requested/recommendation:

- o *Diocesan Print Shop closed summer 2011; salary, benefits and funding for this program removed.*
- o *Production of the Episcopal Voice reduced by one issue.*

- Compensation 63.9% of recommendation
- Recommendation represents

10.1% of Program  
Allocations

4.4% of  
Total Budget

Revenue Source:

100% Assessments

\*\* Prior years include fees & reimbursements for the Print Shop

Summary, pg. 13, line 26–28

Selected 2012 Goals: Increase the **Bishop's Society** to 1,462 members (a 4% increase) and host a diocesan-wide event to thank and recognize members. Work with the bishop to provide two **workshops** in outlying areas. Provide **resources** to congregations, investigate a **mentor program**, and continue to market the **Planned Giving Website** and keep it up-to-date with witness stories and the latest information to encourage donors to make legacy gifts. Continue partnership between our diocese and **TENS**. Increase the amount distributed through **ECA** by 2% to around \$70,000.

## Communications

This program strives to provide outstanding communications services to the diocese, boldly proclaiming the good news of the Episcopal Church in Western Washington. 2012 reflects a shift in resources, moving away from support of traditional print-based delivery of materials (specifically for FYI and the diocesan directory) toward more efficient electronic delivery, as well as more resources directed toward further development of successful video projects and a return to advertising/promotion – evangelism, even! – via traditional and emerging means (print, TV, radio and web-based).

2010 Highlights: **Videos** highlighting each of the three focus areas (see priorities, pg. 1 sidebar) received a warm reception at convention and unanticipated (very favorable) national church attention at [www.episcopalcafe.com](http://www.episcopalcafe.com). **Website redesign** and content revision continued; **Twitter** and **Facebook** presence dramatically improved. **Episcopal Voice** transitioned from 11 issues/year tabloid-sized newspaper to a quarterly magazine with highly favorable reception from readership.

Selected 2012 Goals: Create a second series of **videos** highlighting the ministries of congregations and programs incorporating high-end production as well as smaller-scale, locally produced products. Develop a **promotional ad campaign** using traditional means (TV, radio, print ads) as well as new media (website, Facebook ads). Develop follow-up **survey** to track success. Continue to **streamline/adapt existing publications** to make them more efficient/timely/useful, remembering the importance of keeping the printed word in peoples' hands while also reducing burdensome print costs.

## Bishop's Initiatives

Priorities Addressed: 1 & 2

Staff: **Greg Rickel**, Bishop Diocesan (comp., pg. 9);

**Joan Anthony**, Canon to the Ordinary (comp., pg. 9)

**Request: \$200,000**

**Council recommendation: \$50,000**

Difference requested/recommendation:

- o *Reduction of 75% represents moving potential funding for St. Luke, Ballard, to Grants to Congregations.*

- Recommendation represents

2.8% of Program Allocations

1.2% of Total Budget

Revenue Source:

100% Assessments

**Summary, pg. 13, line 29**

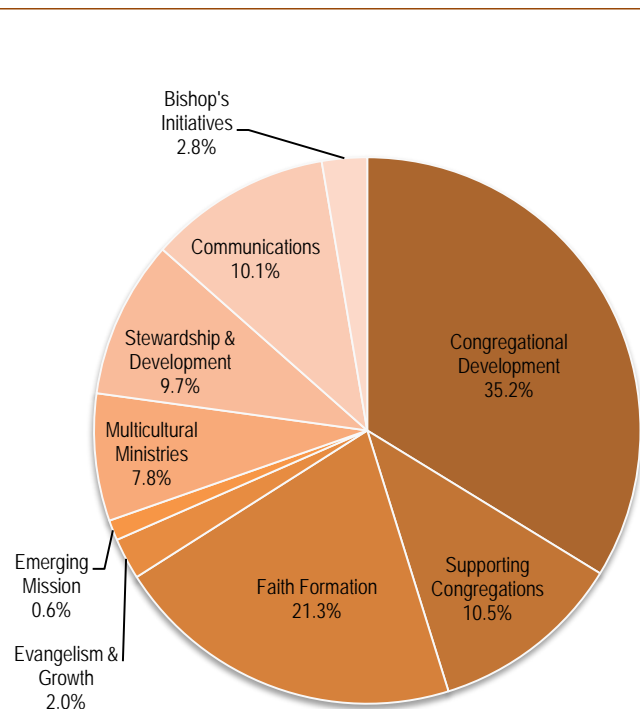
## Bishop's Initiatives

Bishop's Initiatives started in 2009 with funding from the unrestricted operating reserve; it is now an ongoing line item in the operating budget funded by assessment revenue. Funds are available for use by the bishop to enable congregations to move forward with special projects and new initiatives that support their ministry and growth.

2010 Highlights: Funds were utilized for several new initiatives with approximately \$38,000 not used in 2010 carried forward to 2011.

Selected 2012 Goals: To develop a process by which congregations may apply for initiative grants to enable them to try new ideas between the congregational grant process periods.

Program for Ministry: Empowering Congregations: \$1,798,214 (43.2% of total)



## Program for Ministry

The graph above provides a visual representation of the distribution of funds within the programs for ministry outlined on page 2-7. See pg. 12 for a graph of the total budget.

## Diocesan Vision

We envision the Diocese of Olympia as one of the healthiest places in the Episcopal Church, growing and moving through the opportunity and challenge that come with being situated in the "None Zone" of the largely unchurched Pacific Northwest. We are a diocese on solid footing, with open communication and a resolve to live together in Christ and with Christ. We see our differences as blessings and we are committed to sharing those blessings with the world around us. We believe the core purpose of a diocese is building up the Body of Christ. The Diocese of Olympia works to fulfill that commitment in our congregations by focusing on three areas:

**Congregational development** – We believe that developing healthy congregations is central to that call. To that end, we have a clear strategy and ethos of development and health in all our congregations, no matter what the size or context. We assist congregations in facilitating clear expectations and in developing leaders – lay and clergy – who are given the skills and have the understanding to take responsibility for development. We believe that congregational development means far more than numerical growth, but when development is done well, numerical growth is often an outcome.

**Concentrating on those 35 and under** – We believe that the Church has a particular call to reach out to and attract people under age 35, many of whom are the second and third generations to have no knowledge of Christ and the Church. We believe that if we, the Church, can discover how to reach, feed and attract people under 35 we will be blessed by the tremendous leadership and spirituality this generation offers the Church. Therefore, our mission field is wherever we find this generation. We must engage with, listen to and commit resources toward all those who are 35 and younger. We equip congregations to relate to younger people and build ministry with them, and we do the same work on a diocesan level.

**Stewardship of all our resources** – We believe Christianity is a faith of abundance and blessing. Becoming a people truly in touch with this reality makes us stewards of all of our resources — human, financial, material and spiritual. At Creation, God gave us responsibility for the care of the earth. More than ever before, we are aware that what we do affects those in the next generations. Jesus teaches us that when we live for others we have abundant life. We assist congregational leaders in strengthening the stewardship of all resources in their congregations, and we practice this at a diocesan level.

Priorities Addressed: 1, 2, & 3

**Request: \$113,991**

**Council recommendation: \$93,270**

Difference requested/recommendation:

- Overall program funding reduced by 19.9% to 2011 funding level; distribution left to the discretion of the Commission for Church in the World.
- Refugee Grant participation reduced by 33.3% while maintaining acceptable level for outside grant applications.
- Restricted investment income updated; Emergency Assistance Grants increased 3.8% from spring projection, still down 17.7% from 2011.
- MDGs (based on a set formula of .07% of prior years' unrestricted expenses) updated; down 8.6%.

- No compensation included in request.
- Recommendation represents

2.2% of Total Budget

Revenue Source:

- 94.0% Assessments
- 6.0% Restricted income (Human Need Endowment) funds
- Emergency Assistance Grants

Summary, pg. 13, line 31

## Church in the World

With oversight from the Commission for Church in the World funding supports, in addition to those below, **Jubilee Ministries**, the **Committee for Economic Justice**, **Greater Seattle Cares**, **St. James Family Center** and **Integrity Puget Sound**. **Emergency Assistance Grants** funded through restricted investment income; funding per convention action supports the **Millennium Development Goals**.

2010 Highlights: **Refugee** program enrolled 80 adults in English classes and raised proficiency two levels according to CASAS test. **Episcopal Bishop's Committee for Israel/Palestine** (EBCIP) developed a new approach for youth exchanges. **Committee for the Environment** provided \$2,800 via six "green grants," which produced \$12,700 in improvements to church buildings. **Earth Ministries** sponsored an Earth Day Vigil for Climate Action. **Mission to Seafarers** visited 314 ships and transported 7,671 crew members while their ships were in port. **Walk in Love** hosted a World AIDS Day luncheon that raised \$110,000.

Selected 2012 Goals: **Refugee** program – find jobs for 120 refugee adults. **Commission for Church in the World** – sponsor two regional training workshops. **EBCIP** – sponsor a visit to our diocese by 10-12 Palestinian youth. **Committee for the Environment** – train a minimum of 10 churches in the use of the EPA's carbon calculator for Houses of Worship. **Committee on Alcohol & Substance Abuse** – provide an opportunity for education, awareness and fellowship to the

18-25 year-old age group. **Earth Ministries** – work to involve clergy and lay members in advocacy for God's creation. **Mission to Seafarers** – visit 350 cargo ships, host 1,000 visitors at the Seafarer's Center. **Walk in Love** – sponsor AIDS events with Multifaith Works/Rosehedge to build public and diocesan awareness of AIDS issues.

Church in the World: \$93,270 (2.2% of total budget)

## Wider Church Covenants

**Request: \$697,433**

**Council recommendation: \$687,433**

Difference requested/recommendation:

- St. Mark's Cathedral partnership reduced by 13% to \$65,000.
- No compensation included in request.
- National Church Asking (assessment) 88.4% of recommendation.
- Recommendation represents

16.5% of Total Budget

Revenue Source:

- 100% Assessments

Summary, pg. 14, line 32-34

Includes support for our shared ministry through the following:

- Asking (assessment) for the National Church (based on a formula approved by each triennial General Convention of the Episcopal Church).
- Support for Province VIII (one of nine provinces in the Episcopal Church USA consisting of the dioceses of Alaska, Arizona, California, Eastern Oregon, El Camino Real, Hawaii, Idaho, Los Angeles, Nevada, Northern California, Olympia, Oregon, San Diego, San Joaquin, Spokane, Taiwan, Utah and Navajoland Area Mission).
- Partnership with St. Mark's Cathedral.
- Ecumenical work in western Washington State, including support for the Washington Association of Churches (our faith-based state public policy education and advocacy network).

Wider Church Covenants: \$687,433 (16.5% of total budget)

## Diocesan Bishop's Office

Staff: **Greg Rickel**, Bishop Diocesan (fulltime); **Blaire Notrica**, Executive Assistant to the Bishop/ Secretary for Vocations (fulltime); **Kerry Allman**, Internet Strategist (fulltime); **Gen Grewell**, Archdeacon (volunteer)

Request: **\$565,166**

Council recommendation: **\$514,194**

Difference requested/recommendation:

- o *Restricted investment income updated; reductions to Theological Education (15.6%), Clergy Emergency (17.74%) & Christiansen (18.6%) grants.*
- o *Diaconal Formation reduced to 2011 funding level.*
- o *Secretary for Vocations position absorbed into Executive Assistant to the Bishop position.*
- Compensation 60.9% of recommendation
- Recommendation represents

36.5% of Canonical Allocations
--------------------------------

12.3% of Total Budget
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Revenue Source:

- 60.8% Assessments
- 39.2% Restricted income supports the following: Bishop's salary/benefits, Lambeth, Bishop Search & Consecration reserves (Episcopate Endowment #1 & #2); Theological Education, Clergy Emergency & Christiansen Grants.

Summary, pg. 14, line 35-37

## Canon to the Ordinary's Office

Staff: **Joan Anthony**, Canon to the Ordinary (fulltime); **Janet Campbell**, Canon for Liturgy (stipend)

Request: **\$159,045**

Council recommendation: **\$169,045**

Difference requested/recommendation:

- o *Canon for Liturgy stipend added.*
- Compensation 76.4% of recommendation
- Recommendation represents

12.0% of Canonical Allocations
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4.1% of Total Budget
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Revenue Source:

- 100% Assessments

Summary, pg. 14, line 39-41

## Treasurer's Office

Staff: **Chris Smith-Clark**, Canon for Finance (fulltime); **Paster Soong**, Accounting Manager (fulltime); **Carrie Rohlik**, Insurance & Finance Assist. (fulltime)

Request: **\$234,414**

Council recommendation: **\$234,414**

Difference requested/recommendation:

- o *No change.*
- Compensation 88.7% of recommendation

Continued next page

## Diocesan Bishop's Office

This office oversees the pastoral, administrative and programmatic work of the diocese. Three reserve funds are built through yearly transfers from restricted funds: **Lambeth Conference**, **Consecration** and **Bishop Search**. Also supported is **Vocations** (formerly Commission on Ministry & Ministry Discernment), **Diaconal Formation**, **Standing Committee**, **Pastoral Care of Clergy**, work with **Clergy Spouses and Partners** and **Episcopal Assistance**. The work of the **Internet Strategist** supports consultations and work around the diocese. **Theological Education**, **Clergy Emergency**, and **Christiansen** grants are fully funded by restricted income and administered according to the stipulations of each fund.

## Canon to the Ordinary's Office

Assists the bishop in diocesan ministry and carries out the decisions and vision of the bishop. Works with **congregations in transition** and **congregations in conflict** or with challenges, coordinates **deployment** and **misconduct case management**, and encourages and supports clergy and leaders in congregations. Program funds under oversight of this office appear in the **Supporting Congregations** area of this budget (pg. 3). The increase in 2012 reflects non-recurring expense for support of the work during the Canon's sabbatical time.

## Treasurer's Office

Responsible for the **financial transactions** and records of the operating, trust, building loan, mission development and diocesan investment funds. **Audits** the annual NDI reports from congregations, files state **tax forms**, processes financial transactions and prepares reports for federal, state and local government grants. The diocesan medical, dental, property and liability **insurances** are also the responsibility of this office. Trains and serves as a **resource** to congregation treasurers. Provides support to the **Board of Directors** and Board representative.



## Treasurer’s Office, continued

- Recommendation represents

16.6% of Canonical Allocations	5.6% of Total Budget
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Revenue Source:

76.5% Assessments

23.5% Fees for Insurance & Grant/DIF Administration

Summary, pg. 14, line 42–44

## Archives & Records Management

Staff: **Diane Wells**, Archivist & Records Manager (60% time); **Br. Carle Griffin**, Historiographer (volunteer)

Request: \$52,431

Council recommendation: \$52,431

Difference requested/recommendation:

o *No change.*

- Compensation 81.4% of recommendation
- Recommendation represents

3.7% of Canonical Allocations	1.3% of Total Budget
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Revenue Source:

100% Assessments

Summary, pg. 14, line 45–47

## Diocesan Governance

Staff: **Dede Moore**, Bishop’s Executive for Governance (80% time); **Bill Goodenough**, Representative for Property (contract)

Request: \$253,690

Council recommendation: \$251,690

Difference requested/recommendation:

o *Financial Training & Personnel Commission reduced.*

- Compensation 23.1% of recommendation
- Legal & Audit 24.6% of recommendation
- Recommendation represents

17.9% of Canonical Allocations	6.0% of Total Budget
--------------------------------	----------------------

Revenue Source:

90.1% Assessments

1.0% Restricted income (Episcopate Endowment #2) funds Dean Search reserve

8.9% Fees/reimbursements from Convention

Summary, pg. 14, line 48–51

## Archives & Records Management

This is a canonically required program. Its mission is:

- to preserve the historical record;
- support the current ministry and community life of the diocese;
- serve the informational and records management needs of the diocese – including compliance with administrative, fiscal and legal requirements;
- identify, collect, preserve and make available records of enduring value;
- aid congregations, ministries and institutions in the preservation and care of records through written guides, workshops and consultations.

A volunteer Historiographer is responsible for chronicling the history of the diocese and for making it available through written works, oral presentations, participating in professional forums and other mediums of communication.

## Diocesan Governance

This area supports the boards, committees, councils and events that provide overall leadership of the diocese. The **budget process**, work with **regional ministries**, and the work of the **Committee on Constitution and Canons** are coordinated through this office. Funding is provided for:

- Annual Convention
- Pre-convention Gatherings
- Production of the annual Journal of Convention and Constitution & Canons
- Diocesan Council, Commission on Church Architecture Board of Directors, Liturgy and Arts Commission, Personnel Commission and Insurance Committee
- Volunteer mileage
- General Convention reserve
- Cathedral Dean Search reserve (restricted income)

A contracted Representative for Property oversees the diocesan physical assets, represents the board in all property matters involving missions, makes recommendations regarding loan requests from missions, and advises the bishop on the financial viability of loans from outside sources requested by parishes.

## Property & Liability Insurance

**Request: \$68,250**

**Council recommendation: \$68,250**

Difference requested/recommendation:

- o *No change.*
- No compensation included in request
- Recommendation represents

4.8% of Canonical Allocations	1.6% of Total Budget
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Revenue Source:

100% Assessments

**Summary, pg. 14, line 52**

## Compensation/Benefits Reserve

**Request: \$111,473**

**Council recommendation: \$120,400**

Difference requested/recommendation:

- o *Reflects potential for family benefits for new Canon for Stewardship.*
- Recommendation represents

8.5% of Canonical Allocations	3.0% of Total Budget
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Revenue Source:

100% Assessments

**Summary, pg. 14, line 53**

## Property & Liability Insurance

Property and liability coverage for the Liability, Directors and Officers, and non-owned auto for the diocesan corporation.

## Compensation/Benefits Reserve

Provides for the likelihood of an increase in insurance premiums for diocesan staff, as well as COLA salary increases. Medicare Supplement covers the majority of the cost of Medicare supplement policies for retired diocesan staff. When required, unemployment reserve covers unemployment costs (self-funded) for laid-off diocesan staff in accordance with 2008 convention action.

Canonical & Corporate: \$1,410,424 (33.9% of total budget)

## Diocesan House

Staff: **Position Open**, Receptionist (fulltime); **Mark Swanson**, property maintenance (45% time)

**Request: \$177,386**

**Council recommendation: \$165,226**

Difference requested/recommendation:

- o *Plant Services General reduced by 6.3% to 2011 funding level.*
- o *Diocesan House General reduced by 18.0% based on prior years' actual expenses.*

- Compensation 40.1% of recommendation
- Recommendation represents

4.0% of Total Budget
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Revenue Source:

100% Assessments

**Summary, pg. 14, line 55-57**

## Diocesan House

Diocesan House provides space and services to the staff of the Office of the Bishop, committees, commissions and organizations. Funds purchase office supplies for the Office of the Bishop, cover the phone bills, photocopier and fax machine contracts. Also funds Diocesan House maintenance, cleaning, security, upkeep of the yard and surrounding environment, custodial supplies, hospitality and kitchen supplies, gas, heat, electricity and recycling.

## Other Trustee Expenses

Request: \$26,027

Council recommendation: \$11,027

Difference requested/recommendation:

- o Based on current level of St. Andrew's House endowment/reserve, and completion of 2010 operations with a budget surplus, funding for SAH Ministry Operations and Deferred Maintenance removed for 2012.

- No compensation included in request
- Recommendation represents

0.3% of Total Budget

Revenue Source:

100% Assessments

Summary, pg. 14, line 58

## Other Trustee Expenses

Three additional facilities are part of the Diocese of Olympia: Huston Camp & Conference Center ("Huston"), St. Andrew's House ("SAH"), and St. Bernard's Chapel on Snoqualmie Pass. Huston and SAH each have a separate Board, and develop and support budgets; questions about either budget should be addressed directly to that facility. Requests shown in our diocesan budget reflect requests for additional support for specific projects in any year; for 2012 SAH requests \$10,000 for deferred maintenance and \$5,000 for ministry operations. Both Huston and SAH provide gathering space for retreats and workshops for congregations and organizations across the diocese. Huston also offers our diocesan summer-camping program. Both ended 2010 with a budget surplus. Congregation Property expense is a new line item to provide funds for emergency situations in congregations unable to pay monthly expenses.

Trustee Obligations: \$176,253 (4.2% of total budget)

Total Recommendations: \$4,165,594

## Budget 2012

Program for Ministry

43.2% of total budget

Church in the World

2.2% of total budget

Trustee Obligations

4.2% of total budget

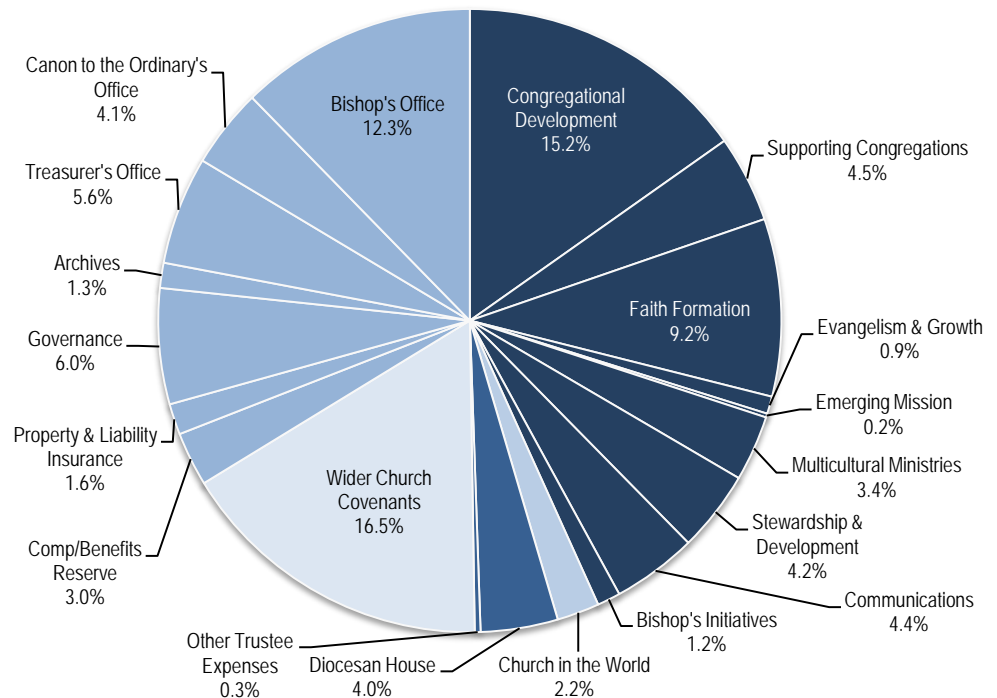
Wider Church Covenants

16.5% of total budget

Canonical & Corporate

33.9% of total budget

Graph provides a visual representation of the full version of the recommended diocesan operating budget for 2012.



Description	2012 Projection Fall/Final	% difference 2012 Spring	% difference Request	% difference 2011 Budget	2012 Projection Spring	2012 Request	2011 Budget	2010 Actual	2009 Actual
<b>Revenue</b>									
1 Assessment Income	3,640,564	0.4%		-1.2%	3,625,500		3,684,000	3,594,003	3,547,603
2 Unrestricted Investment Income	74,340	3.3%		-20.0%	71,973		92,977	77,819	99,413
3 Restricted Investment Income	292,190	2.9%		-19.1%	284,031		361,103	318,343	387,857
4 Other Income	42,500	0.0%		-63.0%	42,500		115,000	106,035	80,378
5 Fees, Tuitions & Reimbursements	116,000	0.0%		-30.2%	116,000		166,220	137,303	187,007
6 <b>Total Revenues Projected/Used</b>	<b>4,165,594</b>	<b>0.6%</b>		<b>-5.7%</b>	<b>4,140,004</b>		<b>4,419,300</b>	<b>4,233,503</b>	<b>4,302,258</b>
<b>Expense</b>									
<b>Program for Ministry: Empowering Congregations</b>									
7 Congregational Development - staff	49,835	0.0%	-16.7%	-16.7%	49,835	59,835	59,835	56,387	55,575
8 Congregational Development - grants to congregations	426,000	0.0%	-5.3%	15.1%	426,000	450,000	370,000	335,530	327,000
9 Congregational Development - program	156,913	0.5%	-8.6%	-5.4%	156,123	171,700	165,900	99,178	134,465
10 Congregational Development	<b>632,748</b>	<b>0.1%</b>	<b>-7.2%</b>	<b>6.2%</b>	<b>631,958</b>	<b>681,535</b>	<b>595,735</b>	<b>491,095</b>	<b>517,040</b>
11 Faith Formation- staff	194,069	0.0%	0.0%	0.0%	194,069	194,069	194,069	163,793	201,261
12 Faith Formation- youth, young adults, college work	148,000	-4.5%	-4.5%	0.0%	155,000	155,000	148,000	132,510	97,397
13 Faith Formation- adult resources	40,200	0.0%	0.0%	0.5%	40,200	40,200	40,000	22,739	33,403
14 Faith Formation	<b>382,269</b>	<b>-1.8%</b>	<b>-1.8%</b>	<b>0.1%</b>	<b>389,269</b>	<b>389,269</b>	<b>382,069</b>	<b>319,042</b>	<b>332,061</b>
15 Supporting Congregations- staff	40,738	0.0%	0.0%	0.0%	40,738	40,738	40,738	40,699	19,944
16 Supporting Congregations - program	148,280	-14.4%	-39.3%	-25.9%	173,280	244,430	200,076	172,903	71,609
17 Supporting Congregations	<b>189,018</b>	<b>-11.7%</b>	<b>-33.7%</b>	<b>-21.5%</b>	<b>214,018</b>	<b>285,168</b>	<b>240,814</b>	<b>213,602</b>	<b>91,553</b>
18 Evangelism	<b>36,000</b>	<b>-21.7%</b>	<b>-32.7%</b>	<b>-32.7%</b>	<b>46,000</b>	<b>53,500</b>	<b>53,500</b>	<b>48,980</b>	<b>58,201</b>
19 Emerging Mission	<b>10,000</b>	<b>-55.6%</b>	<b>-66.7%</b>	<b>-66.7%</b>	<b>22,500</b>	<b>30,000</b>	<b>30,000</b>	<b>23,590</b>	<b>20,000</b>
20 Multicultural Ministries- staff	25,000	0.0%	0.0%	0.0%	25,000	25,000	25,000	81,915	119,639
21 Multicultural Ministries - program	116,000	0.0%	-6.5%	0.0%	116,000	124,000	116,000	141,477	132,583
22 Multicultural Ministries	<b>141,000</b>	<b>0.0%</b>	<b>-5.4%</b>	<b>0.0%</b>	<b>141,000</b>	<b>149,000</b>	<b>141,000</b>	<b>223,392</b>	<b>252,222</b>
23 Stewardship & Development- staff	131,336	0.0%	0.0%	0.0%	131,336	131,336	131,336	111,305	159,617
24 Stewardship & Development - program	43,600	0.0%	0.0%	0.0%	43,600	43,600	43,600	35,280	44,785
25 Stewardship & Development	<b>174,936</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>174,936</b>	<b>174,936</b>	<b>174,936</b>	<b>146,585</b>	<b>204,402</b>
26 Communications - staff	116,418	0.0%	-30.8%	-30.8%	116,418	168,208	168,209	166,983	195,471
27 Communications - program	65,825	-23.3%	-32.0%	-31.8%	85,825	96,825	96,575	82,310	119,298
28 Communications	<b>182,243</b>	<b>-9.9%</b>	<b>-31.2%</b>	<b>-31.2%</b>	<b>202,243</b>	<b>265,033</b>	<b>264,784</b>	<b>249,293</b>	<b>314,769</b>
29 Bishop's Initiatives	<b>50,000</b>	<b>0.0%</b>	<b>-75.0%</b>	<b>66.7%</b>	<b>50,000</b>	<b>200,000</b>	<b>30,000</b>	<b>31,300</b>	<b>299,730</b>
30 <b>Total Program for Ministry: Congregations</b>	<b>1,798,214</b>	<b>-3.9%</b>	<b>-19.3%</b>	<b>-6.0%</b>	<b>1,871,924</b>	<b>2,228,441</b>	<b>1,912,838</b>	<b>1,746,879</b>	<b>2,089,978</b>
<b>Church in the World</b>									
31 <b>Total Church in the World</b>	<b>93,270</b>	<b>0.2%</b>	<b>-18.2%</b>	<b>-2.3%</b>	<b>93,066</b>	<b>113,991</b>	<b>95,441</b>	<b>88,519</b>	<b>92,338</b>

	Description	2012 Projection Fall/Final	% difference 2012 Spring	% difference Request	% difference 2011 Budget	2012 Projection Spring	2012 Request	2011 Budget	2010 Actual	2009 Actual
<b>The Broader Church</b>										
32	Wider Church Covenants	80,000	-11.1%	-11.1%	-16.0%	90,000	90,000	95,250	110,000	143,501
33	National Church Asking	607,433	0.0%	0.0%	1.4%	607,433	607,433	599,110	694,679	686,074
34	<b>Total The Broader Church</b>	<b>687,433</b>	<b>-1.4%</b>	<b>-1.4%</b>	<b>-1.0%</b>	<b>697,433</b>	<b>697,433</b>	<b>694,360</b>	<b>804,679</b>	<b>829,575</b>
<b>Canonical &amp; Corporate Expenses</b>										
35	Diocesan Bishop's Office - staff	312,939	-12.0%	-12.0%	-12.0%	355,719	355,719	355,719	350,703	335,195
36	Diocesan Bishop's Office - program	201,255	0.6%	-3.9%	-12.2%	200,023	209,447	229,182	229,242	173,648
37	Diocesan Bishop's Office	514,194	-7.5%	-9.0%	-12.1%	555,742	565,166	584,901	579,945	508,843
38	Bishop Suffragan's Office	-	0.0%	0.0%	0.0%	-	-	-	49,247	175,136
39	Canon to the Ordinary's Office - staff	129,145	8.4%	8.4%	8.4%	119,145	119,145	119,145	115,378	109,367
40	Canon to the Ordinary's Office - program	39,900	0.0%	0.0%	51.1%	39,900	39,900	26,400	27,854	50,302
41	Canon to the Ordinary's Office	169,045	6.3%	6.3%	16.1%	159,045	159,045	145,545	143,232	159,669
42	Treasurer's Office - staff	207,914	0.0%	0.0%	0.0%	207,914	207,914	207,914	211,535	217,772
43	Treasurer's Office - program	26,500	0.0%	0.0%	-0.4%	26,500	26,500	26,600	24,781	20,627
44	Treasurer's Office	234,414	0.0%	0.0%	0.0%	234,414	234,414	234,514	236,316	238,399
45	Archives & Records Management - staff	42,681	0.0%	0.0%	0.0%	42,681	42,681	42,681	42,394	43,423
46	Archives & Records Management - program	9,750	0.0%	0.0%	2.6%	9,750	9,750	9,500	8,004	10,076
47	Archives & Records Management	52,431	0.0%	0.0%	0.5%	52,431	52,431	52,181	50,398	53,499
48	Diocesan Governance - staff	58,240	0.0%	0.0%	0.0%	58,240	58,240	58,240	49,533	56,063
49	Diocesan Governance - program	131,450	0.0%	-1.5%	1.3%	131,450	133,450	129,800	124,828	126,846
50	Diocesan Governance - legal & audit	62,000	0.0%	0.0%	-2.3%	62,000	62,000	63,450	58,587	51,914
51	Diocesan Governance	251,690	0.0%	-0.8%	0.1%	251,690	253,690	251,490	232,948	234,823
52	Property & Liability Insurance	68,250	0.0%	0.0%	5.0%	68,250	68,250	65,000	58,967	55,590
53	Compensation/Benefits Reserve	120,400	0.0%	8.0%	-12.1%	120,400	111,473	136,926	73,419	78,438
54	<b>Total Canonical &amp; Corporate Expenses</b>	<b>1,410,424</b>	<b>-2.2%</b>	<b>-2.4%</b>	<b>-4.1%</b>	<b>1,441,972</b>	<b>1,444,469</b>	<b>1,470,557</b>	<b>1,424,472</b>	<b>1,504,397</b>
<b>Trustee Expenses</b>										
55	Diocesan House - staff	66,226	0.0%	0.0%	0.0%	66,226	66,226	66,226	65,329	101,612
56	Diocesan House - program	99,000	-4.7%	-10.9%	-4.7%	103,850	111,160	103,850	102,050	99,242
57	Diocesan House	165,226	-2.9%	-6.9%	-2.9%	170,076	177,386	170,076	167,379	200,854
58	Other Trustee Expenses	11,027	0.0%	-57.6%	-85.5%	11,027	26,027	76,027	17,174	-
59	<b>Total Trustee Expenses</b>	<b>176,253</b>	<b>-2.7%</b>	<b>-13.4%</b>	<b>-28.4%</b>	<b>181,103</b>	<b>203,413</b>	<b>246,103</b>	<b>184,553</b>	<b>200,854</b>
60	Total Recommendations/Budget/Actual	4,165,594	-2.8%	-11.1%	-5.7%	4,285,498	4,687,747	4,419,299	4,249,102	4,717,142
61	Total Revenues Projected/Used	4,165,594	0.6%	-5.7%	-5.7%	4,140,004	4,419,300	4,419,300	4,233,503	4,302,258
62	Net Excess or Deficit	-				(145,494)	1		(15,599)	(414,884)

For informational purposes only

Funds drawn from (added to) prior years cumulative surplus  
Balance of prior years cumulative surplus at year end

NOTE: The anticipated deficit for 2009 was \$400,000; \$300,000 for Bishop's Initiatives at the beginning of Bishop Rickel's ministry.

(3,357)  
273,767

(412,032)  
277,124

## Letter from Bishop Greg Rickel,

*continued from page 1*

This past year we ended our in house print shop, which also ended the work of Ky Chen, our Print Shop Manager who had done that job so willingly and with such grace and love over the years. This was a difficult decision but the equipment had become outdated, and the actual use of print is diminishing every year. It had become a losing proposition. In this budget you will see that we have combined two positions in one, Secretary of Vocations and Executive Assistant to the Bishop. That position is currently filled by Mr. Blaire Notrica and he is ably doing both jobs. This one change saved us over \$42,000 in this budget.

For some of the same reasons mentioned regarding the print shop, we have also reduced the communications budget by about \$20,000 which is the cost of one hard copy printing of *The Voice*. We had planned for four of these each year however, with our new magazine layout we will now be doing only three. We plan to compensate with our electronic communication.

While College work did not get all it asked, we maintained our emphasis in this area and provided increased funding to the newest program established at WWU. We have added one new staff position with our Canon for Liturgy which is so graciously filled by Janet Campbell and for a cost of \$10,000 a year.

In my earlier budget letter I stated the following, “the Budget and Finance Committee, in their calculations, decided to lower the expected shortfall for non-payment of assessments from 8% to 6%. Of course, this will require continued diligence on all our parts over the coming year; the confidence to make this determination is only possible due to your care and attention to this part of our collective life.”

Because of continued higher than expected assessment payment – essentially your good care and attention to our collective life – the Budget and Finance Committee has reduced the shortfall to 4.7% in the final version of the budget. I see this as remarkable good news and all thanks to you.

I cannot end this letter without thanking Joe McGuire, chair of the Budget and Finance Committee and all who serve with him on it. I must also thank my fabulous staff especially Canon Chris Smith-Clark, Treasurer Steve Faust, and Executive for Governance Dede Moore. Without them, this would not have come to be before you now.

This budget does not come without some pain, but when I look around the church and world, we are doing pretty well together. That is only true because of your faithfulness. I cannot thank you enough for that. I am blessed to work for you, I am blessed by you.

Faithfully,



The Rt. Rev. Gregory H. Rickel  
Bishop of Olympia

## Letter from Diocesan Council,

*continued from page 1*

2012 revenue is projected to decline 5.74% from the 2011 level. The reduction in assessment income was anticipated as it is due mainly to the .5% reduction in assessment rate approved at the 2010 convention – reducing the rate from 18% to 17.5%. The Diocesan Council and Bishop Rickel proposed the .5% assessment rate reduction with a goal to allow congregations to retain more revenue at the local level.

We continue to support this decision despite the pressure this, in combination with the sharp decline in other projections, is placing on the diocesan budget process. When the Budget & Finance Committee first received revenue projections and compared them to budget requests, the deficit gap was over \$400,000. The Spring Budget closed this gap to \$145,000. The Fall Budget increased revenue by \$25,000 and reduced expenses by an additional \$120,000.

The 2012 Budget is not the end; it continues our transition to a new model of being a diocesan resource for all our congregations. We are already starting development of the 2013 Budget by looking at long term goals and priorities. To that end, the Diocesan Council asks that fall Pre-Convention gatherings consider the presented budget in light of the priorities outlined in the Vision Statement (page 7) and continue to provide feedback through the Budget and Finance Committee members attending each Gathering. While changes will not be made to this document – it is the final document that will be offered for ratification at the fall Convention – the Budget and Finance Committee and Diocesan Council will continue to work on your behalf as we refine the budget process and align ourselves for future mission and ministry.

Our goal in this budget process continues to be to provide transparency and more opportunity for input during development of each budget by delegations, clergy, congregations and regions. We thank you for your participation in this important process.

### Your Diocesan Council

The Rt. Rev. Greg Rickel, *Bishop Diocesan*  
The Rev. Chuck Atcheson, *Be Attitudes Regional Ministry*  
Ms. Sally Barnes, *Columbia Regional Ministry*  
Ms. Lavonne Beede, *Evergreen Regional Ministry*  
Ms. Charlotte Brown, *Commission for Multicultural Ministries*  
The Rev. Susan Dean, *Commission for Evangelism*  
Ms. Sally Farrell, *Eastside Episcopal Churches*  
The Rev. JR Lander, *Commission for Faith Formation*  
Mr. Don Little, *Peninsula Regional Ministry*  
Ms. Sandy McCloud, *Holy C Regional Ministry*  
\*\*Mr. Joe McGuire, (*chair, Budget & Finance Committee*), *At-large*  
The Rev. Andrea McMillin, *Mt. Baker Regional Ministry*  
The Rev. Jim Neal, *Willapa Regional Ministry*  
Ms. Mary Pneuman, *Commission for Church in the World*  
Mr. Jordan Rickard, *At-large*  
The Rev. Jonathan Weldon, *At-large*  
\*\*Mr. Bob Wheeler, *Sno-Isle Regional Ministry*  
The Rev. Martin Yabroff, *Rainier Regional Ministry*

### Additional members of the Budget & Finance Committee who are not Diocesan Council members:

\*\*Mr. Bill Brice, St. Andrew, Tacoma  
\*\*Mr. Jim Campbell, St. Mark, Montesano  
\*\*Mr. Steve Faust, Diocesan Treasurer  
\*\*The Rev. June Johnson, St. John, Olympia  
\*\*Mr. Rory Miller, St. Timothy, Chehalis.

\*\*denotes member of the Budget & Finance Committee

**Diocese of Olympia**

**Vital Statistics of Congregations and Missions**

Year in parentheses is last year of filing if not 2010

— B a p t i s m s —

City	Congregation	Active Members	Communicants in Good Standing	Others	Average Sunday Attendance	Sunday Eucharists	16 yrs and Older	Under 16 Years	Confirmed or Received
Aberdeen	St Andrews Episcopal Church	394	394	0	138	110	11	12	16
Allyn	St Hugh of Lincoln Episcopal Church	91	91	0	46	52	0	1	0
Anacortes	Christ Episcopal Church	96	96	0	57	64	1	1	2
Auburn	St Matthews Episcopal Church	259	240	15	102	104	0	4	4
Bainbridge Island	Grace Episcopal Church	1,199	0	0	240	0	8	0	0
Bainbridge Island	St Barnabas Episcopal Church	441	441	0	132	301	1	4	6
Battle Ground	Church of the Holy Spirit	116	111	5	54	52	1	3	0
Bellevue	All Saints Episcopal Church	30	30	0	19	54	0	0	0
Bellevue	Church of the Holy Apostles	76	36	8	30	52	0	1	0
Bellevue	Church of the Resurrection	159	107	0	67	105	0	0	0
Bellevue	St Margarets Episcopal Church	781	721	60	282	159	3	6	7
Bellingham	St Pauls Episcopal Church	1,069	1,069	0	260	156	0	9	0
Blaine	Christ Episcopal Church	62	57	5	37	50	0	0	0
Bremerton	St Pauls Episcopal Church	284	180	17	81	104	2	3	0
Burien	St Elizabeths Episcopal Church	193	193	11	53	102	0	2	0
Camano Island	St Aidans Episcopal Church	230	230	0	102	74	0	1	6
Castle Rock	St Matthew Church	53	42	0	14	50	0	0	0
Cathlamet	St James Episcopal Church	44	44	4	19	50	0	0	0
Chehalis	St Timothy Episcopal Church	158	158	7	55	59	0	0	0
Darrington	Church of the Transfiguration	13	0	0	0	0	0	0	0
Eastsound	Emmanuel Episcopal Church	196	164	8	90	90	0	0	0
Edmonds	St Albans Episcopal Church	205	157	4	83	102	0	4	0
Edmonds	St Hilda-St Patrick Church	240	233	0	92	95	0	1	6
Elma	St Lukes Episcopal Church	35	35	1	10	25	0	0	0
Everett	Trinity Episcopal Church	352	282	196	145	140	2	6	0
Federal Way	Church of the Good Shepherd	169	131	5	80	110	0	4	0
Freeland	St Augustines in-the-Woods Episcopal	151	130	55	130	113	0	1	0
Friday Harbor	St Davids Episcopal Church	104	100	43	69	104	0	0	0
Gig Harbor	St Johns Episcopal Church	302	296	0	135	110	1	5	0
Hoodsport	St Germain Episcopal Church	11	22	14	20	52	1	2	2
Issaquah	St Michael & All Angels Church	297	225	25	115	104	0	8	0
Kenmore	Church of the Redeemer	675	350	23	120	95	0	4	0
Kent	St Columba's Episcopal Church	81	78	3	60	98	0	2	0

**Diocese of Olympia**

**Vital Statistics of Congregations and Missions**

Year in parentheses is last year of filing if not 2010

— B a p t i s m s —

City	Congregation	Active Members	Communicants in Good Standing	Others	Average Sunday Attendance	Sunday Eucharists	16 yrs and Older	Under 16 Years	Confirmed or Received
Kent	St James Episcopal Church	848	640	6	198	133	1	5	0
Kingston	Faith Episcopal Church	60	55	5	25	52	0	2	0
Kirkland	St Johns Episcopal Church	527	380	0	215	99	1	8	2
Lacey	St Benedicts Episcopal Church	332	285	38	129	105	1	8	0
Lakewood	St Joseph & St John Church	57	57	0	32	3	1	10	0
Lakewood	St Marys Episcopal Church	572	320	0	187	0	0	11	16
Longview	St Stephens Episcopal Church	395	209	0	121	103	2	3	7
Lopez Island	Grace Church	159	152	0	44	51	0	1	1
Maple Valley	St Georges Episcopal Church	161	139	14	96	3	1	2	0
Marysville	St Philip Episcopal Church	123	123	10	33	52	2	1	0
Medina	St Thomas Episcopal Church	1,647	1,520	0	311	122	0	30	7
Mercer Island	Emmanuel Episcopal Church	399	399	1	130	140	1	7	0
Monroe	Church of Our Saviour Episcopal	54	54	2	30	53	1	1	2
Montesano	St Marks Episcopal Church	35	27	3	20	49	0	0	0
Mount Vernon	St Pauls Episcopal Church	106	106	0	64	65	0	3	0
Oak Harbor	St Stephens Episcopal Church	34	34	0	24	75	0	0	0
Olympia	St Christopher's Church – a Federated Congregation	185	164	21	60	115	0	0	0
Olympia	St Johns Episcopal Church	492	492	0	234	170	5	18	23
Port Angeles	St Andrews Church	215	183	0	116	99	0	5	4
Port Orchard	St Bede Episcopal Church	206	210	28	101	104	2	2	0
Port Townsend	St Pauls Episcopal Church	313	290	4	114	112	0	2	11
Puyallup	Christ Episcopal Church	340	0	0	110	175	0	1	2
Redmond	Church of the Holy Cross	790	535	48	202	105	1	4	0
Renton	St Luke Episcopal Church	194	125	19	81	86	0	1	0
Sammamish	Good Samaritan Episcopal Church	367	302	46	113	106	0	4	73
Seattle	All Saints Church	63	40	1	29	52	1	0	0
Seattle	Christ Episcopal Church	396	244	38	123	133	1	5	0
Seattle	Church of St John the Baptist	349	348	11	122	105	0	7	1
Seattle	Church of the Ascension	283	274	8	111	101	0	1	0
Seattle	Epiphany Parish of Seattle	634	619	0	241	101	3	23	11
Seattle	St Andrews Episcopal Church	664	563	0	225	156	2	13	16
Seattle	St Clements Church	76	76	12	55	52	0	2	0
Seattle	St Lukes Episcopal Church	36	36	0	81	92	0	1	0



**Diocese of Olympia**

**Vital Statistics of Congregations and Missions**

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— B a p t i s m s —

City	Congregation	Active Members	Communicants in Good Standing	Others	Average Sunday Attendance	Sunday Eucharists	16 yrs and Older	Under 16 Years	Confirmed or Received
Seattle	St Marks Episcopal Cathedral	2,546	1,315	210	447	213	3	16	12
Seattle	St Pauls Episcopal Church	313	270	110	197	153	0	15	18
Seattle	St Peters Episcopal Church	226	71	7	47	52	1	0	0
Seattle	St Stephens Parish	643	643	0	164	90	0	2	2
Seattle	Trinity Church Episcopal	377	377	30	125	106	0	2	0
Seaview	St Peters Episcopal Church	50	50	0	29	52	0	0	1
Sedro Woolley	St James Church	55	55	0	21	52	0	0	0
Sequim	St Lukes Episcopal Church	280	271	0	161	0	0	4	0
Shelton	Church of St David of Wales	88	62	0	35	96	0	0	0
Shoreline	St David Emmanuel Episcopal Church	59	43	2	24	0	0	0	0
Shoreline	St Dunstons Church	323	314	122	97	93	0	1	0
Silverdale	St Antony of Egypt Episcopal Church	169	155	5	81	103	0	3	1
Snohomish	St Johns Episcopal Church	245	237	4	109	104	0	4	2
Snoqualmie	St Clare of Assisi Episcopal Church	105	98	3	47	56	0	4	0
South Bend	St Johns Episcopal Church	28	28	1	17	40	0	0	0
Tacoma	All Saints Episcopal Church	107	107	6	58	96	0	0	2
Tacoma	Christ Church	248	202	15	103	106	1	0	0
Tacoma	Holy Family of Jesus Epis Church	8	8	44	37	52	0	0	0
Tacoma	St Andrews Episcopal Church	217	213	10	106	105	1	4	0
Tacoma	St Lukes Episcopal Church	482	356	0	174	103	3	16	0
Tacoma	St Matthews Episcopal Church	176	176	0	66	104	0	0	0
Tahuya	St Nicholas Episcopal Church	18	0	0	23	28	0	0	0
Vancouver	All Saints Episcopal Church	67	60	10	36	51	1	0	0
Vancouver	Church of the Good Shepherd	666	650	82	298	157	1	13	0
Vancouver	St Lukes Episcopal Church	313	216	27	177	161	2	14	9
Vashon	Church of the Holy Spirit	225	205	12	85	117	0	2	0
Washougal	St Anne Episcopal Church	93	88	0	49	52	0	1	0
Westport	St Christopher Episcopal Church	14	14	4	5	42	0	0	0
Total		27,819	21,728	1,528	9,532	8,289.00	70	366	272.00

**Diocese of Olympia**

**Financial Statistics of Congregations and Missions**

Year in parentheses is last year of filing if not 2010

		REVENUE			EXPENSE			
City	Congregation	Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Aberdeen	St Andrews Episcopal Church	177,342	200,778	305,697	191,953	31,828	18,886	312,158
Allyn	St Hugh of Lincoln Episcopal Church	69,662	70,900	115,163	50,262	7,765	34,411	111,612
Anacortes	Christ Episcopal Church	106,712	126,798	248,896	117,863	20,088	90,982	243,340
Auburn	St Matthews Episcopal Church	99,698	129,888	129,888	111,737	2,400	2,000	113,737
Bainbridge Island	Grace Episcopal Church	537,594	569,436	661,432	612,552	77,551	105,161	671,517
Bainbridge Island	St Barnabas Episcopal Church	355,030	434,050	532,288	431,121	74,248	102,568	544,342
Battle Ground	Church of the Holy Spirit	52,215	99,494	99,494	99,208	15,383	2,065	99,208
Bellevue	All Saints Episcopal Church	72,466	130,839	133,069	128,710	21,049	5,560	131,577
Bellevue	Church of the Holy Apostles	20,716	34,246	34,416	30,683	1,872	1,668	30,683
Bellevue	Church of the Resurrection	150,019	205,361	222,136	215,895	38,128	13,184	228,963
Bellevue	St Margarets Episcopal Church	668,346	821,081	826,081	1,079,553	95,198	47,541	1,107,590
Bellingham	St Pauls Episcopal Church	541,175	590,303	654,867	643,657	96,742	36,160	669,317
Blaine	Christ Episcopal Church	42,344	62,549	65,580	70,515	8,627	4,935	70,515
Bremerton	St Pauls Episcopal Church	106,107	185,153	194,379	217,227	25,156	13,022	227,319
Burien	St Elizabeths Episcopal Church	98,855	143,296	168,517	199,904	28,473	41,077	238,581
Camano Island	St Aidans Episcopal Church	151,800	160,207	182,269	154,080	24,295	16,732	182,217
Castle Rock	St Matthew Church	9,126	12,271	12,271	11,929	2,132	1,175	11,929
Cathlamet	St James Episcopal Church	18,300	19,056	19,497	19,479	3,789	0	19,920
Chehalis	St Timothy Episcopal Church	97,540	119,627	153,504	132,754	17,425	53,444	166,661
Darrington	Church of the Transfiguration	0	0	0	0	0	0	0
Eastsound	Emmanuel Episcopal Church	155,971	188,626	245,920	223,507	33,368	105,837	303,485
Edmonds	St Albans Episcopal Church	162,277	167,933	176,885	195,950	33,171	4,181	204,902
Edmonds	St Hilda-St Patrick Church	147,537	166,909	175,479	140,995	29,085	10,158	154,993
Elma	St Lukes Episcopal Church	7,381	9,512	10,049	15,443	1,656	2,598	15,443
Everett	Trinity Episcopal Church	264,125	309,326	316,039	296,583	31,437	16,122	312,762
Federal Way	Church of the Good Shepherd	235,465	247,594	511,392	236,595	44,751	265,730	504,508
Freeland	St Augustines in-the-Woods Episcopal	258,135	258,135	902,113	258,718	48,698	543,944	816,712
Friday Harbor	St Davids Episcopal Church	148,148	148,849	333,510	167,439	0	222,575	390,121

**Diocese of Olympia**

**Financial Statistics of Congregations and Missions**

Year in parentheses is last year of filing if not 2010

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Gig Harbor	St Johns Episcopal Church	278,682	278,682	282,867	281,325	47,330	0	282,306
Hoodsport	St Germain Episcopal Church	23,613	27,923	29,359	26,939	203	2,313	29,204
Issaquah	St Michael & All Angels Church	204,127	209,508	363,006	209,277	36,962	209,104	421,627
Kenmore	Church of the Redeemer	237,582	237,582	237,582	263,443	44,015	6,760	309,561
Kent	St Columbat's Episcopal Church	121,472	205,760	206,760	222,829	35,498	10,683	227,192
Kent	St James Episcopal Church	426,616	436,468	532,714	451,318	74,627	76,102	554,544
Kingston	Faith Episcopal Church	29,203	45,209	46,676	43,494	2,082	4,298	45,712
Kirkland	St Johns Episcopal Church	454,155	531,500	554,003	530,341	55,075	11,004	547,377
Lacey	St Benedicts Episcopal Church	226,622	279,041	298,081	279,863	18,361	6,591	286,430
Lakewood	St Joseph & St John Church	79,235	115,299	130,061	121,800	11,168	10,350	132,693
Lakewood	St Marys Episcopal Church	604,469	848,454	916,157	111,447	86,136	27,452	113,588
Longview	St Stephens Episcopal Church	263,913	298,459	374,906	311,115	56,311	65,972	397,840
Lopez Island	Grace Church	92,184	92,184	107,770	75,288	13,555	17,895	90,277
Maple Valley	St Georges Episcopal Church	110,192	172,151	183,629	178,863	30,843	16,571	190,634
Marysville	St Philip Episcopal Church	63,791	112,771	113,199	108,939	4,644	1,758	109,367
Medina	St Thomas Episcopal Church	856,032	1,012,063	2,782,823	1,016,397	159,787	136,144	1,397,194
Mercer Island	Emmanuel Episcopal Church	582,469	582,469	625,827	613,766	94,921	132,158	691,337
Monroe	Church of Our Saviour Episcopal	55,156	73,786	78,393	69,530	6,206	4,585	74,137
Montesano	St Marks Episcopal Church	21,723	26,829	28,418	26,825	2,918	8,454	29,167
Mount Vernon	St Pauls Episcopal Church	146,596	155,668	183,016	153,725	30,073	32,355	189,930
Oak Harbor	St Stephens Episcopal Church	66,326	66,326	73,523	75,774	10,193	24,760	100,095
Olympia	St Christopher's Church – a Federated Congregation	102,697	124,466	140,797	146,181	19,743	4,052	152,057
Olympia	St Johns Episcopal Church	400,849	452,346	498,055	421,272	70,762	14,839	444,729
Port Angeles	St Andrews Church	162,004	208,034	232,669	193,740	27,581	27,050	223,193
Port Orchard	St Bede Episcopal Church	150,481	172,100	218,675	172,591	27,325	41,249	218,190
Port Townsend	St Pauls Episcopal Church	243,046	252,157	358,181	261,067	35,388	45,155	299,714
Puyallup	Christ Episcopal Church	210,284	231,804	248,266	236,280	41,563	7,697	248,266
Redmond	Church of the Holy Cross	418,460	418,460	964,536	437,956	41,222	1,113,332	1,554,788

**Diocese of Olympia**

**Financial Statistics of Congregations and Missions**

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Renton	St Luke Episcopal Church	123,812	226,357	259,295	213,522	36,872	6,354	215,771
Sammamish	Good Samaritan Episcopal Church	159,723	199,270	492,886	221,607	40,206	239,765	457,153
Seattle	All Saints Church	46,158	147,066	149,158	143,629	13,314	2,152	143,629
Seattle	Christ Episcopal Church	291,941	356,721	372,212	363,156	51,305	8,072	378,747
Seattle	Church of St John the Baptist	258,343	302,277	406,849	309,056	59,825	18,129	333,466
Seattle	Church of the Ascension	276,470	292,033	539,739	279,858	49,764	324,463	603,347
Seattle	Epiphany Parish of Seattle	594,140	914,922	1,015,929	827,056	119,018	139,091	985,545
Seattle	St Andrews Episcopal Church	415,533	493,843	691,593	493,675	80,732	215,128	720,887
Seattle	St Clements Church	132,291	134,895	143,803	192,870	17,749	20,877	213,050
Seattle	St Lukes Episcopal Church	158,218	239,545	262,284	239,545	0	33,766	276,009
Seattle	St Marks Episcopal Cathedral	1,179,952	1,689,433	1,976,362	1,700,589	350,408	224,520	1,823,161
Seattle	St Pauls Episcopal Church	316,527	347,308	508,044	352,094	56,994	112,696	463,532
Seattle	St Peters Episcopal Church	90,186	99,498	133,281	107,489	16,462	9,900	123,671
Seattle	St Stephens Parish	459,055	562,560	942,634	625,163	97,973	186,586	815,749
Seattle	Trinity Church Episcopal	214,476	813,248	970,199	813,248	105,178	234,738	946,571
Seaview	St Peters Episcopal Church	33,269	38,968	40,855	30,884	6,000	0	32,771
Sedro Woolley	St James Church	42,592	48,901	49,201	51,871	5,916	0	52,905
Sequim	St Lukes Episcopal Church	307,782	322,908	322,908	322,908	56,952	900	322,908
Shelton	Church of St David of Wales	100,810	119,282	184,286	123,031	13,791	51,182	175,066
Shoreline	St David Emmanuel Episcopal Church	57,967	77,358	79,217	70,433	12,199	3,103	72,247
Shoreline	St Dunstons Church	256,086	286,808	331,213	312,726	48,326	2,823	319,015
Silverdale	St Antony of Egypt Episcopal Church	145,766	146,738	154,440	160,356	22,994	6,481	172,749
Snohomish	St Johns Episcopal Church	193,254	223,798	234,354	232,734	38,491	40,599	276,213
Snoqualmie	St Clare of Assisi Episcopal Church	80,129	114,007	138,621	105,468	11,833	53,113	161,719
South Bend	St Johns Episcopal Church	10,553	13,809	14,808	15,812	2,580	1,220	16,634
Tacoma	All Saints Episcopal Church	81,564	92,592	92,837	95,827	17,276	2,159	98,240
Tacoma	Christ Church	244,003	350,233	350,233	329,808	46,324	10,062	329,808
Tacoma	Holy Family of Jesus Epis Church	5,067	51,867	57,790	60,436	2,400	14,893	75,519

**Diocese of Olympia**

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Tacoma	St Andrews Episcopal Church	219,293	237,172	252,819	209,636	36,603	35,867	223,242
Tacoma	St Lukes Episcopal Church	274,506	288,924	409,071	288,498	44,244	48,151	325,456
Tacoma	St Matthews Episcopal Church	147,072	153,055	153,705	153,708	5,500	0	154,358
Tahuya	St Nicholas Episcopal Church	16,771	25,223	25,223	21,003	2,220	4,205	23,450
Vancouver	All Saints Episcopal Church	51,812	89,864	96,786	74,468	11,549	16,359	95,129
Vancouver	Church of the Good Shepherd	591,767	602,839	678,855	650,198	104,557	75,556	678,855
Vancouver	St Lukes Episcopal Church	269,679	330,129	348,738	324,702	59,200	19,613	349,115
Vashon	Church of the Holy Spirit	140,371	144,225	168,006	150,341	27,402	7,925	158,502
Washougal	St Anne Episcopal Church	109,245	112,889	191,588	118,132	17,549	123,913	243,764
Westport	St Christopher Episcopal Church	7,531	9,216	9,216	10,595	2,025	583	10,595
Total		19,489,779	23,979,497	31,489,818	23,891,829	3,590,538	6,115,343	30,113,809



CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT**

To the Diocesan Council  
Diocese of Olympia, Inc.  
Seattle, Washington

We have audited the accompanying statements of financial position of the Diocese of Olympia, Inc. as of December 31, 2010 and 2009, and the related statements of activities and cash flows (all on the Episcopal Church Basis of accounting) for the years then ended. These financial statements are the responsibility of the Diocesan management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements are being presented in accordance with accounting principles authorized by the General Convention of the Episcopal Church which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diocese of Olympia, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles authorized by the General Convention of the Episcopal Church as described in Note 1.

*Peterson Sullivan LLP*

August 25, 2011

**DIOCESE OF OLYMPIA, INC.**

STATEMENTS OF FINANCIAL POSITION – EPISCOPAL CHURCH BASIS

December 31, 2010 and 2009

ASSETS	2010	2009
Cash and cash equivalents	\$ 1,141,882	\$ 819,507
Certificates of deposit	500,000	416,250
Investments	46,329,822	42,616,067
Related party loans receivable	743,160	671,549
Loans receivable	248,147	
Interest and DIF income/principal receivable	99,111	308,177
Restricted funds		83,750
Other assets	80,836	83,502
Property	22,191,412	24,328,679
Total assets	<u>\$ 71,334,370</u>	<u>\$ 69,327,481</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Distributions and other payables	\$ 270,979	\$ 135,388
Cash and investments held in trust for congregations and other institutions	26,409,809	23,818,779
Loans payable	557,516	440,837
Total liabilities	27,238,304	24,395,004
Net assets		
Unrestricted	25,956,175	27,883,822
Temporarily restricted	1,378,721	1,359,758
Permanently restricted	16,761,170	15,688,897
Total net assets	<u>44,096,066</u>	<u>44,932,477</u>
Total liabilities and net assets	<u>\$ 71,334,370</u>	<u>\$ 69,327,481</u>

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.**

**STATEMENT OF ACTIVITIES – EPISCOPAL CHURCH BASIS**

For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions	\$ 465,288	\$ 17,131	\$ 2,527	\$ 484,946
Loan interest	63,505			63,505
Realized and unrealized gain on investments	219,281	16,639	1,322,875	1,558,795
Other investment income	77,339	61,301	31,663	170,303
Contribution from Operating Fund	205,403			205,403
Net assets released from program restrictions	360,900	(76,108)	(284,792)	
Total support and revenue	1,391,716	18,963	1,072,273	2,482,952
Expenses and Disbursements				
Ministry and transfers	165,354			165,354
Trustee obligations	65,679			65,679
Bad debt expense	156,556			156,556
Contribution of property to parish	2,361,774			2,361,774
Contribution to Operating Fund	570,000			570,000
Total expenses and disbursements	3,319,363			3,319,363
<b>Change in net assets</b>	<b>(1,927,647)</b>	<b>18,963</b>	<b>1,072,273</b>	<b>(836,411)</b>
Net assets, beginning of year	27,883,822	1,359,758	15,688,897	44,932,477
Net assets, end of year	\$ 25,956,175	\$ 1,378,721	\$ 16,761,170	\$ 44,096,066

See Notes to Financial Statements



**DIOCESE OF OLYMPIA, INC.**

**STATEMENT OF ACTIVITIES – EPISCOPAL CHURCH BASIS**

For the Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions	\$ 538,616	\$ 11,124	\$ -	\$ 549,740
Bequests	8,347	7,041		15,388
Loan interest	73,239			73,239
Realized and unrealized gain on investments	364,871	16,099	1,858,485	2,239,455
Other investment income	118,480	78,004	38,365	234,849
Net assets released from program restrictions	34,977	(34,977)		
Total support and revenue	<u>1,138,530</u>	<u>77,291</u>	<u>1,896,850</u>	<u>3,112,671</u>
Expenses and Disbursements				
Ministry and transfers	108,898			108,898
Trustee obligations	65,782			65,782
Total expenses and disbursements	<u>174,680</u>			<u>174,680</u>
<b>Change in net assets</b>	<b>963,850</b>	<b>77,291</b>	<b>1,896,850</b>	<b>2,937,991</b>
Net assets, beginning of year	26,919,972	1,282,467	13,792,047	41,994,486
Net assets, end of year	<u>\$ 27,883,822</u>	<u>\$ 1,359,758</u>	<u>\$ 15,688,897</u>	<u>\$ 44,932,477</u>

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.**

**STATEMENTS OF CASH FLOWS – EPISCOPAL CHURCH BASIS**

For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities		
Change in net assets	\$ (836,411)	\$ 2,937,991
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Gains on investments	(1,558,795)	(2,239,455)
Bad debt expense	156,556	
Write off of property	95,000	
Contributed loan payments and real estate	(260,893)	(245,749)
Contribution of property to parish	2,361,774	
Change in operating assets and liabilities		
Interest receivable	52,510	(27,506)
Other assets	2,666	295
Distributions and other payables	135,591	(128,811)
Net cash flows from operating activities	147,998	296,765
Cash Flows From Investing Activities		
Net (purchase of) proceeds from investments	(191,081)	100,433
Loan (advances) collections	(69,758)	7,181
Purchase of real estate	(191,935)	(469,163)
Net cash flows from investing activities	(452,774)	(361,549)
Cash Flows From Financing Activity		
Change in cash and investments held in trust for congregations and other institutions	627,151	170,285
<b>Change in cash and cash equivalents</b>	<b>322,375</b>	<b>105,501</b>
Cash and cash equivalents, beginning of year	819,507	714,006
Cash and cash equivalents, end of year	\$ 1,141,882	\$ 819,507

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Organization and Operations**

The Diocese of Olympia is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches and institutions in Western Washington and is composed of two separate legal entities, the Diocese of Olympia, Inc. ("the Diocese") and the Diocese of Olympia – Operating Fund ("the Operating Fund"). The operations of the missions and parishes of the Diocese are not included in these financial statements, as they are managed under local control. The Diocese's main source of support is gifts, loan interest, and investment and endowment income.

These financial statements are for the Diocese and do not include the Operating Fund. The Diocese is composed of the James F. Hodges Diocesan Investment Fund ("the DIF"), the Trust Accounts, and the combined Building Loan, Mission Development, and Real Estate Funds ("the Combined Funds"). Each of these three funds (the DIF, the Trust Accounts, and the Combined Funds) issues separate audited financial statements. The various entities discussed above are described below.

**The James F. Hodges Diocesan Investment Fund ("the DIF")** was organized in 1951 as an investment pool for the endowments of the Diocese, parishes, and related institutions. The DIF's investment strategy is to balance the need for current income and growth in asset value to offset inflation by investing in a mixture of stocks and bonds. The securities are currently held in trust with US Bank. The Diocesan Investment Committee makes investment decisions. The funds are not federally insured.

**The Trust Accounts** hold the endowment funds of the Diocese and other institutions of the Diocese for which the Diocese has been named trustee. The funds held are invested primarily in the DIF.

**The Building Loan Fund ("the BLF")** was established in 1949 to make loans to churches to assist in financing new building projects and to make loans for small building repair and improvement projects. Repayment terms vary and remaining maturities range from 1 to 18 years. Effective January 1, 1993, the Board of Directors adopted a policy of annual changes in the interest rate charged to Diocesan institutions. The rate is set annually at the One-Year Treasury Constant Maturities Index rounded up to the nearest eighth of a point plus 3% for parishes and 1.5% for missions, and the rate cannot be less than 3.5% for parishes and missions. In addition, there is a 2% cap on interest increases per year. Loans on interest waiver are shown at undiscounted value.

Because of the anticipated need for funds in the future, the BLF adopted, on January 21, 1993, an interest rate incentive program to encourage faster principal repayment. In exchange for each year of loan term reduction, the BLF will reduce the interest rate on the loan by 4/10 of 1%. In addition, there are other limitations imposed on this voluntary program.

**The Mission Development Fund ("the MDF")** was set up to purchase properties in areas where growth would necessitate the establishment of a new congregation. Advances made by the MDF are generally exempt from interest and current principal repayment for a period of time even after congregations have been organized.

**The Real Estate Fund** accounts for the value of the land and buildings held by the Diocese. The value of mission property is shown as a Diocesan asset until the mission becomes a parish. Generally, in Washington State, real property used for the church's exempt purposes is exempt from real estate taxes.

**The Operating Fund** contains the operating budget, restricted income, designated, and grant funds of the Diocese of Olympia. The Operating Fund is an unincorporated association and is not included in these financial statements.

### **Basis of Accounting**

These financial statements are prepared on the accrual basis of accounting and have been prepared in accordance with principles authorized by the General Convention of the Episcopal Church in the January 1, 2000, revision of the *Manual of Business Methods in Church Affairs*. The Episcopal Church has adopted accounting standards which require net assets to be shown as unrestricted, temporarily restricted, or permanently restricted. Inter-entity activity has been eliminated.

The January 1, 1995, revised accounting principles of the Episcopal Church required capitalizing furniture, fixtures, and equipment. They also state that the recognition of depreciation is optional. Previously, all fixtures and equipment were expensed. The Diocese does not capitalize any furniture or fixtures purchased by mission congregations. The Diocese has elected not to depreciate its assets.

Real estate is to be carried at historical cost or fair value at date of donation. Because the January 1, 1995, revised accounting manual dropped the use of fair value accounting, the Diocese has reconstructed the cost basis of its properties. Estimates were used in many cases, as precise records were not available.

When a mission becomes a parish, the value of its real estate and any related loans are removed from the Real Estate Fund. In 2010, the Grace Church mission ("Grace Church") became a parish and, accordingly, all real estate related to Grace Church, with a carrying value of \$2,361,774, was removed from the Real Estate Fund. Grace Church did not have any loans held at the Real Estate Fund. No missions became parishes in 2009.

For missions of the Diocese, Diocesan policy is that all construction payments are made by the BLF and then reimbursed by the congregation. These expenditures are not reflected in the financial statements except to the extent that amounts advanced have not been reimbursed, or cash held has not been expended.

Property reflected in the statements of financial position is categorized as follows:

	2010	2009
Land	\$ 2,792,613	\$ 3,075,972
Building/improvements	18,681,986	20,195,894
Bishop housing	716,813	811,813
	22,191,412	24,083,679
Building and land held for sale		245,000
	\$ 22,191,412	\$ 24,328,679

In 2010, the building and land held for sale at December 31, 2009, was sold. Also in 2010, a building with a cost basis of \$205,403 was constructed at the Huston Center, paid for out of the Operating Fund, and was contributed to and capitalized at the Real Estate Fund. This contribution is recorded as a contribution on the 2010 Statement of Activities.

**Financial Statement Presentation**

The Diocese reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Contributions, investment income, and gains restricted by donor are reported as increases in unrestricted net assets if restrictions are met in the reporting period in which the income and gains are recognized.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for various ministerial purposes. Most of these net assets come from the Trust Accounts.

**Permanently Restricted Net Assets**

Permanently restricted net assets consist of funds held for various endowed purposes. Occasionally, due to loan losses, there can be releases of permanently restricted net assets. Most of these net assets come from the Trust Accounts.

## **Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

## **Fair Value Measurements**

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels which prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The Diocese reports its investments (discussed below) at fair value.

## **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Diocese considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Diocese regularly has cash in excess of federally insured limits with its bank.

## **Certificates of Deposit**

The certificates of deposit have original maturities exceeding three months. Of the total balance, \$300,347 serves as collateral for a loan to a bank (see Note 5) at December 31, 2010. The certificates of deposit have a carrying value (cost plus accrued interest) that approximates fair value.

## **Investments**

Investments are reported at their fair value using Level 1 inputs in the statements of financial position. Gains and losses are included in the change in net assets.

At December 31, 2010 and 2009, investments consisted of:

	<u>2010</u>	<u>2009</u>
Common stocks (including equity mutual funds)	\$ 32,143,330	\$ 27,935,189
U.S. Government debt securities	6,911,760	10,362,128
Short-term bond mutual fund	4,279,159	764,988
Intermediate-term bond mutual fund	1,234,809	1,197,466
Money market funds	1,760,764	2,356,296
	<u>\$ 46,329,822</u>	<u>\$ 42,616,067</u>

No single investment represents more than 10% of total investments. All investments are held in the DIF discussed earlier.

**Loans Receivable**

Receivables are stated at the amount management expects to collect from outstanding balances. The Diocese uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is generally written off against the allowance.

The bad debt allowance at December 31, 2010, was \$155,515 for loans receivable and \$60,818 for interest receivable. The bad debt allowance at December 31, 2009, was \$155,515 for loans receivable and \$48,100 for interest receivable.

Interest receivable has been accrued to December 31, 2010 and 2009. At the Board's discretion, in some instances, interest is not charged on construction loans.

The Diocese has not imputed interest on related party loans as the terms are generally undefined and the imputed interest would not generally be material.

**Cash and Investments Held in Trust for Congregations and Other Institutions**

Cash and investments held in trust for congregations and other institutions consist of:

	<u>2010</u>	<u>2009</u>
DIF balances	\$ 22,905,876	\$ 20,559,966
Trust account balances	<u>3,503,933</u>	<u>3,258,813</u>
	<u>\$ 26,409,809</u>	<u>\$ 23,818,779</u>

**Restricted Funds**

In August 2000, the City of Sammamish ("the City") required the Diocese to place \$83,750 in a bank account for the purpose of building sidewalks adjacent to a building project funded by the Diocese. In 2010, these funds were utilized by the City out of the Real Estate Fund account and the restricted funds were released.

**Taxes**

The Diocese is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It does not file a federal tax return.

**Subsequent Events**

The Diocese has evaluated subsequent events through the date these financial statements were available to be issued, which was the same date as the independent auditors' report.

## Note 2. Interfund Loans

As previously noted, inter-entity loans are eliminated in combination. Loans eliminated (listed by creditor) can be summarized as follows:

	2010	2009
Building Loan Fund	\$ 3,394,059	\$ 3,606,440
Mission Development Fund	395,539	402,499
Trust Accounts	1,012,847	1,012,847
	<u>\$ 4,802,445</u>	<u>\$ 5,021,786</u>

## Note 3. Endowment

The endowments are held in the Trust Accounts and consist of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments ("quasi-endowments"). As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The Trustees of the Trust Accounts have interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Trust Accounts classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, plus (b) the original value of subsequent gifts to the permanent endowment and 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, and (c) unrealized gains and losses within the permanent endowment. 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 in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Trustees consider the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of the Trust Accounts and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Trust Accounts
- The investment policies of the Trust Accounts



Endowment net assets consisted of the following at:

	December 31, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,378,721	\$ 16,761,170	\$ 18,139,891
Board-designated quasi-endowment funds	1,780,122			1,780,122
Total funds	<u>\$ 1,780,122</u>	<u>\$ 1,378,721</u>	<u>\$ 16,761,170</u>	<u>\$ 19,920,013</u>

	December 31, 2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,359,758	\$ 15,688,897	\$ 17,048,655
Board-designated quasi-endowment funds	1,748,633			1,748,633
Total funds	<u>\$ 1,748,633</u>	<u>\$ 1,359,758</u>	<u>\$ 15,688,897</u>	<u>\$ 18,797,288</u>

Changes in endowment net assets are as follows for the years ended:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, December 31, 2008	\$ 1,372,037	\$ 1,282,467	\$ 13,792,047	\$ 16,446,551
Investment return	364,871	94,103	1,896,850	2,355,824
Contributions		11,124		11,124
Bequests		7,041		7,041
Appropriation of endowment assets for expenditure and transfers out of endowment	11,725	(34,977)		(23,252)
Endowment Net Assets, December 31, 2009	1,748,633	1,359,758	15,688,897	18,797,288
Investment return	219,281	77,940	1,354,538	1,651,759
Contributions		17,131	2,527	19,658
Appropriation of endowment assets for expenditure and transfers out of endowment	(187,792)	(76,108)	(284,792)	(548,692)
Endowment net assets, December 31, 2010	<u>\$ 1,780,122</u>	<u>\$ 1,378,721</u>	<u>\$ 16,761,170</u>	<u>\$ 19,920,013</u>

## **Return Objectives and Risk Parameters**

The Trust Accounts have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as quasi-endowment funds. Under this policy, as approved by the Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. The Trust Accounts expect its endowment funds, over time, to provide an average rate of return of approximately 9% annually. Actual returns in any given year may vary from this amount.

## **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the Trust Accounts rely 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 Trust Accounts target 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 Trust Accounts have a policy of appropriating up to 95% of the market value of the investment in excess of the original endowment adjusted for the U.S. City Average Urban Consumers Price Index ("CPI"). In the event that the Board does not elect to appropriate the entire allowable amount, the investment gains or losses, by default, are included as a positive or negative change to permanently restricted net assets. Any losses incurred which reduce the investment value below the original endowment adjusted for CPI are included in unrestricted losses on investments. As discussed below, there were no endowments where the fair value of the investment had fallen below the original basis, adjusted for CPI as of December 31, 2010 or 2009. In establishing this policy, the Trust Accounts considered the long-term expected return on its endowment. Accordingly, over the long-term, the Trust Accounts expected the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Trust Accounts' 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.

## **Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Trust Accounts to retain as a fund of perpetual duration. The donor requirement is based on the original endowment determined at December 31, 1985, or fund set-up date, if later. This date may be pushed back by the beneficiary, but the burden of proof to establish any pre-1985 excess appreciation will fall on the beneficiary. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are to be reported in unrestricted net assets. There were no such deficiencies as of December 31, 2010 or 2009.

**Note 4. Loans Receivable**

Loans receivable consist of the following:

	<u>2010</u>	<u>2009</u>
Former Bishop	\$ -	\$ 23,637
Good Shepherd, Vancouver	49,382	49,382
Parishes		
Auburn, St. Matthew's	155,515	155,515
Kent, St. James	70,000	13,553
Redmond, Holy Cross	61,869	81,023
Seattle, St. Andrew		40,000
Seattle, St. John	96,102	117,380
Seattle, St. John	81,348	130,000
Shelton, St. David	36,895	42,461
Vancouver, Good Shepherd	200,000	
Vancouver, Good Shepherd	115,683	117,542
Vancouver, Good Shepherd	30,078	37,593
Vancouver, Good Shepherd	1,803	18,978
	<u>898,675</u>	<u>827,064</u>
Less allowance for doubtful loans	<u>(155,515)</u>	<u>(155,515)</u>
	<u>\$ 743,160</u>	<u>\$ 671,549</u>

Additionally, in 2010, the Real Estate Fund sold a piece of property to an unrelated party in exchange for a loan receivable of \$250,000. This loan bears interest at a fixed rate of 5.0%, is secured by the property sold, and requires monthly repayments of principal and interest over a 30-year amortization of \$1,342, with a balloon payment of approximately \$170,000 due at maturity in July 2025. Principal payments due in the next year of \$3,753 are presented as current on the 2010 Statement of Financial Position; the remaining amount is presented as non-current.

**Note 5. Loans Payable**

	<u>2010</u>	<u>2009</u>
Loan from a bank that funded the construction of the Cathlamet St. James Family Center. Payments due in monthly installments of \$2,034 including interest at 6.0% secured by real property and a certificate of deposit held at the Trust Accounts. Due in full June 2015.	\$ 300,347	\$ 309,837
Battle Ground Bond Loans bearing interest at 6.5%. Due in annual installments of \$20,000 to \$25,000 plus interest, secured by real property. Due in full in 2014.	90,000	131,000
Loan from a family trust to purchase property. The loan is not secured. Due in monthly installments of \$1,120 including interest at 5.0% with the balance due in July 2015.	<u>167,169</u>	
	<u>\$ 557,516</u>	<u>\$ 440,837</u>

The schedule of debt maturity principal is as follows at December 31:

<u>Year Ending</u>	<u>Bank Loan</u>	<u>Battle Ground</u>	<u>Family Trust Loan</u>	<u>Total</u>
2011	\$ 6,445	\$ 20,000	\$ 5,197	\$ 31,642
2012	6,843	20,000	5,462	32,305
2013	7,265	25,000	5,742	38,007
2014	7,713	25,000	6,035	38,748
2015	<u>272,081</u>		<u>144,733</u>	<u>416,814</u>
	<u>\$ 300,347</u>	<u>\$ 90,000</u>	<u>\$ 167,169</u>	<u>\$ 557,516</u>

No interest expense is recorded by the Diocese as the amounts are paid and expensed by other related entities.

**Note 6. Seattle Habitat for Humanity**

The Diocese sold, on June 28, 2001, property valued at \$224,600 to Seattle Habitat for Humanity ("Habitat") for \$37,151. As part of the agreement, Habitat constructed two houses and leased them back to the Diocese at nominal rent for its ministry. Only the cash portion of this transaction was reflected in the financial statements as the value of the leased property being used cannot be determined. One house is used by the Diocesan refugee program and the other by St. John's, West Seattle.

## **Note 7. Contingencies and Commitments**

### **Contingencies**

No liabilities that relate to the mission congregations of the Diocese are reflected. The Diocese could be held to be a responsible party until a mission becomes a parish.

Property insurance on structures does not include earthquake insurance.



CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

## INDEPENDENT AUDITORS' REPORT

Diocesan Council  
Diocese of Olympia – Operating Fund  
Seattle, Washington

We have audited the accompanying statements of financial position of the Diocese of Olympia – Operating Fund ("the Operating Fund") as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Operating Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diocese of Olympia – Operating Fund as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2011, on our consideration of the Operating Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended December 31, 2010. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our 2010 audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our 2010 audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The 2010 statement of budgeted revenue and expenditures compared to actual is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

*Peterson Sullivan LLP*

August 25, 2011

**DIOCESE OF OLYMPIA – OPERATING FUND**

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS	2010	2009
	<u>          </u>	<u>          </u>
Current Assets		
Cash and cash equivalents	\$ 1,785,514	\$ 1,081,231
Certificates of deposit	450,000	200,000
Diocesan Investment Fund receivable	69,945	35,716
Accounts receivable	250,753	240,329
Contributions receivable	21,347	24,577
Loans receivable, current portion	94,984	97,846
Prepaid expenses	68,340	48,714
	<u>          </u>	<u>          </u>
Total current assets	2,740,883	1,728,413
Loans Receivable, net of current portion	68,882	87,634
Prepaid Rent	194,922	197,875
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 3,004,687</u>	<u>\$ 2,013,922</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 130,385	\$ 58,778
Accrued payroll expenses	97,342	112,637
Camp Huston/St. Andrew's House deposits	93,458	102,242
Grants payable	204,177	151,213
Other payables	10,576	2,082
	<u>          </u>	<u>          </u>
Total current liabilities	535,938	426,952
Post-Retirement Payable	575,000	655,000
	<u>          </u>	<u>          </u>
Total liabilities	1,110,938	1,081,952
Net Assets		
Unrestricted	1,333,567	350,982
Temporarily restricted	560,182	580,988
	<u>          </u>	<u>          </u>
Total net assets	1,893,749	931,970
	<u>          </u>	<u>          </u>
Total liabilities and net assets	<u>\$ 3,004,687</u>	<u>\$ 2,013,922</u>

See Notes to Financial Statements



**DIocese OF OLYMPIA – OPERATING FUND**

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2010 and 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Assessments	\$ 3,593,551	\$ -	\$ 3,593,551	\$ 3,543,108	\$ -	\$ 3,543,108
Contributions	20,715	162,786	183,501	92,660	140,242	232,902
Bequests	379,820		379,820			
Fees and tuition	1,036,450		1,036,450	869,421		869,421
Grants	823,557	108,500	932,057	470,638	50,262	520,900
Investment income from Diocesan Investment Fund	306,600	89,321	395,921	390,344	80,529	470,873
Contribution from Trust Accounts	570,000		570,000	52,626		52,626
In-kind contribution of facility use	213,421		213,421	213,421		213,421
Interest income	30,086		30,086	37,350		37,350
Miscellaneous	68,529	30,200	98,729	51,215	23,232	74,447
Net assets released from restrictions	411,613	(411,613)		244,073	(244,073)	
Total support and revenue	7,454,342	(20,806)	7,433,536	5,964,856	50,192	6,015,048
Expenses						
Program services	5,621,729		5,621,729	5,631,134		5,631,134
Management and general	840,028		840,028	763,361		763,361
Fundraising	10,000		10,000	57,629		57,629
Total expenses	6,471,757		6,471,757	6,452,124		6,452,124
<b>Change in net assets</b>	<b>982,585</b>	<b>(20,806)</b>	<b>961,779</b>	<b>(487,268)</b>	<b>50,192</b>	<b>(437,076)</b>
Net Assets, beginning of year	350,982	580,988	931,970	838,250	530,796	1,369,046
Net Assets, end of year	\$ 1,333,567	\$ 560,182	\$ 1,893,749	\$ 350,982	\$ 580,988	\$ 931,970

See Notes to Financial Statements

**DIOCESE OF OLYMPIA – OPERATING FUND**

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ 961,779	\$ (437,076)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation		5,301
Bad debt expense	50,000	
Change in operating assets		
Diocesan Investment Fund receivable	(34,229)	36,554
Accounts receivable	(10,424)	(31,136)
Contributions receivable	3,230	8,900
Prepaid expenses	(19,626)	(41,652)
Prepaid rent	2,953	2,952
Change in operating liabilities		
Accounts payable	71,607	(1,475)
Accrued payroll expenses	(15,295)	(14,963)
Camp Huston/St. Andrew's House deposits	(8,784)	29,797
Grants payable	52,964	57,538
Other payables	8,494	(514)
Post-retirement payable	(80,000)	(5,000)
Cash flows from operating activities	982,669	(390,774)
Cash Flows from Investing Activities		
Sale (purchase) of certificates of deposit	(250,000)	180,000
Issuance of loans receivable	(117,947)	(78,190)
Payments received on loans receivable	89,561	67,835
Cash flows from investing activities	(278,386)	169,645
<b>Net change in cash</b>	<b>704,283</b>	<b>(221,129)</b>
Cash, beginning of year	1,081,231	1,302,360
Cash, end of year	\$ 1,785,514	\$ 1,081,231

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Organization and Significant Accounting Policies**

#### **Organization**

The Diocese of Olympia, Inc. ("the Diocese") is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches in Western Washington.

The Diocese of Olympia – Operating Fund ("the Operating Fund") contains the operating budget, restricted income, designated, and grant funds of the Diocese. The Operating Fund is an unincorporated association.

The fund groupings known as the Trust Accounts, the Building Loan Fund, the Real Estate Fund, the Mission Development Fund, and the James F. Hodges Diocesan Investment Fund are reported separately in other financial statements. They are part of the Diocese, but are not separately incorporated. The Diocese is an incorporated entity. The Real Estate Fund owns the Diocesan properties that constitute the offices used by the Operating Fund, and the conference center used by and included in the budget of the Operating Fund (see Note 2). The Real Estate Fund also owns the properties used by mission parishes in the Diocese. The Diocesan Student Memorial Fund is considered to be an independent entity and is not included in these financial statements.

The Operating Fund's main source of support is assessments levied on its congregations. The assessments are a function of the congregation's revenue. Some congregations are not paying their assessments currently for various reasons. The rate of assessment shortfall currently incorporated into the budget is 15 percent. The Operating Fund also runs a large refugee resettlement, assistance, and work-training program, which is primarily funded by federal grants.

#### **Basis of Accounting**

These financial statements are prepared on the accrual basis of accounting and have been prepared in accordance with principles authorized by the General Convention of the Episcopal Church in the January 1, 2000, revision of the *Manual of Business Methods in Church Affairs*. At the Operating Fund, there are no differences between the Episcopal Church Basis and accounting principles generally accepted in the United States. A statement comparing budget to actual is required for budgeted funds and is included as a supplemental statement to these financial statements.

## **Financial Statement Presentation**

The Operating Fund reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. The Operating Fund has no permanently restricted net assets, so this class of net assets is not shown on the financial statements.

## **Designated Net Assets**

Included in unrestricted net assets are \$833,581 and \$495,740 at December 31, 2010 and 2009, respectively, of funds designated by the Diocesan Council for various ministries.

## **Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of unexpended contributions restricted for particular purposes or time periods. Temporarily restricted net assets are transferred to unrestricted net assets as expenditures are incurred for the restricted purpose, or as time restrictions expire. Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2010</u>	<u>2009</u>
Refugee loans	\$ 341,547	\$ 309,081
Ethnic ministries	52,927	66,479
Episcopal Charities Appeal	30,426	46,796
Scholarships	25,003	30,408
Native American (ERD) program	16,188	16,188
Theological education	12,387	22,872
Huston Center/The Operating Fund care, maintenance, and development	3,452	26,369
Other programs	78,252	62,795
	<u>\$ 560,182</u>	<u>\$ 580,988</u>

## **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

## **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Operating Fund considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Operating Fund regularly has cash in excess of federally insured limits with its bank.

### **Certificates of Deposit**

The Operating Fund held two certificates of deposit with an original maturity exceeding three months at December 31, 2010, and held four certificates of deposit with an original maturity exceeding three months at December 31, 2009. The certificates of deposit are recorded at cost which approximates fair value.

### **Accounts and Loans Receivable/Grant Revenue**

Accounts and loans receivable are stated at the amount management expects to collect from outstanding balances. The Operating Fund uses the allowance method for recognizing bad debts. When determining an appropriate allowance, management considers such things as the age of the receivable and the credit history of the creditor. When an account is deemed uncollectible, it is generally written off against the allowance. No allowance for uncollectible accounts or loans receivable was required at December 31, 2010 or 2009.

The Operating Fund has active refugee and employment programs supported predominantly by grant contracts with the state and the federal government. Most of the programs are on an achievement or reimbursable expense basis. Grant revenue is recognized when the qualified reimbursable expenditure is incurred. Accounts receivable consists primarily of amounts billed but not yet collected on these grant contracts.

Approximately 89% and 58% of accounts receivable were due from two organizations at December 31, 2010 and 2009, respectively.

Approximately 79% and 66% of grant revenue under grant contracts were earned from three organizations at December 31, 2010 and 2009, respectively.

### **Contributions Receivable**

Contributions receivable at year end will be collected by the Operating Fund and passed through to other organizations. The Operating Fund is acting as an agent of these funds and a related amount is recorded as a liability and is included in grants payable. All amounts are expected to be collected within five years. Any discount of the receivable would not be material.

### **Assessments**

Assessments receivable are not recorded for the year end. Assessment revenue is recognized on the cash basis, because the Diocesan Council regularly grants assessment relief for unpaid amounts from prior years. Assessments from one parish represented 10% of total assessments in 2009. No parish had assessments of 10% of total assessments in 2010.

### **Fee and Tuition Revenue**

The Operating Fund operates numerous camps, conferences, and events throughout the year which are primarily held at the Huston Center and St. Andrew's House. Fees and tuition from these events are generally paid in advance, and revenue is recognized at the time of the event. Payments received for events that have not taken place are recorded as Camp Huston/St. Andrew's House deposits liability on the Statements of Financial Position.

### **Tax Status**

The IRS has determined that the Operating Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It does not file a federal tax return.

### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### **Reclassification**

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

### **Subsequent Events**

The Operating Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was the same as the date of the independent auditors' report.

## **Note 2. Related Organization Transactions**

The Diocese and the Operating Fund have agreed to be bound by and comply with the Constitution, Canons, Doctrines, Disciplines, and Worship of the Episcopal Church. The Operating Fund paid \$729,679 and \$729,574 in support of the Episcopal Church for the years ended December 31, 2010 and 2009, respectively.

The Diocese owns the building in which the Operating Fund has its offices. The value of the space used is considered an in-kind contribution from the Diocese and has been included in both revenue and expenses in the Statements of Activities at its current market rental value of \$213,421 for both of the years ended December 31, 2010 and 2009.

The Board of the Diocese makes annual discretionary transfers of earnings to the Operating Fund from the Trust Accounts. Income from this source for the years ended December 31, 2010 and 2009, was \$570,000 and \$52,626, respectively, and is called Contribution from Trust Accounts in the Statements of Activities.

In 2010, the Operating Fund constructed a director's residence at the Huston Center. This building had a cost of \$205,403, has been contributed to and capitalized at the Real Estate Fund, and is included in Program Services Expense in the Statements of Activities.

**Note 3. Prepaid Rent**

In 2003, the Diocese entered into an agreement to lease a house for \$1 per year for a term of 75 years. The Diocese gave up property as payment for the use of the house in the Operating Fund refugee program. The value of the property given up in 2003 was \$221,500, and this prepayment for the use of the house is being expensed on a straight-line basis over the life of the lease. As of December 31, 2010 and 2009, the prepaid rent balance was \$194,922 and \$197,875, respectively. Rent expense recognized for each of the years then ended was \$2,953.

**Note 4. Pensions/Postretirement Benefits**

**Pension Plans**

All full and part-time clergy employed by the Diocese are covered under a plan administered by the Church Pension Group, a national group pension plan of the Episcopal Church ("the Church Pension Fund"). These individuals have 18 percent of their compensation, including housing allowance if applicable, paid to the plan.

Lay employees are covered under a Section 403(b), Annuity Retirement Plan, of the IRC ("the Lay Employee Plan"). Employees are eligible to participate after two consecutive 1,000 hour service years. Employees are 100% vested after five years. The Operating Fund contribution is set at five percent of current year's salary plus up to an additional four percent discretionary match of voluntary employee contributions. Employer contributions for 2010 and 2009 were made as follows:

	<u>2010</u>	<u>2009</u>
Clergy	\$ 75,684	\$ 110,858
Lay employees	<u>72,664</u>	<u>93,804</u>
	<u>\$ 148,348</u>	<u>\$ 204,662</u>

The Lay Employee Plan guarantees no specific benefit, so no unfunded liability exists. All Episcopal clergy must participate in the Church Pension Fund and the liability is assumed by the Church Pension Fund. The Church Pension Fund does not specifically guarantee benefits. Because it is a church, the Operating Fund is not subject to ERISA requirements.

### **Postretirement Health Benefits**

A policy established by the Operating Fund in a prior year was to pay for medigap health insurance coverage for retired clergy and lay employees and their spouses who are over the age of 65, who meet eligibility requirements of five years full time employment immediately prior to a retirement age of 59 1/2 or over. All lay employees hired prior to January 1, 2001, are now covered under a fixed dollar per year limitation. Employees hired after January 1, 2001, have no promise of coverage.

In 2003, the Church Pension Fund began providing medigap health insurance for retired clergy and their spouses (at attainment of age 65). This has reduced the Operating Fund's future obligations.

Health insurance expense and related contribution information is summarized as follows:

	<u>2010</u>	<u>2009</u>
Benefit cost	\$ 48,597	\$ 45,289
Change in expense resulting from a change in the minimum liability	<u>(80,000)</u>	<u>(5,000)</u>
Total (benefit) expense	<u>\$ (31,403)</u>	<u>\$ 40,289</u>
Diocese contribution to the plan and benefits paid	<u>\$ 48,597</u>	<u>\$ 45,289</u>

The Diocese expects to contribute between \$40,000 and \$50,000 per year to the plan in future years to pay benefits.

The Operating Fund has an actuarial valuation prepared for future health insurance coverage which results in a liability for the benefit obligations of \$575,000 and \$655,000 at December 31, 2010 and 2009, respectively, using a discount rate of 5% (as there are no plan assets).

### **Note 5. Contingent Liabilities**

No liabilities that relate to the mission congregations of the Diocese are reflected. The Operating Fund could be held to be a responsible party until a mission becomes a parish.

The Operating Fund is an agent for institutions of the Diocese and collects and remits premiums to various healthcare insurance companies in Washington.

In the normal course of business, the Operating Fund has various claims in process, matters in litigation, and other contingencies. In management's opinion, the outcome from these matters will not materially impact the Operating Fund's financial position or results of activities.



**DIOCESE OF OLYMPIA – OPERATING FUND**

**STATEMENT OF BUDGETED REVENUE  
AND EXPENDITURES COMPARED TO ACTUAL**

For the Year Ended December 31, 2010

UNAUDITED

	2010 Budget	2010 Actual	Total Budget Variance
<b>Revenue</b>			
Assessments	\$ 3,684,000	\$ 3,593,971	\$ (90,029)
Contributions		32	32
Investments (Unrestricted)	85,083	313,810	228,727
Investments (Restricted)	255,909	71,539	(184,370)
Fees and tuition	139,288	135,896	(3,392)
Bank and loan interest	20,000	16,035	(3,965)
Miscellaneous	125,180	133,631	8,451
<b>Total revenue</b>	<b>4,309,460</b>	<b>4,264,914</b>	<b>(44,546)</b>
<b>Expenses</b>			
Office of the Bishop	526,307	539,064	(12,757)
Assistant Bishop	87,576	87,627	(51)
Communications	192,096	189,033	3,063
Governing Bodies	223,598	218,448	5,150
Diocesan House	241,117	227,638	13,479
Archives	50,413	50,398	15
St. Mark's Cathedral	77,500	77,500	
St. Andrew's House	10,000	10,000	
Huston Center		50,324	(50,324)
St. Bernard's Chapel	754	7,174	(6,420)
Evangelism	103,000	103,000	
Evangelism Training	33,900	32,980	920
Ethnic Ministries	177,846	182,923	(5,077)
Congregation/Ministry Development	152,330	149,996	2,334
Faith Development Program	176,123	168,878	7,245
Resource Center	77,243	63,163	14,080
Medicare Supplement	128,477	73,272	55,205
Stewardship & Development	181,538	146,585	34,952
Treasurer's Office	296,491	295,283	1,208
National Church Apportionment	694,679	694,679	
General Convention Deputies	12,000	12,000	
Province VIII	15,000	15,000	
Lambeth Conference	2,500	2,500	
Ecumenical & Interfaith	20,250	20,000	250
Multi-Cultural Concerns	95,095	95,990	(895)
Missioners	52,428	48,403	4,025
Commission on Developing Congregations	796,103	737,420	58,683
<b>Total expense</b>	<b>4,424,364</b>	<b>4,299,279</b>	<b>125,085</b>
<b>Change in net assets</b>	<b>\$ (114,904)</b>	<b>\$ (34,365)</b>	<b>\$ 80,539</b>

See Note to Supplemental Statement

## **NOTE TO SUPPLEMENTAL STATEMENT**

### **Note 1. Fund Groups Presented as Part of the Supplemental Statement**

The Diocese has divided the Operating Fund into five fund groups: Unrestricted, Restricted, Designated, Audit Reconciliation, and Grant. These fund groups are still used to produce management reports, but are not shown as separate funds in these financial statements.

The Diocesan budget as shown on the 2010 supplemental statement of budgeted revenue and expenditures compared to actual includes only the Unrestricted Operating, Restricted Operating and Huston Center/The Operating Fund Funds (a self-supporting program comprised of both restricted and unrestricted funds), as these are the total of the funds available for the Convention to allocate in its annual budget. However, the Operating Fund includes other funds for which Diocesan Council is responsible as noted above. All of these funds are included in the Statements of Activities in the basic financial statements.

**DIocese OF OLYMPIA – OPERATING FUND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2010

Award Description	Federal CFDA Number	Contract Number	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Refugee and Entrant Assistance Discretionary Grants - Microenterprise Development Project - Loan Fund	93.576 *	90RG0081/01	\$ 161,666
Refugee and Entrant Assistance Discretionary Grants - Microenterprise Development Project - Loan Fund	93.576 *	90RG0081/02	38,241
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/01	56,393
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/02	86,000
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/03	78,805
Refugee and Entrant Assistance Discretionary Grants - Individual Development Account Project	93.576 *	90Z10066/04	12,060
Total Department of Health and Human Services			433,165
<b>U.S. DEPARTMENT OF STATE - BUREAU OF POPULATION, REFUGEES, AND MIGRATION</b>			
Pass-through from:			
Church World Services			
U.S. Refugee Admissions Program - Reception and Placement (R & P) Program	19.510	SPRMC010CA009	14,048
U.S. Refugee Admissions Program - Reception and Placement (R & P) Program	19.510	SPRMC010CA039	226,800
U.S. Refugee Admissions Program - Reception and Placement (R & P) Program	19.510	SPRMC010CA012	52,230
Total Department of State - Bureau of Population, Refugees, and Migration			293,078
Total			\$ 726,243

\* Major program

See Note to Schedule of Expenditures of Federal Awards

## **NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Diocese of Olympia – Operating Fund and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT**

Diocesan Council  
Diocese of Olympia, Inc. – Trust Accounts  
Seattle, Washington

We have audited the accompanying statements of financial position of the Diocese of Olympia, Inc. – Trust Accounts ("the Trust Accounts") as of December 31, 2010 and 2009, and the related statements of activities and cash flows (all on the Episcopal Church Basis of Accounting) for the years then ended. These financial statements are the responsibility of the Trust Accounts' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements are being presented in accordance with accounting principles authorized by the General Convention of the Episcopal Church, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Olympia, Inc. – Trust Accounts as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with the accounting principles authorized by the General Convention of the Episcopal Church as described in Note 1.

*Peterson Sullivan LLP*

August 25, 2011

**DIOCESE OF OLYMPIA, INC.  
TRUST ACCOUNTS**

STATEMENTS OF FINANCIAL POSITION – EPISCOPAL CHURCH BASIS

December 31, 2010 and 2009

ASSETS	2010	2009
Current Assets		
Cash and cash equivalents	\$ 262,578	\$ 124,044
Certificate of deposit	500,000	416,250
Investments	23,316,755	22,099,742
Current portion of loan receivable	3,753	
Total current assets	24,083,086	22,640,036
Non-Current Assets		
Bishop residence	716,813	811,813
Related party loans receivable	1,062,229	1,085,866
Loan receivable, net of current portion	244,394	
Restricted funds		83,750
Other	80,836	83,502
Total non-current assets	2,104,272	2,064,931
Total assets	\$ 26,187,358	\$ 24,704,967
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payable to Diocesan Investment Fund	\$ 69,079	\$ 33,250
Cash held in trust for congregations	5,112	16,322
Investments held in trust for congregations and other institutions	3,498,821	3,242,491
Total current liabilities	3,573,012	3,292,063
Net Assets		
Unrestricted	4,474,455	4,364,249
Temporarily restricted	1,378,721	1,359,758
Permanently restricted	16,761,170	15,688,897
Total net assets	22,614,346	21,412,904
Total liabilities and net assets	\$ 26,187,358	\$ 24,704,967

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.  
TRUST ACCOUNTS**

**STATEMENTS OF ACTIVITIES – EPISCOPAL CHURCH BASIS**  
For the Years Ended December 31, 2010 and 2009

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions	\$ 12,500	\$ 17,131	\$ 2,527	\$ 32,158	\$ 1,500	\$ 11,124	\$ -	\$ 12,624
Bequests					8,347	7,041		15,388
Other investment income	11,660	61,301	31,663	104,624	47,755	78,004	38,365	164,124
Realized and unrealized gain on investments	219,281	16,639	1,322,875	1,558,795	364,871	16,099	1,858,485	2,239,455
Contributions from Real Estate Fund	235,899			235,899				
Net assets released from program restrictions	360,900	(76,108)	(284,792)		34,977	(34,977)		
Total support and revenue	840,240	18,963	1,072,273	1,931,476	457,450	77,291	1,896,850	2,431,591
Expenses								
Operating expenses	160,034			160,034	45,522			45,522
Contributions to Operating Fund	570,000			570,000	52,626			52,626
<b>Change in Net Assets</b>	<b>110,206</b>	<b>18,963</b>	<b>1,072,273</b>	<b>1,201,442</b>	<b>359,302</b>	<b>77,291</b>	<b>1,896,850</b>	<b>2,333,443</b>
Net Assets, beginning of year	4,364,249	1,359,758	15,688,897	21,412,904	4,004,947	1,282,467	13,792,047	19,079,461
Net Assets, end of year	\$ 4,474,455	\$ 1,378,721	\$ 16,761,170	\$ 22,614,346	\$ 4,364,249	\$ 1,359,758	\$ 15,688,897	\$ 21,412,904

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.  
TRUST ACCOUNTS**

STATEMENTS OF CASH FLOWS – EPISCOPAL CHURCH BASIS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ 1,201,442	\$ 2,333,443
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized gains on investments	(1,558,795)	(2,239,455)
Write off of property	95,000	
Contribution of loan receivable	(250,000)	
Change in operating assets and liabilities		
Other assets	2,666	295
Payable to Diocesan Investment Fund	35,829	(32,983)
	(473,858)	61,300
Net cash flows from operating activities		
Cash Flows from Investing Activities		
Proceeds from sale of investments	885,735	51,551
Purchase of investments (including reinvested dividends)	(274,644)	(238,121)
Principal payments received on loans	25,490	16,008
	636,581	(170,562)
Net cash flows from investing activities		
Cash Flows from Financing Activities		
Decrease in cash held in trust for congregations	(11,210)	(108,523)
Change in investments held in trust for congregations and other institutions	(12,979)	81,474
	(24,189)	(27,049)
Net cash flows from financing activities		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>138,534</b>	<b>(136,311)</b>
Cash and Cash Equivalents, beginning of year	124,044	260,355
Cash and Cash Equivalents, end of year	\$ 262,578	\$ 124,044

See Notes to Financial Statements



## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Organization and Significant Accounting Policies**

The Diocese of Olympia, Inc. ("the Diocese") is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches in Western Washington.

The Diocese of Olympia, Inc. – Trust Accounts ("the Trust Accounts") hold the endowment funds for the Diocese and other institutions of the Diocese for which the Diocese has been named trustee. The funds are predominantly invested in the James F. Hodges Diocesan Investment Fund ("DIF"). The DIF is a pool of investments owned in part by the Trust Accounts and by other Episcopal entities.

The fund groupings known as the Building Loan Fund ("the BLF"), the Real Estate Fund, the Mission Development Fund ("the MDF"), and the DIF issue their own financial statements. The BLF, the Real Estate Fund, and the MDF do not invest in the Trust Accounts (or vice-versa), but, as noted above, the Trust Accounts invest in the DIF.

If the Trust Accounts make a loan to a mission or parish of the Diocese for the purchase of property, the property is recorded within the Real Estate Fund. No other transactions occur regularly between the BLF, MDF, Real Estate Fund, and the Trust Accounts.

These entities are part of the Diocese, but are not separately incorporated. The Diocese is an incorporated entity.

The Diocese of Olympia – Operating Fund ("the Operating Fund") contains the operating budget, restricted income, and designated and grant funds of the Diocese. The Operating Fund is reported separately. The Operating Fund is an unincorporated association.

Unrestricted earnings on investments held by the Trust Accounts are transferred to the Operating Fund in order to fund general operations of the Diocese. The Trust Accounts are not allocated any of the common expenses incurred and paid from the Operating Fund. Employees of this related entity maintain the books and records of the Trust Accounts at no charge to this fund.

### **Basis of Accounting**

These financial statements are prepared on the accrual basis of accounting and have been prepared in accordance with principles authorized by the General Convention of the Episcopal Church in the January 1, 2000, revision of the *Manual of Business Methods in Church Affairs*. The Episcopal Church has adopted accounting standards which require net assets to be shown as unrestricted, temporarily restricted, or permanently restricted.

The accounting principles of the Episcopal Church prior to January 1, 1995, required furniture, fixtures, and equipment to be expensed when purchased. After that date, property and equipment are capitalized but depreciation is optional. The building owned by the Trust Accounts (the Bishop's residence) is not being depreciated which is the primary difference between the Episcopal Church basis of accounting and accounting principles generally accepted in the United States.

### **Financial Statement Presentation**

The Trust Accounts report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Contributions, investment income, and gains on investments restricted by donors are reported as increases in unrestricted net assets if restrictions are met in the reporting period in which the income and gains are recognized. The Operating Fund (described earlier in these notes) receives and reports most of the income earned by the Trust Accounts' permanently restricted net assets.

### **Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

### **Fair Value Measurements**

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels which prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The Trust Accounts report investments (discussed in Note 4) at fair value.

### **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Trust Accounts consider all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Trust Accounts regularly have cash in excess of federally insured limits with its bank.

### **Certificate of Deposit**

The Trust Accounts hold a certificate of deposit at December 31, 2010, and held the same certificate of deposit at December 31, 2009. The certificate of deposit has an original maturity exceeding three months and of the total balance, \$300,347 serves as collateral for a loan from a bank included in the Real Estate Fund's financial statements. The certificate of deposit is stated at cost which approximates fair value.

### **Loans Receivable**

Receivables are stated at the amount management expects to collect from outstanding balances. The Trust Accounts use the allowance method for recognizing bad debts. When determining an appropriate allowance, management considers such things as the age of the receivable, the credit history of the creditor, and the assets collateralizing the loan. When an account is deemed uncollectible, it is generally written off against the allowance. The Trust Accounts have historically not experienced significant losses related to uncollectible receivables. No allowance for uncollectible accounts or loans receivable was required at December 31, 2010 or 2009.

The Trust Accounts have not imputed interest on related party loans that do not bear interest as the terms are generally undefined, the imputed interest would not generally be material, and the amounts are due from another fund of the Diocese.

### **Restricted Funds**

In August 2000, the City of Sammamish ("the City") required the Diocese to place \$83,750 in a bank account for the purpose of building sidewalks adjacent to a building project funded by the Diocese. In 2010, these funds were utilized by the City out of the Real Estate Fund account and the restricted funds were released.

### **Taxes**

The Trust Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It does not file a federal tax return.

### **Subsequent Events**

The Diocese has evaluated subsequent events through the date these financial statements were available to be issued, which was the date of the independent auditor's report.

## **Note 2. Endowments**

The Trust Account's endowment consists of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments ("quasi-endowments"). As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

### **Interpretation of Relevant Law**

The Trustees of the Trust Accounts have interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 Trust Accounts classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, plus (b) the original value of subsequent gifts to the permanent endowment and 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, and (c) unrealized gains and losses within the permanent endowment. 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 in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Trustees consider the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of the Trust Accounts and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Trust Accounts
- The investment policies of the Trust Accounts

Endowment net assets consisted of the following at:

	December 31, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,378,721	\$ 16,761,170	\$ 18,139,891
Board-designated quasi-endowment funds	1,678,043			1,678,043
Total funds	<u>\$ 1,678,043</u>	<u>\$ 1,378,721</u>	<u>\$ 16,761,170</u>	<u>\$ 19,817,934</u>

	December 31, 2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,359,758	\$ 15,688,897	\$ 17,048,655
Board-designated quasi-endowment funds	1,808,596			1,808,596
Total funds	<u>\$ 1,808,596</u>	<u>\$ 1,359,758</u>	<u>\$ 15,688,897</u>	<u>\$ 18,857,251</u>

Endowment net assets consisted of the following at:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2008	\$ 1,438,186	\$ 1,282,467	\$ 13,792,047	\$ 16,512,700
Investment return	364,871	94,103	1,896,850	2,355,824
Contributions		11,124		11,124
Bequests		7,041		7,041
Appropriation of endowment assets for expenditure and transfers out of endowment	5,539	(34,977)		(29,438)
Endowment net assets, December 31, 2009	1,808,596	1,359,758	15,688,897	18,857,251
Investment return	219,281	77,940	1,354,538	1,651,759
Contributions		17,131	2,527	19,658
Appropriation of endowment assets for expenditure and transfers out of endowment	(349,834)	(76,108)	(284,792)	(710,734)
Endowment net assets, December 31, 2010	<u>\$ 1,678,043</u>	<u>\$ 1,378,721</u>	<u>\$ 16,761,170</u>	<u>\$ 19,817,934</u>

## **Return Objectives and Risk Parameters**

The Trust Accounts have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as quasi-endowment funds. Under this policy, as approved by the Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. The Trust Accounts expect its endowment funds, over time, to provide an average rate of return of approximately 9% annually. Actual returns in any given year may vary from this amount.

## **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the Trust Accounts rely 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 Trust Accounts target 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 Trust Accounts have a policy of appropriating up to 95% of the market value of the investment in excess of the original endowment adjusted for the U.S. City Average Urban Consumers Price Index ("CPI"). In the event that the Board does not elect to appropriate the entire allowable amount, the investment gains or losses, by default, are included as a positive or negative change to permanently restricted net assets. Any losses incurred which reduce the investment value below the original endowment adjusted for CPI are included in unrestricted losses on investments. As discussed below, there were no endowments where the fair value of the investment had fallen below the original basis, adjusted for CPI as of December 31, 2010 or 2009. In establishing this policy, the Trust Accounts considered the long-term expected return on its endowment. Accordingly, over the long-term, the Trust Accounts expected the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Trust Accounts' 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.

## **Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Trust Accounts to retain as a fund of perpetual duration. The donor requirement is based on the original endowment determined at December 31, 1985, or fund set-up date, if later. This date may be pushed back by the beneficiary, but the burden of proof to establish any pre-1985 excess appreciation will fall on the beneficiary. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are to be reported in unrestricted net assets. There were no such deficiencies as of December 31, 2010 or 2009.

**Note 3. Loans Receivable**

The Diocese (through the Trust Accounts) has loaned funds to the prior Bishop, parishes, and missions (related parties) within the Diocese as follows:

Loan to	Comment/Payment/ Maturity	Rate	2010	2009
Bishop	Paid in full in 2010	8%	\$ -	\$ 23,637
Cathlamet	No maturity date set	0%	150,000	150,000
St. Columba's, Des Moines	Land at St. Columba's, no maturity date set	0%	318,847	318,847
Battle Ground	15-year amortization at BLF mission rate due 2017	3.5%	69,000	69,000
Good Shepherd, Vancouver	On interest waiver; to be repaid after BLF loan repaid	0%	49,382	49,382
St. Hilda/ St. Patrick	On interest waiver, then 15-year amortization at BLF mission rate	0%	475,000	475,000
			<u>\$ 1,062,229</u>	<u>\$ 1,085,866</u>

Additionally, in 2010, the Real Estate Fund sold a piece of property to an unrelated party in exchange for a loan receivable of \$250,000. The Real Estate Fund contributed this loan receivable to the Trust Accounts in 2010, which the Trust Accounts recorded as revenue on the Statement of Activities. This loan bears interest at a fixed rate of 5.0%, is secured by the property sold, and requires monthly repayments of principal and interest over a 30-year amortization of \$1,342, with a balloon payment of approximately \$170,000 due at maturity in July 2025. Principal payments due in the next year of \$3,753 are presented as current on the 2010 Statement of Financial Position; the remaining amount is presented as non-current.

#### Note 4. Investments

Investments are reported at their fair value using Level 1 inputs in the statements of financial position. Unrealized gains and losses are included in the change in net assets. The majority of the Trust Accounts' investments are in the Diocesan-managed DIF. Fund activity for 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Fair market value, beginning of year	\$ 22,099,742	\$ 19,294,711
Reinvestment of dividends	56,645	116,637
Purchases	217,999	121,484
Redemptions	<u>(885,735)</u>	<u>(51,551)</u>
Total	21,488,651	19,481,281
Less: Fair market value, end of year	<u>(23,316,755)</u>	<u>(22,099,742)</u>
Increase in market value	<u>\$ 1,828,104</u>	<u>\$ 2,618,461</u>

The DIF is a type of mutual fund, open exclusively to the Diocese and its institutions. The DIF has balanced growth and income as its investment objective. At December 31, 2010, the DIF was approximately 4% cash equivalents, 27% U.S. Government debt securities, and 69% common stocks (including equity mutual funds) listed on major exchanges. At December 31, 2009, the DIF was approximately 5% cash equivalents, 29% U.S. Government debt securities, and 66% common stocks (including equity mutual funds) listed on major exchanges. No single investment in the DIF represents more than 10% of total investments. Investments in the DIF are not federally insured.



## Note 5. Trust Held for Congregations and Other Institutions

Amounts held in trusts for congregations and other institutions at December 31 consist of:

	<u>2010</u>	<u>2009</u>
Cash held in trust for congregations		
Bond Trustee accounts	\$ 5,112	\$ 16,322
Securities and investments held in trust for congregations and other institutions		
Annie Wright School	352,531	324,739
Bainbridge, St. Barnabas' - Hodges Endowment	840,479	774,219
Charles G. McDonald Scholarship Fund		16,156
Hoodsport, St. Germaine	79,920	73,620
Kent, St. James' - Arney Memorial	54,428	50,137
Kent, St. James' - Endowment	43,094	39,697
Lord Scholarship Fund	24,893	23,420
Seattle, St. Mark's - Hodges Endowment	1,228,190	1,131,364
Seaview, St. Peter's - Johnson Bequest	370,707	350,203
St. Paul's, Palm Desert, CA - Hodges Endowment	161,355	148,635
Bellingham, Mabel Wilson Trust	331,850	299,555
Tod Prichard, Allyn	<u>11,374</u>	<u>10,746</u>
Total securities for congregations and institutions	<u>3,498,821</u>	<u>3,242,491</u>
Total liabilities to congregations and other institutions	<u>\$ 3,503,933</u>	<u>\$ 3,258,813</u>

## Note 6. Schedule of Net Assets

	December 31, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Other assets held in trust for Diocese				
Campaign - unrestricted	\$ 106,661	\$ -	\$ -	\$ 106,661
Campaign - various restrictions		1,128,902		1,128,902
Diocesan School of Theology		15,833		15,833
Hodges Income Account		13,557		13,557
Huston Discretionary Account, Horn Trust		12,660		12,660
Planned Giving Gifts		7,070		7,070
Ruth and Jacques Hayes Memorial Trust		4,247		4,247
Snoqualmie, St. Bernard's Chapel		2,134		2,134
		<hr/>		<hr/>
Total other assets held in trust for Diocese	106,661	1,184,403		1,291,064
Primarily securities and investments held in trust for Diocese				
Bishop Curtis Camp Scholarship			123,850	123,850
Bishop Suffragan Endowment			40,869	40,869
Carl Knirk Memorial Scholarship		35,630	2,500	38,130
Centennial Project	309			309
Christenson Bequest			306,755	306,755
Clapp Trust			1,145,958	1,145,958
Clergy Emergency Fund			478,004	478,004
College Work Endowment			356,960	356,960
Dean Search Reserve	12,495			12,495
Diocesan Working Capital Trust Fund			541,819	541,819
Emergency/Temporary Help	5,686			5,686
Episcopal Charities Appeal		37,302		37,302
Episcopal House Fund	896,024			896,024
Episcopal Search Reserve	219,883			219,883
Episcopate Endowment Fund #1			5,044,221	5,044,221
Episcopate Endowment Fund #2	2,122,997			2,122,997
Grace L. Philips Memorial Fund	560,074			560,074
Hansen Fund			3,987	3,987
Hayes Trust (Held by Wells Fargo Bank)			31,150	31,150
Hodges Endowment for Diocese			2,340,869	2,340,869
Horn Memorial for Camp Huston			1,197,844	1,197,844
Human Need Endowment			244,826	244,826
James McConnell Scholarship Fund			19,181	19,181
Jean Young Memorial		15,845		15,845
Mission Ministry Endowment			1,026,048	1,026,048
Refugee Program Reserves		36,142		36,142
S. Eston Collins Memorial Scholarship			13,243	13,243
Sophie Henry Trust			2,855,697	2,855,697
St. Andrew's House Endowment		69,399		69,399
Thanksgiving and Memorial Fund	550,326			550,326
Theological Education Fund			987,389	987,389
			<hr/>	<hr/>
Total securities and investments held for Diocese	4,367,794	194,318	16,761,170	21,323,282
			<hr/>	<hr/>
Total net assets	\$ 4,474,455	\$ 1,378,721	\$ 16,761,170	\$ 22,614,346
			<hr/>	<hr/>

December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Other assets held in trust for Diocese				
Campaign - unrestricted	\$ (37,055)	\$ 1,148,903	\$ -	\$ 1,111,848
Diocesan School of Theology		15,833		15,833
Episcopal Residence Loan	119,000			119,000
Hodges Income Account		25,562		25,562
Huston Discretionary Account, Horn Trust		9,496		9,496
Planned Giving Gifts		11,570		11,570
Ruth and Jacques Hayes Memorial Trust		6,482		6,482
Snoqualmie, St. Bernard's Chapel		2,134		2,134
		<hr/>		<hr/>
Total other assets held in trust for Diocese	81,945	1,219,980		1,301,925
Primarily securities and investments held in trust for Diocese				
Bishop Curtis Camp Scholarship			73,379	73,379
Bishop Suffragan Endowment			36,760	36,760
Canon Jessett Memorial			14,264	14,264
Centennial Project	277			277
Christenson Bequest			282,572	282,572
Clapp Trust			1,055,615	1,055,615
Clergy Emergency Fund			440,320	440,320
College Work Endowment			328,818	328,818
David Devik Memorial			10,286	10,286
Dean Search Reserve	8,852			8,852
Diocesan Working Capital Trust Fund			496,828	496,828
Emergency/Temporary Help	6,186			6,186
Episcopal Charities Appeal		33,474		33,474
Episcopal House Fund	857,357			857,357
Episcopal Search Reserve	188,227			188,227
Episcopate Endowment Fund #1			4,646,555	4,646,555
Episcopate Endowment Fund #2	2,509,645			2,509,645
Grace L. Philips Memorial Fund	515,919			515,919
Hansen Fund			3,586	3,586
Hayes Trust (Held by Wells Fargo Bank)			28,530	28,530
Hodges Endowment for Diocese			2,156,324	2,156,324
Horn Memorial for Camp Huston			1,326,542	1,326,542
Human Need Endowment			226,382	226,382
James McConnell Scholarship Fund			17,669	17,669
Jean Young Memorial		14,252		14,252
Mission Ministry Endowment			958,204	958,204
Pruden Fund			22,894	22,894
Refugee Program Reserves		32,508		32,508
S. Eston Collins Memorial Scholarship			11,912	11,912
Sophie Henry Trust			2,630,566	2,630,566
St. Andrew's House Endowment		59,544		59,544
St. Bernard's Chapel Fund: Moffett			34,238	34,238
Thanksgiving and Memorial Fund	195,841			195,841
Theological Education Fund			886,653	886,653
			<hr/>	<hr/>
Total securities and investments held for Diocese	4,282,304	139,778	15,688,897	20,110,979
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 4,364,249	\$ 1,359,758	\$ 15,688,897	\$ 21,412,904
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



CERTIFIED PUBLIC ACCOUNTANTS  
601 UNION STREET, SUITE 2300  
SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT**

Diocesan Council  
Diocese of Olympia, Inc.  
Building Loan Fund,  
Mission Development Fund, and  
Real Estate Fund  
Seattle, Washington

We have audited the accompanying statements of financial position of the Diocese of Olympia, Inc. – Building Loan Fund, Mission Development Fund, and Real Estate Fund ("the Funds") as of December 31, 2010 and 2009, and the related statements of activities and cash flows (all on the Episcopal Church Basis of Accounting) for the years then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements are being presented in accordance with accounting principles authorized by the General Convention of the Episcopal Church which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Olympia, Inc. – Building Loan Fund, Mission Development Fund, and Real Estate Fund as of December 31, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended, in conformity with the accounting principles authorized by the General Convention of the Episcopal Church as described in Note 1.

*Peterson Sullivan LLP*

August 25, 2011

**DIOCESE OF OLYMPIA, INC.  
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,  
AND REAL ESTATE FUND**

STATEMENTS OF FINANCIAL POSITION – EPISCOPAL CHURCH BASIS  
December 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 879,304	\$ 695,463
Receivables		
Parish loans receivable, net	693,778	598,530
Interest receivable, net	<u>4,402</u>	<u>162,398</u>
Total receivables	698,180	760,928
Property		
Real estate	<u>21,474,599</u>	<u>23,516,866</u>
Total assets	<u>\$ 23,052,083</u>	<u>\$ 24,973,257</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Related party loans	\$ 1,012,847	\$ 1,012,847
Loans - unrelated parties	<u>557,516</u>	<u>440,837</u>
Total liabilities	1,570,363	1,453,684
Unrestricted Net Assets	<u>21,481,720</u>	<u>23,519,573</u>
Total liabilities and net assets	<u>\$ 23,052,083</u>	<u>\$ 24,973,257</u>

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.  
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,  
AND REAL ESTATE FUND**

STATEMENTS OF ACTIVITIES – EPISCOPAL CHURCH BASIS  
For the Years Ended December 31, 2010 and 2009

	2010	2009
Support and Revenue		
Interest (building loans)	\$ 55,336	\$ 68,117
Interest (Bolling loans)	8,169	5,122
Contributions	411,272	307,352
Contributed loan payments and other	50,617	234,707
Contributions of real estate	205,403	
Total support and revenue	730,797	615,298
Expenses		
Corporate/canonically required	5,320	10,750
Bad debt expense	156,556	
Contributions of property to parish	2,361,774	
Property sale contributed to Trust Accounts	245,000	
Total expenses	2,768,650	10,750
<b>Change in unrestricted net assets</b>	<b>(2,037,853)</b>	<b>604,548</b>
Unrestricted net assets, beginning of year	23,519,573	22,915,025
Unrestricted net assets, end of year	\$ 21,481,720	\$ 23,519,573

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.  
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,  
AND REAL ESTATE FUND**

STATEMENTS OF CASH FLOWS – EPISCOPAL CHURCH BASIS  
For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities		
Change in net assets	\$ (2,037,853)	\$ 604,548
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	156,556	
Contributed loan payments	(50,490)	(245,749)
Contribution of real estate	(205,403)	
Contributions of property to parish	2,361,774	
Property sale contributed to Trust Accounts	245,000	
Decrease (increase) in interest receivable	1,440	(20,997)
	471,024	337,802
Net cash flows from operating activities		
Cash Flows From Investing Activities		
Parish loan advances, net	(95,248)	(8,827)
Sales of certificates of deposit		382,000
Purchases of real estate	(191,935)	(469,163)
	(287,183)	(95,990)
Net cash flows from investing activities		
<b>Net change in cash and cash equivalents</b>	<b>183,841</b>	<b>241,812</b>
Cash and cash equivalents, beginning of year	695,463	453,651
Cash and cash equivalents, end of year	\$ 879,304	\$ 695,463

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Organization and Significant Accounting Policies**

The Diocese of Olympia, Inc. ("the Diocese") is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches in Western Washington.

The Diocese of Olympia, Inc. – Building Loan Fund, Mission Development Fund, and Real Estate Fund ("the Funds") contain the mission sites, building loans, and real estate of the Diocese.

**The Building Loan Fund ("the BLF")** was established in 1949 to make loans to churches to assist in financing new building projects and to make loans for small building repair and improvement projects. Repayment terms vary and remaining maturities range from 1 to 18 years. Effective January 1, 1993, the Board of Directors adopted a policy of annual changes in the interest rate charged to Diocesan institutions. The rate is set annually at the One-Year Treasury Constant Maturities Index rounded up to the nearest eighth of a point plus 3% for parishes and 1.5% for missions, and the rate cannot be less than 3.5% for parishes or missions. In addition, a 2% cap on interest increases per year was adopted. Loans on interest waiver are shown at undiscounted value.

Because of the anticipated need for funds in the future, the BLF adopted, on January 21, 1993, an interest rate incentive program to encourage faster principal repayment. In exchange for each year of loan term reduction, the BLF will reduce the interest rate on the loan by 4/10 of 1%. In addition, there are other limitations imposed on this voluntary program.

**The Mission Development Fund ("the MDF")** was set up to purchase properties in areas where growth would necessitate the establishment of a new congregation. Advances made by the MDF are generally exempt from interest and current principal repayment even after congregations have been organized.

**The Real Estate Fund** holds the land and buildings owned by the Diocese. The value of a mission congregation's property is shown as a Diocesan asset until the mission becomes a parish, at which point the asset is contributed to the parish. Generally, in Washington State, real property used for the church's exempt purposes is exempt from real estate taxes.

### **Other Funds**

The Diocese also has other groupings known as the Trust Accounts and the James F. Hodges Diocesan Investment Fund, which are reported separately in other financial statements.

These entities are part of the Diocese, but are not separately incorporated. The Diocese is an incorporated entity.



Also, the Diocese of Olympia – Operating Fund ("the Operating Fund") is reported separately. The Operating Fund contains the operating budget, restricted income, and designated and grant funds of the Diocese. The Operating Fund is an unincorporated association.

**Basis of Accounting**

These financial statements are prepared on the accrual basis of accounting and have been prepared in accordance with principles authorized by the General Convention of the Episcopal Church in the January 1, 2000, revision of the *Manual of Business Methods in Church Affairs*. The Episcopal Church has adopted accounting standards which require net assets to be shown as unrestricted, temporarily restricted, or permanently restricted. Inter-fund activity has been eliminated.

The January 1, 1995, revised accounting principles of the Episcopal Church required capitalizing furniture, fixtures, and equipment. They also state that depreciation is optional. Previously, all fixtures and equipment were expensed. The Diocese does not capitalize any furniture or fixtures purchased by mission congregations. The Diocese has elected not to depreciate its assets.

Real estate is to be carried at historical cost or fair market value at date of donation. Because the January 1, 1995, revised accounting manual dropped the use of fair value accounting, the Diocese has reconstructed the cost basis of its properties. Estimates were used in many cases, as precise records were not available.

When a mission becomes a parish, the value of its real estate and any related loans are removed from the Real Estate Fund. In 2010, the Grace Church mission ("Grace Church") became a parish and, accordingly, all real estate related to Grace Church, valued at \$2,361,774, was removed from the Real Estate Fund. Grace Church did not have any loans held at the Real Estate Fund. No missions became parishes in 2009.

For missions of the Diocese, Diocesan policy is that all construction payments are made by the BLF and then reimbursed by the congregation. These expenditures are not reflected in the financial statements except to the extent that amounts advanced have not been reimbursed, or cash held has not been expended.

Property reflected in the statements of financial position is categorized as follows:

	2010	2009
Land	\$ 2,792,613	\$ 3,075,972
Buildings/improvements	18,681,986	20,195,894
	21,474,599	23,271,866
Building and land held for sale		245,000
	\$ 21,474,599	\$ 23,516,866

In 2010, the building and land held for sale at December 31, 2009, was sold, and the proceeds were transferred to the Trust Accounts. Also in 2010, a building with a cost basis totaling \$205,403 was constructed at the Huston Center, paid for out of the Operating Fund, and was contributed to and capitalized at the Real Estate Fund. This contribution is recorded as a contribution of real estate on the Statement of Activities.

### **Financial Statement Presentation**

The Funds report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. The Funds have no temporarily or permanently restricted net assets, so these classes of assets are not presented.

Contributions, investment income, and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

### **Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Diocese considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Diocese occasionally has cash in excess of federally insured limits with its bank.

### **Loans Receivable**

Receivables are stated at the amount management expects to collect from outstanding balances. The Funds use the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is generally written off against the allowance.

The bad debt allowance at December 31, 2010, was \$155,515 for loans receivable and \$60,818 for interest receivable. The bad debt allowance at December 31, 2009, was \$155,515 for loans receivable and \$48,100 for interest receivable.

Interest receivable has been accrued to December 31, 2010 and 2009. At the Board's discretion, in some instances, interest is not charged on construction loans.

## **Related Party Loans**

The Funds have generally not imputed interest on related party loans as the terms are generally undefined, the imputed interest would not generally be material and the amounts are payable to another fund of the Diocese.

## **Taxes**

The Diocese is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. It does not file a federal tax return.

## **Subsequent Events**

The Funds have evaluated subsequent events through the date these financial statements were available to be issued, which was the same date as the independent auditors' report.

## **Note 2. Loans Receivable**

Loans receivable consist of the following:

	<u>2010</u>	<u>2009</u>
<b>Parishes</b>		
Auburn, St. Matthew's	\$ 155,515	\$ 155,515
Kent, St. James	70,000	13,553
Redmond, Holy Cross	61,869	81,023
Seattle, St. Andrew		40,000
Seattle, St. John	96,102	117,380
Seattle, St. John	81,348	130,000
Shelton, St. David	36,895	42,461
Vancouver, Good Shepherd	115,683	117,542
Vancouver, Good Shepherd	30,078	37,593
Vancouver, Good Shepherd	200,000	
Vancouver, Good Shepherd	1,803	18,978
	<u>849,293</u>	<u>754,045</u>
Less allowance for doubtful loans	<u>(155,515)</u>	<u>(155,515)</u>
	<u>\$ 693,778</u>	<u>\$ 598,530</u>

During 2010, the Funds committed to loan a total of \$270,000 to two parishes. Both loans were made subsequent to year end.

As missions are part of the Diocese (and are part of the Funds), the mission receivables do not appear in these financial statements (as they have been eliminated).

	<u>2010</u>	<u>2009</u>
<b>Missions</b>		
Allyn, St. Hugh's	\$ -	\$ 14,919
Anacortes, Christ Church	133,094	214,680
Cathlamet, St. James'	170,219	143,499
Des Moines, St. Columba's	938,115	938,715
Meadowdale, St. Hilda's - St. Patrick's	438,929	440,129
Redmond, Good Samaritan	437,104	570,352
Redmond, Good Samaritan	838,068	862,742
Snoqualmie, St. Clare's	34,917	42,248
Steilacoom, St. Jos/St. John	63,144	68,237
Vancouver, All Saints'	245,149	262,176
Washougal, St. Anne	95,320	48,743
	<u>\$ 3,394,059</u>	<u>\$ 3,606,440</u>

**Note 3. Combination**

As previously stated, inter-entity loans are eliminated in combination. Loans eliminated can be summarized as follows:

	<u>2010</u>	<u>2009</u>
BLF to Real Estate Fund	\$ 3,394,059	\$ 3,606,440
MDF to Real Estate Fund	395,539	402,499
	<u>\$ 3,789,598</u>	<u>\$ 4,008,939</u>

**Note 4. Related Party Loans**

As described in Note 1, the Trust Accounts are other Diocese funds that are not included in these financial statements. The Trust Accounts have made loans to the Funds as follows:

Loan to	Comment/Payment/ Maturity	Rate	2010	2009
Cathlamet	No maturity date set	0%	\$ 150,000	\$ 150,000
St. Columba's, Des Moines	Land at St. Columba's, no maturity date set	0%	318,847	318,847
Battle Ground	15-year amortization at BLF mission rate due 2017	3.5%	69,000	69,000
St. Hilda/ St. Patrick	On interest waiver, then 15-year amortization at BLF mission rate	0%	475,000	475,000
			<u>\$ 1,012,847</u>	<u>\$ 1,012,847</u>

No interest expense is recorded by the Funds as the amounts are paid and expensed by other related entities or funds.

**Note 5. Loans Payable**

	2010	2009
Loan from a bank that funded the construction of the Cathlamet St. James Family Center. Payments due in monthly installments of \$2,034 including interest at 6.0% secured by real property and a certificate of deposit held at the Trust Accounts. Due in full June 2015.	\$ 300,347	\$ 309,837
Battle Ground Bond Loans bearing interest at 6.5%. Due in annual installments of \$20,000 to \$25,000 plus interest, secured by real property. Due in full in 2014.	90,000	131,000
Loan from a family trust to purchase property. The loan is not secured. Due in monthly installments of \$1,120 including interest at 5.0% with the balance due in July 2015.	167,169	
		<u>\$ 440,837</u>
		<u>\$ 557,516</u>

The schedule of debt maturity principal is as follows at December 31:

Year Ended	Bank Loan	Battle Ground	Family Trust Loan	Total
2011	\$ 6,445	\$ 20,000	\$ 5,197	\$ 31,642
2012	6,843	20,000	5,462	32,305
2013	7,265	25,000	5,742	38,007
2014	7,713	25,000	6,035	38,748
2015	272,081		144,733	416,814
	<u>\$ 300,347</u>	<u>\$ 90,000</u>	<u>\$ 167,169</u>	<u>\$ 557,516</u>

**Note 6. Contingencies and Commitments**

**Contingencies**

No liabilities that relate to the mission congregations of the Diocese are reflected in these financial statements. The Diocese could be held to be a responsible party until a mission becomes a parish.

Property insurance on structures does not include earthquake insurance.



CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT**

Diocese of Olympia, Inc.  
The James F. Hodges Diocesan Investment Fund  
Seattle, Washington

We have audited the statements of assets and liabilities of the Diocese of Olympia, Inc. – The James F. Hodges Diocesan Investment Fund as of December 31, 2010 and 2009, and the related statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Diocesan management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Olympia, Inc. – The James F. Hodges Diocesan Investment Fund as of December 31, 2010 and 2009, and the results of its operations and changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of investments as of December 31, 2010 and 2009, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Peterson Sullivan LLP.*  
March 3, 2011

**DIOCESE OF OLYMPIA, INC.**  
**THE JAMES F. HODGES DIOCESAN INVESTMENT FUND**

STATEMENTS OF ASSETS AND LIABILITIES

December 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Investment income receivable	\$ 94,709	\$ 145,779
Investments (at fair value):		
Equity securities	32,143,330	27,935,189
Bonds, notes, and other	12,425,728	12,324,582
Cash equivalents	<u>1,760,764</u>	<u>2,356,296</u>
Total investments	<u>46,329,822</u>	<u>42,616,067</u>
Total assets	46,424,531	42,761,846
LIABILITIES		
Distributions payable	<u>201,900</u>	<u>102,138</u>
Net assets	<u><u>\$ 46,222,631</u></u>	<u><u>\$ 42,659,708</u></u>

See Notes to Financial Statements



**DIOCESE OF OLYMPIA, INC.**  
**THE JAMES F. HODGES DIOCESAN INVESTMENT FUND**

STATEMENTS OF OPERATIONS  
For the Years Ended December 31, 2010 and 2009

	2010	2009
Investment income		
Dividends and interest	\$ 1,190,581	\$ 1,181,412
Securities lending and other income	4,503	290,767
Total investment income	1,195,084	1,472,179
Expenses		
Agency fee	52,767	52,592
Accounting fee	5,000	5,000
Audit	6,600	6,645
Board miscellaneous expense	1,000	1,113
Printing and postage	312	432
Total expenses	65,679	65,782
Excess investment income over expenses	1,129,405	1,406,397
Realized gain (loss) and unrealized investment gain		
Net investment gain (loss) realized	1,569,301	(457,406)
Net unrealized investment gain	1,953,373	5,670,546
Net gain on investments	3,522,674	5,213,140
Change in net assets resulting from operations	\$ 4,652,079	\$ 6,619,537

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.**  
**THE JAMES F. HODGES DIOCESAN INVESTMENT FUND**

STATEMENTS OF CHANGES IN NET ASSETS  
For the Years Ended December 31, 2010 and 2009

	2010	2009
Change in net assets resulting from operations	\$ 4,652,079	\$ 6,619,537
Distributions paid to shareholders	(1,029,674)	(1,590,454)
Capital share transactions		
Proceeds from shareholder purchases and dividends reinvested	1,404,550	1,074,373
Shareholder redemptions	(1,464,032)	(506,412)
Increase (decrease) in net assets resulting from capital share transactions	(59,482)	567,961
Total increase in net assets	3,562,923	5,597,044
Net assets, beginning of year	42,659,708	37,062,664
Net assets, end of year	\$ 46,222,631	\$ 42,659,708

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.**  
**THE JAMES F. HODGES DIOCESAN INVESTMENT FUND**

SCHEDULE OF INVESTMENTS

December 31, 2010

Equity Securities	Number of Shares	Fair Value
Abbot Laboratories	7,200	\$ 344,952
Air Products and Chemicals, Inc.	5,700	518,415
Apple Inc.	1,600	516,096
Automatic Data Processing	8,600	398,008
Becton Dickinson & Co	4,700	397,244
Berkshire Hathaway Inc. Class B	5,800	464,638
Boeing Company	7,800	509,028
Chevron Corp	11,700	1,067,625
Chubb Corporation	8,400	500,976
Cisco Systems, Inc.	26,800	542,164
Conagra Foods, Inc.	19,100	431,278
Costco Wholesale, Inc.	13,235	955,699
Eaton Vance Tax Managed Emerging Markets Fund	16,887	863,251
Eli Lilly & Co	8,900	311,856
Emerson Electric	12,300	703,191
Enterprise Products Partners LP	13,700	570,057
Exxon Mobil Corp	12,022	879,049
General Dynamics Corp	5,800	411,568
General Electric	19,800	362,142
Google Inc.	425	252,437
HJ Heinz Co	8,700	430,302
I Shares S&P Mid Cap 400	27,300	2,475,837
I Shares S&P Small Cap 600	35,400	2,423,838
Intel Corp	12,700	267,081
International Business Machines	5,500	807,180
Johnson & Johnson	8,700	538,095
Johnson Controls, Inc.	21,020	802,964
JP Morgan Chase & Co	11,700	496,314
McGraw-Hill Cos Inc.	6,228	226,761
Medtronic, Inc.	7,800	289,302
Microsoft	27,900	778,689
Nationwide Health Properties, Inc.	9,300	338,334
Nextera Energy Inc.	4,800	249,552
Novartis	8,600	506,970
Paccar, Inc.	19,250	1,103,795
Pfizer, Inc.	24,778	433,863
Procter & Gamble Co	10,600	681,898
Qualcomm Inc.	6,400	316,736
Southern Co	15,600	596,388
Staples, Inc.	25,108	571,709
Sysco Corp	14,400	423,360
United Technologies	10,100	795,072
Vanguard Developed Markets Index	287,458	2,891,828
Vanguard Emerging Markets ETF	18,100	871,443
V F Corporation	4,516	389,189
Verizon Communications, Inc.	21,500	769,270
Wells Fargo & Co	5,400	167,346
3M Co	5,800	500,540
Total equity securities		<u>\$ 32,143,330</u>

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.**  
**THE JAMES F. HODGES DIOCESAN INVESTMENT FUND**

SCHEDULE OF INVESTMENTS

(Continued)  
December 31, 2010

<u>BONDS, NOTES, AND OTHER</u>	Rate of Interest	Maturity	Face Value	Fair Value
Federal Home Loan Bank Debenture	4.375	6/14/19	\$ 1,000,000	\$ 1,065,370
Federal Home Loan Bank Debenture	4.625	6/12/15	1,000,000	1,108,650
U.S. Treasury Inflation Protected Securities	3.375	1/15/12	1,231,680	1,287,586
U.S. Treasury Inflation Protected Securities	2.000	1/15/14	1,775,430	1,906,084
U.S. Treasury Notes	5.000	8/15/11	1,500,000	1,544,070
Vanguard Intermediate Term Grade Admiral Shares	Variable	1/3/11	124,477	1,234,809
Vanguard Short Term Investment Grade	Variable	1/3/11	397,322	<u>4,279,159</u>
Total Bonds, Notes, and Other				<u>\$ 12,425,728</u>
 <u>CASH EQUIVALENTS</u>				
First America Prime Obligation Fund	Variable	n/a	\$ 1,760,764	<u>\$ 1,760,764</u>
Total cash equivalents				<u>\$ 1,760,764</u>

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.**  
**THE JAMES F. HODGES DIOCESAN INVESTMENT FUND**

SCHEDULE OF INVESTMENTS

December 31, 2009

Equity Securities	Number of Shares	Fair Value
Air Products and Chemicals, Inc.	7,300	\$ 591,738
Apple Inc.	2,000	421,464
Automatic Data Processing	11,000	471,020
Avery Dennison Corp	10,000	364,900
Becton Dickinson & Co	6,000	473,160
Berkshire Hathaway Inc. Class B	150	492,900
Boeing Company	10,000	541,300
Chevron Corp	13,200	1,016,268
Chubb Corporation	5,900	290,162
Cisco Systems, Inc.	34,400	823,536
Conagra Foods, Inc.	24,500	564,725
Costco Wholesale, Inc.	17,000	1,005,890
Eli Lilly & Co	11,400	407,094
Emerson Electric	15,800	673,080
Enterprise Products Partners LP	17,600	552,816
Exxon Mobil Corp	13,222	901,608
General Dynamics Corp	7,400	504,458
General Electric	25,400	384,302
Google Inc.	525	325,490
HJ Heinz Co	8,400	359,184
Intel Corp	16,300	332,520
International Business Machines	7,100	929,390
Johnson & Johnson	11,200	721,392
Johnson Controls, Inc.	27,000	735,480
JP Morgan Chase & Co	15,000	625,050
Mack Cali Realty Corp	15,000	518,550
McGraw-Hill Cos Inc.	8,000	268,080
Medtronic, Inc.	10,000	439,800
Microsoft	35,800	1,091,184
Nationwide Health Properties, Inc.	12,000	422,160
Novartis	8,600	468,098
Paccar, Inc.	24,750	897,683
Pfizer, Inc.	31,778	578,042
Procter & Gamble Co	13,600	824,568
Qualcomm Inc.	8,200	379,332
Southern Co	20,000	666,400
Staples, Inc.	32,250	793,028
Sysco Corp	18,500	516,890
United Technologies	13,000	902,330
Vanguard Developed Markets Index	279,578	2,664,381
V F Corporation	5,800	424,792
Verizon Communications, Inc.	23,000	761,990
Wells Fargo & Co	7,000	188,930
3M Co	7,500	620,025
Total equity securities		<u>\$ 27,935,189</u>

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.**  
**THE JAMES F. HODGES DIOCESAN INVESTMENT FUND**

SCHEDULE OF INVESTMENTS

(Continued)  
December 31, 2009

<u>BONDS, NOTES, AND OTHER</u>	Rate of Interest	Maturity	Face Value	Fair Value
Federal Home Loan Bank Debenture	4.375	6/14/19	\$ 1,000,000	\$ 988,130
Federal Home Loan Bank Debenture	4.625	6/12/15	1,000,000	1,073,750
Federal Home Loan Mortgage Corporation Medium Term Notes	3.500	8/18/14	1,000,000	1,008,020
Federal Home Loan Mortgage Corporation Medium Term Notes	4.150	9/9/16	1,000,000	999,900
U.S. Treasury Inflation Protected Securities	3.375	1/15/12	1,217,420	1,302,067
U.S. Treasury Inflation Protected Securities	2.000	1/15/14	1,754,880	1,855,786
U.S. Treasury Notes	4.125	8/15/10	1,500,000	1,535,100
U.S. Treasury Notes	5.000	8/15/11	1,500,000	1,599,375
Vanguard Intermediate Term Grade Admiral Shares	Variable	1/4/10	124,477	1,197,466
Vanguard Short Term Investment Grade	Variable	1/4/10	72,237	764,988
Total Bonds, Notes, and Other				<u>\$ 12,324,582</u>
 <u>CASH EQUIVALENTS</u>				
First America Prime Obligation Fund	Variable	n/a	\$ 2,356,296	<u>\$ 2,356,296</u>
Total cash equivalents				<u>\$ 2,356,296</u>

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. General**

The James F. Hodges Diocesan Investment Fund ("the Fund") was organized in 1951 as an investment pool for the endowments of The Diocese of Olympia, Inc. ("the Diocese"), its parishes, missions, and related institutions. The Fund's current name was adopted in 1987.

The Fund's investment strategy is to balance the need for current income and growth in asset value to offset inflation by investing in a mixture of equity and debt securities. The securities are currently held by US Bank. The Diocesan Investment Committee makes investment decisions. The funds are not federally insured.

The Diocese has funds other than the Fund which are called the Trust Funds and the Building Loan, Mission Development and Real Estate Fund. These funds are included in separate financial statements.

### **Note 2. Basis of Accounting**

These financial statements present only a selected portion of the activities of the Diocese. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net assets of the Diocese.

The financial statements are prepared on a basis of accounting that is in accordance with accounting principles and reporting practices for Episcopal Church dioceses. These principles do not specify the method of accounting for this type of fund. Therefore, the Fund follows the accounting policies of an investment pool, in accordance with accounting principles generally accepted in the United States. Securities are valued at fair value based on closing sales prices reported on recognized securities exchanges on the last business day of the year (see Note 4).

Securities transactions are accounted for on a trade-date basis. Realized gains and losses from securities transactions are reported on a specific identification basis. The Fund distributes net cash investment income to shareholders monthly, but net capital gains are reinvested. Shareholders may reinvest dividends, purchase, or redeem shares on a monthly basis only.

No provision is made for income taxes as the Diocese is exempt from taxation.

Requests for purchases and redemptions are administered by the Diocese which collects funds for purchases in the current month and then remits the funds to US Bank in the subsequent month. Shares are purchased at the net asset value at the beginning of the month when US Bank receives the funds. At December 31, 2010 and 2009, the Diocese held \$80,237 and \$33,247 in funds for purchase in January 2011 and 2010, respectively. These amounts are not included in the financial statements until funds are purchased. They are included in the financial statements of the Diocese.

### Note 3. Subsequent Events

The Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was on March 3, 2011.

### Note 4. Fair Value Measurement

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

The fair value of all investments was determined using Level 1 observable inputs (quoted prices in active markets for identical assets), within the fair value hierarchy using quoted market rates.

### Note 5. Unrealized Appreciation

Unrealized appreciation on investments was as follows at December 31, 2010:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Equity securities	\$ 24,553,264	\$ 32,143,330	\$ 7,590,066
Bonds, notes, and other	11,790,043	12,425,728	635,685
Cash equivalents	1,760,764	1,760,764	
	<u>\$ 38,104,071</u>	<u>\$ 46,329,822</u>	<u>\$ 8,225,751</u>

Unrealized appreciation on investments was as follows at December 31, 2009:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Equity securities	\$ 22,275,754	\$ 27,935,189	\$ 5,659,435
Bonds, notes, and other	11,711,640	12,324,582	612,942
Cash equivalents	2,356,296	2,356,296	
	<u>\$ 36,343,690</u>	<u>\$ 42,616,067</u>	<u>\$ 6,272,377</u>



**Note 6. Shareholders**

The Fund's investment pool activity is as follows:

	<u>Number of Shares</u>	<u>Per Share Value</u>
Shares outstanding, December 31, 2008	257,920.955	\$ 143.698
Shares purchased and dividends reinvested	7,379.542	
Shares redeemed	<u>(3,610.877)</u>	
Shares outstanding, December 31, 2009	261,689.620	\$ 163.016
Shares purchased and dividends reinvested	8,786.309	
Shares redeemed	<u>(9,283.692)</u>	
Shares outstanding, December 31, 2010	<u>261,192.237</u>	<u>\$ 176.968</u>

**Note 7. Related Party Transaction**

The Fund is charged \$5,000 per year for the common expenses paid by the Diocese.

**Note 8. Investment Policy: Tobacco Stocks**

In accordance with investment policy recommended by the Executive Council of the Episcopal Church, the Fund has divested itself of all securities issued by companies that manufacture and distribute tobacco products.