



YOUR **KINGDOM** COME

■ An eternity of God's Reign ■ 2 millenia of Christ's church ■ 5 centuries of reformation



JOURNAL OF THE DIOCESE OF OLYMPIA
106th Annual Convention
Seattle, Washington

October 21-22, 2016

Journal of Proceedings
2016 Annual Convention

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Section 1

Minutes of the 106th Annual Diocesan Convention of the Diocese of Olympia
Hilton Seattle Airport & Conference Center, Seattle, Washington

Friday, October 20, 2016

Workshops

Convention members had the option to attend one of 15 workshops prior to the call to order.

- Beyond Membership: Developing Faith Practitioners
- Seeking First the Economy of God in the Anthropocene
- Mission to Seafarers: Telling Your Story
- Dealing with Anxiety
- The State Budget as a Moral Document
- Keeping Archives, Keeping Faith
- Empowering the Laity to Pray and Study Scripture
- Igniting the Spiritual Imagination: The Saint John's Bible
- Providing a Safe Church Environment
- Environmental Justice Advocacy: The Standing Rock Sioux Water Protectors & the Dakota Access Pipeline
- Going Big to Stay Small: How to Start a Small Group Ministry at your Church
- Exploring Our Convention Theme: Bringing the Kingdom to the World
- Exploring Our Convention Theme: Behind the Scenes – Music & Liturgy
- Exploring Our Convention Theme: "Praying in" the Kingdom
- Refugee Resettlement through the Diocese of Olympia

Call to Order & Welcome

The 106th Convention of the Diocese of Olympia was called to order by the Rt. Rev. Greg Rickel, bishop diocesan; Rickel welcomed those gathered to the celebration of *Your Kingdom Come*.

Opening Worship

Juli Mallett, St. Mary, Lakewood, and Liberato Arellano, Our Lady of Guadalupe, Seattle, led the opening worship.

Introduction of the Head Table

Bishop Rickel introduced those seated at the head table: Karen Gusse, St. James, Kent, member of the Board of Directors, secretary of convention; K. Ann

McCartney, St. Paul, Bellingham, and member of the Constitution & Canons Committee, parliamentarian; Jamie Balducci, Epiphany Parish of Seattle, and Diocesan Council member, chair, dispatch of business; and Judy Andrews, St. Mark's Cathedral, Seattle, diocesan chancellor.

Certification of Quorums

Secretary Karen Gusse 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 106th Convention of the Diocese of Olympia organized for business.

Committee on Dispatch of Business

Bishop Rickel recognized Dispatch of Business chair, Jamie Balducci, who moved Dispatch of Business document A.12 for acceptance.

[Document, pg. 29-31]

**Motion carried
Agenda adopted**

Balducci reviewed the rules for submission of six-hour resolutions.

Committee on Privilege

Bishop Rickel recognized Curt Zimmerman, vicar, Church of Our Saviour, Monroe, and chair, Committee on Privilege, to present the report on the granting of privilege for this convention. Zimmerman referred to document E.2, added a couple of amendments, and moved that seat and voice be granted to those listed. *[Document, pg. 55-56]*

**Motion carried
Privilege granted**

Office of the Bishop Report on Congregational Status

Bishop Rickel recognized Secretary Gusse who reported, pursuant to Canon 2, section 4(b), she had received from the Office of the Bishop the Congregations in Good Standing Report, which indicates congregations in compliance with all

diocesan reporting requirements, as well as current on payment of assessment with no outstanding prior years' unpaid assessments. Congregations working with the Office of the Bishop and the Budget and Finance Committee of the Diocesan Council to meet reporting requirements, and which have an approved plan to deal with any unpaid prior years' assessment amounts, are deemed to be in Provisional Good Standing. Congregations in Provisional Good Standing have seat, voice and vote at this Convention. Congregations which are not in compliance at the 45-day deadline become congregations Not in Good Standing. Delegates from congregations Not in Good Standing have seat and voice at this convention, but are not allowed to vote. The 2016 report lists two congregations that were not in compliance as of the 45-day deadline – Trinity Church, Seattle, and St. Paul, Bremerton. The Canon to the Ordinary reported that since that deadline, both congregations had met the requirements. Bishop Rickel advised the convention that, if it so desired, could vote to allow the delegates from these two congregations to vote at this convention.

Motion: Carolyn White, St. Mark's Cathedral, Seattle, moved to give delegates from Trinity Church, Seattle, and St. Paul, Bremerton, seat, voice and vote at this convention; motion was seconded.

**Motion carried
Seat, voice & vote granted**

Election: Secretary of Convention

Bishop Rickel recognized Diane Stipp and Rilla Barrett, representing the Nominations Committee, who moved that Karen Gusse be elected Secretary of Convention.

**Motion carried
Gusse elected**

Gusse appointed the following assistant secretaries serving this convention: April Caballero and Tonja Mathews.

No action required

Parliamentarian

Bishop Rickel appointed K. Ann McCartney as the parliamentarian for the 106th Convention.

No action required

Chancellor and Vice Chancellor

Bishop Rickel appointed the Hon. Judy Andrews, Esq., chancellor of the Diocese of Olympia; the Hon. Mike Reynvaan, Esq., vice chancellor of the Diocese of Olympia.

Appointments accepted

Chancellor Judy Andrews appointed the following assistant chancellors: Jeffrey Helsdon, Tom Platt, Rosemarie LeMoine, and R. Thomas Olsen.

No action required

Keynote Address

Bishop Rickel introduced guests from the ELCA (Evangelical Lutheran Church in America): Bishop Richard Jaech from the Southwestern Washington Synod, and Bishop Kirby Unti from the Northwest Washington Synod. He called on Bishop Jaech to present the keynote address. *[Address text, pg. 16-20]* Following the address, convention spent time in table groups considering the following questions:

2. Which of our pains are birth pains and what is God bringing to birth in the Church and the world?
3. How can we work together with God and with each other to bring in God's new kingdom of grace, compassion and justice?

Clergy and Diocesan Staff Transitions

Bishop Rickel referred convention members to documents A.6, and recognized those new to our diocese and diocesan staff. He also reported those deceased since our last convention: Geoffrey Ethelston, Robert Dietel, Colin Goode, David Storm, William Johnson Jr., Gerald Garman, Carol Callahan, Tom Halbrook, Robert Beveridge, Alan Mack, and Bob Brown. *[Document, pg. 28]*

Bishop Appointments

Bishop Rickel appointed the Convention Committees and Commissions by reference to document E.3 *[Document, pg. 57]*. Bishop Rickel continued with the following appointments (all three-year terms unless otherwise noted):

Board of Directors

Collum (Collie) Liska, St. Benedict, Lacey (lay, reappointed); Jonathan Weldon, St. Paul, Bellingham (clergy, reappointed).

Commission on Ministry

Cynthia Espeseth, St. Hilda-St. Patrick, Edmonds (clergy); Liberato Arellano, Our Lady of Guadalupe, Seattle (lay); Becky Scott, St. Benedict, Lacey (clergy, reappointed).

No action required

Disciplinary Board

Bishop Rickel appointed the following members for three-year terms: Peter Strimer, Candace Weatherby, and Jonathan Weldon. Marvin L. Gray, Jr. was appointed Church Attorney.

Appointments ratified

Ky Chen Awards History

Bishop Rickel provided a brief background on the Ky Chen award: This award recognizes outstanding lay employees from any congregation or affiliated organization in the diocese. In 2011, upon his retirement, it was established to honor Ky Chen's 25 years of service ably running the print shop at DHouse. No matter how large or how last minute the request Ky would get it done with a simple "no problem!" if it meant rearranging prior plans or scrambling to get the needed supplies. "No problem!" that's the spirit that Ky exemplified. He was a devoted employee whose enthusiasm and team spirit epitomized the best of any employee. The 11 previous recipients of the Ky Chen Award are from all over the diocese. The men and women who have received his honor embody the spirit of "no problem" and so do those who receive this honor today.

Ky Chen Award Presentation

Bishop Rickel presented the Ky Chen Employee Excellence "No Problem" award to **Ed Skinner**, Faith Church, Poulsbo.

Ed Skinner: Ed Skinner's dedication and service to Faith Episcopal Church is a distinguished example of the Ky Chen "no problem" spirit. Since it was first announced that the church would be able to return to the property in Poulsbo, Ed has given, immeasurably, his skills and efforts to the building. Vacant for an extended period, the building required enormous attention in order for the church to return. Ed worked without regard for his own time to resolve drainage and water collection issues. Rather than out-sourcing the repairs, Ed personally attended to most of the projects himself, or with the help of a few others from the

congregation. The Rev. Craig Vocolka never doubted Ed's ability and precision with projects such as his design of an appropriate water collection and drainage area under the church, prep work for the new furnace so it would stay dry, and locating and repairing leaky pipes and rotted siding in the foundation. He also worked with the City of Poulsbo and the Fire Department to obtain their occupancy permit, taking care of all the red tape and jumping through all the hoops to move-in. Faith Episcopal is a small congregation that would not have been able to afford to attend to all these challenges without someone like Ed. He seems to always be one step ahead. Many times, the Rev. Vocolka would ask about an issue he noticed with the building and Ed's reply was either, "I'm on it," or "I took care of it yesterday." It is my pleasure to give the Ky Chen Award to, Ed Skinner.

Bishop's Cross History

Bishop Rickel provided a history of the Bishop's Cross: In 1953, at our forty-third annual convention, the Rt. Rev. Stephen Bayne, our third bishop, awarded the inaugural 11 Bishop's Crosses to 6 men and 5 women. He asked them to accept the cross, "as a witness to the high esteem in which we hold them, yet not them as much as what they stood for and represented." Bishop Bayne instituted the Bishop's Cross in that centennial year of our diocese, writing, "I want to institute an annual recognition, in the form of a simple Bishop's Cross, which I should like to give to certain individuals in token of our pride in what they stand for in their ministry among us, and of our thanksgiving for fine and imaginative Christian discipleship which, through their lives, they have helped us see more clearly. They will not, nor will we I hope, think of these crosses as either a prize or a pension. They are not rewards to those who have been especially good children. They will simply be this—an expression on our part of our thankfulness for the virtues and graces which God gives to His disciples as those blessings have been signally illustrated in the lives of these Church people." Since those first crosses were awarded, 398 crosses have been given out to 397 individuals, Canon Peter Hallock being the only two-time recipient, receiving the cross in 1958 from Bishop Bayne and in 1991 from Bishop Vincent Warner. In that first year, Bishop Bayne remarked, "This year, with one hundred years to draw from, the problem

of selection is almost impossible.” Even today, 62 years later, the difficult task remains.

Bishop’s Cross Presentation

Bishop Rickel read the citation to be presented to **Josef Hinkofer**, St. Dunstan, Shoreline.

Josef Hinkofer: In 2012 Josef went to his rector, Rev. David Marshall of St. Dunstan, Shoreline, with a vision of feeding the hungry people of Tent City 3. He imaginatively saw a way for the church’s existing resources to be directed toward a program dedicated to providing food to those in need. His plan was to utilize the church’s newly refurbished kitchen and his skills as a cook to do just that. Putting to good use the food that was going to waste at his place of work, the feeding program was off to a great start. The church provided food to Tent City 3 every-other Tuesday. Since its inception, the program has grown immensely. First, it grew to weekly meals, then, an additional meal at the church, and most recently to delivering meals to five encampments. Josef leads this ministry with heart-felt passion which inspires people from all walks of life to participate. These days, the kitchen at St. Dunstan is one of the most diverse places around, with more than half of the team members being new faces at St. Dunstan! Through his mission to feed the hungry, Josef has even stimulated positive congregational growth! As a member on the board of Greater Seattle Cares, he contributes to the food calendars for several camps, ensuring that churches and organizations deliver food as needed. Josef’s latest vision is to help and feed the people living in the homeless encampment under Interstate 5 Freeway in Seattle. Josef is a very humble man and does not like to be honored in public. He does this work because his heart is formed by his faith. He uses his one day off every week to feed people, inspiring others to share in this important ministry. The feeding ministry has transformed St. Dunstan and the congregation’s understanding of what it means to follow Christ. Josef has inspired us all to see ourselves as the church that feeds people, and in doing so we are fed. It is with great pleasure that I present the Bishop’s Cross to Josef Hinkofer.

Presentation: Seattle Service Corps

Bishop Rickel recognized Canon Malcolm McLaurin, St. Mark’s Cathedral; McLaurin spoke about Seattle Service Corps and introduced the 2016-2017

members who will live together in community and intern at ministries around the diocese.

Evangelism Commission – Preaching Award

On behalf of the Evangelism Commission, Bishop Rickel presented the Bishop’s Preaching Award to Karen Haig from St. Thomas, Medina. Alissa Newton, representing the commission, noted that this year they received 26 excellent submissions.

Committee on Nominations

Bishop Rickel recognized Diane Stipp and Rilla Barrett to continue the report of the Nominations Committee. Convention members were referred to report B.3 (long version) and/or B.4 (short version). *[Documents, pg. 32-42]* The Committee nominated the following persons for diocesan offices:

Standing Committee – Clergy

Kendall Haynes, St. Matthew, Tacoma/Browns Point

Helen McPeak, Resurreccion & St. Paul, Mount Vernon

Nominations closed, ballot prepared

Standing Committee – Lay

Jim Beckwith, St. Paul, Bellingham

Walter Stuteville, St. Mark’s Cathedral, Seattle

Nominations closed, ballot prepared

Diocesan Council—Clergy Be Attitudes Regional Ministry

Jedediah Fox, Church of the Redeemer, Kenmore

Nominations closed

With no objection, convention dispensed with the ballot; Fox elected

Diocesan Council—Clergy Evergreen Regional Ministry

Bonnie Malone, St. George, Maple Valley

Nominations closed

With no objection, convention dispensed with the ballot; Malone elected

Diocesan Council—Lay Holy C Regional Ministry

Jamie Balducci, Epiphany Parish of Seattle

Nominations closed

With no objection, convention dispensed with the ballot; Balducci elected

Diocesan Council—Lay Mount Baker Regional Ministry

Linda Donato, Christ Church, Anacortes
Mary Jane Van Hoesen, St. Paul, Bellingham
Robert Vollkommer, St. Paul, Bellingham

Nominations closed, ballot prepared

Diocesan Council—Lay Peninsula Regional Ministry

Joan Collins, St. Barnabas, Bainbridge Island

Nominations closed

With no objection, convention dispensed with the ballot; Collins elected

Diocesan Council—Clergy Rainier Regional Ministry

Martin Yabroff, St. Andrew, Tacoma

Nominations closed

With no objection, convention dispensed with the ballot; Yabroff elected

Diocesan Council—Lay Willapa Regional Ministry

Jan Akin, St. Benedict, Lacey

Nominations closed

With no objection, convention dispensed with the ballot; Akin elected

Archivist and Records Manager

Diane Wells.

Nominations closed

With no objection, convention dispensed with the ballot; Wells elected

Treasurer

Barbara Fox, St. John, Kirkland.

Nominations closed

With no objection, convention dispensed with the ballot; Fox elected

Historiographer

Carle Griffin.

Nominations closed

With no objection, convention dispensed with the ballot; Griffin elected

Candidates for Deputy to General Convention

Bishop Rickel called for nominations from the floor for the position of deputy to General Convention 2018. Convention members were referred to report B.3 & B.4 [*Documents, pg. 32-42*].

General Convention – Clerical Order

Jedediah Fox, Church of Our Saviour, Monroe

Kendall Haynes, St. Matthew, Tacoma/Browns Point

Robert C. (RC) Laird, St. John, Olympia
Rachel Taber-Hamilton, Trinity Church, Everett
Steve Thomason, St. Mark's Cathedral, Seattle
Kate Wesch, Epiphany Parish of Seattle
Martin Yabroff, St. Andrew, Tacoma

Nominations closed, ballot prepared

General Convention – Lay Order

Judith Andrews, St. Mark's Cathedral, Seattle
Charlotte Brown, St. Joseph-St. John, Lakewood/Steilacoom

Sandi Carter, Christ Church, Puyallup
Rachel Duquette, St. Anne, Washougal
Betty Anne McCoy, Christ Church, Anacortes
Robert "Kinnon" McPeak, St. Paul, Mt. Vernon
Doug Oles, Church of the Redeemer, Kenmore
Michael Seewer, St. Mark's Cathedral, Seattle

Nominations closed, ballot prepared

Introduction to voting procedures

First ballot

Bishop Rickel recognized Katie Akesson, elections official; Akesson introduced the balloting system to be used for 2016 elections. Bishop Rickel declared the polls open.

First ballot completed

Evening Liturgy

Bishop Rickel recognized Sheryl Haase, Traveling Day Society, Vancouver, and Douglas Dornhecker, St. John, Olympia, to lead the evening liturgy.

Recess

Bishop Rickel declared the Convention in recess until 8:30 a.m. Saturday morning.

Recessed at 6:30 p.m.

Saturday, October, 22, 2016

Morning Liturgy

Bishop Rickel recognized Michael McAdams, UW Campus Ministries, and Amelia Carroll, Christ Church, Tacoma, to lead the morning liturgy.

Call to Order / Dispatch of Business

Bishop Rickel called the convention to order. Dispatch of Business chair, Jamie Balducci, provided reminders and rules for voting and speaking to the convention.

Report of the first ballot

Bishop Rickel called on Secretary Gusse for the report of the first ballot.

Standing Committee – Clergy

Majority in each order (56 clergy/141 lay) needed to elect.

| | | |
|----------------|-----------|---------|
| Kendall Haynes | 28 clergy | 115 lay |
| Helen McPeak | 79 clergy | 159 lay |

McPeak elected

Standing Committee – Lay

Majority in each order (56 clergy/141 lay) needed to elect.

| | | |
|-------------------|-----------|---------|
| Jim Beckwith | 64 clergy | 169 lay |
| Walter Stuteville | 38 clergy | 104 lay |

Beckwith elected

Diocesan Council – Lay Mount Baker

Simple majority (196) needed to elect.

| | |
|----------------------|-----|
| Linda Donato | 166 |
| Mary Jane Van Hoesen | 113 |
| Robert Vollkommer | 81 |

No election

General Convention – Clergy

Majority in each order (56 clergy/141 lay) needed to elect.

| | | |
|-----------------------|-----------|---------|
| Jedediah Fox | 47 clergy | 153 lay |
| Kendall Haynes | 33 clergy | 149 lay |
| Robert “RC” Laird | 50 clergy | 116 lay |
| Rachel Taber-Hamilton | 70 clergy | 171 lay |
| Steven Thomason | 80 clergy | 129 lay |
| Kate Wesch | 90 clergy | 234 lay |
| Martin Yabroff | 46 clergy | 101 lay |

Wesch and Taber Hamilton elected

Based on total votes, Wesch elected deputation chair

General Convention – Lay

Majority in each order (56 clergy/141 lay) needed to elect.

| | | |
|------------------|-----------|---------|
| Judy Andrews | 90 clergy | 192 lay |
| Charlotte Brown | 52 clergy | 153 lay |
| Sandi Carter | 25 clergy | 77 lay |
| Rachel Duquette | 71 clergy | 186 lay |
| Betty Anne McCoy | 29 clergy | 75 lay |
| Kinnon McPeak | 63 clergy | 127 lay |
| Douglas Oles | 65 clergy | 159 lay |
| Michael Seewer | 28 clergy | 82 lay |

Andrews, Duquette, and Oles elected

Second ballot

Bishop Rickel recognized Katie Akesson, elections official, for the second ballot. Bishop Rickel declared the polls open.

Second ballot completed

Bishop’s Address

Bishop Rickel delivered his annual bishop’s address. [Address text, pg. 16-20]

Standing Committee Report

Bishop Rickel recognized Jane Maynard, Standing Committee president, for the report. Maynard reported on the 2016 Mutual Ministry Review. The Bishop, Standing Committee and representatives from the Board of Directors, the Bishop’s Staff and the Diocesan Council committed themselves to a new vision for the Diocese:

We, the people of the Episcopal Diocese of Olympia, part of the Jesus Movement, bear witness to the redemptive reign of God and enact God’s inclusive love, peace and justice. We carry out this common vision as it is diversely expressed within our particular contexts. In union with our Bishop, we are:

- *congregationally centered*
- *pastorally interconnected*
- *sacramentally formed for service to the world, and*
- *committed to learning, growing and gathering regularly to proclaim the good news of God as revealed in the life, ministry and witness of Jesus Christ.*

Diocesan leadership’s sole call is to empower the people of the Diocese to carry out this common witness.

Maynard introduced a table activity based on the new vision and a goals matrix, already completed by the governing bodies – Diocesan Council, Standing Committee, Board of Directors, and Diocesan Staff. Convention members were asked to complete the “Clergy” and “People of God” columns; the bishop indicated that he would complete the “Bishop” column once all others were complete.

Report of the second ballot

Bishop Rickel called on Secretary Gusse for the report of the second ballot.

Diocesan Council – Lay Mount Baker
Simple majority (194) needed to elect.
Linda Donato 206
Mary Jane Van Hoesen 93
Robert Vollkommer 52

Donato elected

General Convention – Clergy
Majority in each order (59 clergy/136 lay) needed to elect.

| | | |
|-------------------|-----------|---------|
| Jedediah Fox | 45 clergy | 128 lay |
| Kendall Haynes | 20 clergy | 98 lay |
| Robert “RC” Laird | 44 clergy | 95 lay |
| Steven Thomason | 72 clergy | 101 lay |
| Martin Yabroff | 40 clergy | 76 lay |

No election

General Convention – Lay
Majority in each order (59 clergy/136 lay) needed to elect.

| | | |
|------------------|-----------|---------|
| Charlotte Brown | 33 clergy | 104 lay |
| Sandi Carter | 9 clergy | 33 lay |
| Betty Anne McCoy | 10 clergy | 17 lay |
| Kinnon McPeak | 48 clergy | 91 lay |
| Michael Seewer | 11 clergy | 21 lay |

No election

Third ballot

Bishop Rickel recognized Katie Akesson, elections official, to explain the process for the third ballot. Bishop Rickel declared the polls open.

Third ballot completed

Report from the Treasurer

Bishop Rickel recognized diocesan treasurer, Barbara Fox, for her annual report. *[Text, pg. 23-24]*

Action on the 2017 Budget

Diocesan Treasurer, Barbara Fox, commended to convention the 2017 operating budget and moved for its ratification. *[Document, pg. 80-99]*

Motion carried
2017 Budget ratified

Committee on Resolutions

Bishop Rickel recognized Jonathan Weldon, chair of the Resolutions Committee; Weldon took a moment to thank the committee for its work on behalf of the convention. With reference to document D.3, Weldon presented and moved Resolution #1 with a committee recommendation of “do pass.”

Resolution #1—2018 Diocesan Assessment Rate
Resolved, That this 106th Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2018 diocesan assessment rate factor be set at 15.0% of the Net Disposable Income (NDI). *[Full text, pg. 44]*

Motion carried
Resolution #1 adopted

Weldon presented and moved Resolution #2 with a committee recommendation of “do pass.”

Resolution #2 – Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2017

Resolved, That this 106th Convention of the Diocese of Olympia set the Cost of Living Adjustment for 2017 parochial clergy salary scale at 1.8%. *[Full text, pg. 45]*

Motion carried
Resolution #2 adopted

Weldon presented and moved Resolution #3 with a committee recommendation of “do pass.”

Resolution #3 – Family Leave Proposal

Resolved, That this 106th Convention of the Diocese of Olympia, upon recommendation of the Personnel Commission, approve a Family Leave Policy to be added to standard letters of agreement and hire agreements for eligible lay and clergy employees of diocesan congregations and the Office of the Bishop. *[Full text, pg. 46-48]*

Discussion: Mr. John Sutherland, chair of the Personnel Commission, spoke to the resolution as the presenter and provided background on the work of the commission regarding this proposal. In favor of the resolution: Rob Gorman, St. Aidan, Camano Island; Shelly Fayette, Christ Church, Seattle. Opposed to the resolution: Jordan Wallace, St. John, Snohomish;

Motion to refer: Sabeth Fitzgibbons, Emmanuel Church, Mercer Island, moved to refer the resolution back to the Personnel Commission for further work. In favor of the referral: Earl Beede, St. John, Snohomish; Sarah Monroe, Chaplains on the Harbor. Opposed to referral: Peter Strimer, Christ Church, Seattle.

Question called: Don Gauthier, St. James, Kent, called the question on the motion to refer.

Motion carried
Question called
Motion to refer failed

Amendment: RC Laird, St. John, Olympia, moved an amendment to change the effective date (line 95) from January 1, 2018 to January 1, 2017. Opposed to the amendment: Clare Bungay, St. Mary, Lakewood.

Motion carried
Amendment adopted

A motion by Kinnon McPeak, St. Paul, Mount Vernon to spend 10 minutes in discussion about the number of paid weeks for birth mothers vs. adoptive parents was ruled out of order.

Continued discussion: On the original motion, with the amended effective date. In favor: a delegate from St. Stephen, Longview; Jedediah Fox, Church of Our Saviour, Monroe.

Question called: Sara Fischer, St. Paul, Seattle, called the question on the motion.

Motion carried
Question called
Motion carried
Resolution #3 with the amended effective date adopted

Resolution #4 – Health Insurance Coverage
Resolved, That this 106th Convention of the Diocese of Olympia adopt the following policy on health insurance coverage for eligible lay and clergy employees in diocesan congregations and the Office of the Bishop. *[Full text with friendly amendment, pg. 49]*

Motion carried
Resolution #4 adopted

Weldon, referencing document D.4, presented and moved Courtesy Resolutions with a committee recommendation of “do pass.”

Courtesy Resolutions

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia give special thanks for our Lutheran partners and their members, and especially Bishop Unti and Bishop Jaech for sharing themselves with us throughout the year, but especially at this convention.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia give thanks for the two congregations in the Diocese which celebrate the 125th anniversary of their founding this year, St. Paul, Mt. Vernon, and St. Andrew, Port Angeles.

BE IT RESOLVED, that the 106th 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, the Standing Committee, and various boards, commissions, committees and task forces.

BE IT RESOLVED, that the 106th 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 106th Annual Convention of the Diocese of Olympia give thanksgiving for the leadership and ministry of our Presiding Bishop, the Most Reverend Michael Curry, and that of his wife, Sharon.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia sends its greetings to the Archbishop of Canterbury Justin Welby, and his wife Caroline, with our thanks and our prayers.

BE IT RESOLVED, that the 106th 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; William Choi, and his wife Catherine; Cabell “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 106th Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Jim Waggoner, Bishop of Spokane and to all the clergy and people of the Diocese of Spokane.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Michael Hanley, Bishop of Oregon and to all the clergy and people of the Diocese of Oregon.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Melissa Skelton, 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 106th Annual Convention of the Diocese of Olympia sends greetings to the Episcopal Diocese of Southern Philippines, our partners in *Caring for Creation* through the carbon offset project. We offer prayers for the election of the bishop coadjutor at the Episcopal Diocese of Southern Philippines' convention in February-March 2017. We give thanks to God for our shared ministry in the name of our Lord, Jesus Christ.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Suheil Dawani, 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 106th Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Juan David Alvarado, and to all the clergy and people of the Diocese of El Salvador.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia sends its greetings to our canons of honor: the Rev. Canon Joan Anthony, Canon Mary Butler, the Rev. Canon Charlie Forbes, the Rev. Canon Rebecca McClain, the Rev. Canon John Schaeffer, the Rev. Canon Jerry Shigaki, and the Rev. Canon Richard K. Toll.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia express its thanks and appreciation for the leadership of the Rev. Jane Maynard as President of the Standing Committee and for Ms. Alice Reid as they complete their terms on the Standing Committee.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia express its thanks and appreciation for the Rev. Danae Ashley, the Rev. Kendall Haynes, Ms. Betty Anne McCoy, and Ms. Susan Rolfe, as they complete their terms on

Diocesan Council.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia expresses its thanks for the able work of our Chancellor Judith Andrews.

BE IT RESOLVED, that the 106th Annual Convention of the Diocese of Olympia express its thanks to the Secretary of Convention, Ms. Karen Gusse and to those who assisted her in preparing for this Convention.

BE IT RESOLVED, that the 106th 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 106th Annual Convention of the Diocese of Olympia thanks all the staff of the Hilton Seattle Airport & Conference Center for their care for us.

BE IT RESOLVED, that the 106th 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 106th 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: particularly, Ms. Susan Bloomfield, the Rev. Canon Janet Campbell, and the Commission for Liturgy and Arts for creating our wonderful liturgies; Chair of Dispatch of Business, Ms. Jamie Balducci; and Ms. Dede Moore, Canon for Operations,; for their dedicated and effective work; the diocesan staff, and the volunteers who gave their time during this convention.

BE IT RESOLVED, that the 106th Convention of the Diocese of Olympia send its greetings to the Rev. Gretchen Rehberg, bishop-elect of the Diocese of Spokane.

**Motion carried
Courtesy Resolutions adopted**

Presentation: Southern Social Justice Trip

Bishop Rickel invited youth and leaders of the Southern Social Justice Trip to present a report on this 2016 diocesan mission trip. Presentation included a video and reflection by the participants.

Presentation: St. Mark's Cathedral

Bishop Rickel recognized Steve Thomason, dean of St. Mark's Cathedral; Thomason updated convention on activities at the Cathedral.

Ky Chen Award Presentation

Bishop Rickel presented the Ky Chen Employee Excellence "No Problem" award to **Deb McGarry**, St. James, Kent. .

Deb McGarry: Deb McGarry came to St. James, Kent, 14 years ago. She has served tirelessly as the office administrator, from the beginning, doing whatever was needed to get the job done. During her tenure, Deb has seen the parish through three rectors and two priests-in-charge, seamlessly adjusting to the needs of the new head of the parish, thus demonstrating the Ky Chen "no problem" spirit. In addition to her duties as administrator, Deb has been an active member of the parish serving as a Lay Eucharistic Minister and a musician in the parish worship band *Radiance*. Along with her husband, Bob, she led the advent of the St. James Players, a popular theatre ministry. Soon after joining St. James, Deb waged a long battle with a difficult illness. Despite the challenges, she continued to work as she was able, supporting the many ministries of St. James. Whether it was planting tomatoes to give to outreach guests, baking for memorial receptions, or serving as a prayer partner for mission trips, she always made time to help others. Deb made items by hand to sell at mission trip fundraisers and wrote palanca for Cursillo candidates. These are just a few examples of how easy it is to see the face of Christ in all that she has done. As administrator, Deb was usually the first person encountered when anyone would step through St. James' doors. Often this was an outreach guest that Deb received with grace and compassion. Impressive was her rare ability to be conscious of how past events related to what was current, and communicate to others what needed following-up with, put on the calendar, or in the bulletin. She frequently accommodated last minute requests and always had a supportive attitude. St. James has

been blessed with all that she has done as have the community and the Diocese. It is my pleasure to give the Ky Chen Award to, Deb McGarry.

Bishop's Cross Presentation

Bishop Rickel read the citation presented to **Phyllis Gill**, Christ Church, Tacoma.

Phyllis Gill: Phyllis Gill has been a faithful member of Christ Church, Tacoma, since childhood. There, she and her husband Bill were married over 60 years ago, and together they have demonstrated their stability with faithful, active presence. Phyllis is a wonderful wife and mother to 5 children and 7 grandchildren who all love her dearly. Phyllis has served numerous committees and groups dedicated to furthering the mission of Christ Church over the years, garnering deep respect and admiration of her fellow parishioners and community. Her service includes vestry member, senior warden on the Capital Campaign Committee, Worship Committee, call committees, and with diocesan groups. Phyllis was part of the congregation with the vision to build the current iconic church building. She has been described as "a woman who has strong convictions and moves forward boldly." She is a collaborator, a hard worker, forward thinking and future driven. For years, Phyllis trained and scheduled lectors, intercessors and Eucharistic ministers. She sang in the choir and continues to serve as a Eucharistic minister herself. Exuding genuine interest in the spiritual well-being of the congregation and the individuals she meets, Phyllis welcomes newcomers and familiar friends with hospitality, efficiency and grace. In the larger community, Phyllis has demonstrated her love of Christ by actively supporting those marginalized by hunger, homelessness, aging and illness. She has worked on behalf of food banks, the YWCA, Three Cedars AIDS housing, Planned Parenthood, the Franke Tobey Jones Retirement Community, The Annie Wright Schools and more. She demonstrates her deep appreciation of the visual and performing arts through her support of many organizations throughout the Pacific Northwest. These are only some of the ways that Phyllis embodies the spirit of Christ. Her work with all these organizations reflect her willingness to "...strive to safeguard the integrity of God's creation, and respect, sustain, and renew the life of the Earth." She is a remarkable woman of integrity, wisdom and

conviction. Phyllis Gill is a mentor to others in faith and action. Her example of discipleship is a light in the present and a beacon for the future at Christ Church. For these reasons and more, I present the Bishop's Cross to Phyllis Gill.

Mid-Day Prayer

Bishop Rickel recognized Brandon Wheeler, Seattle Service Corps & diocesan faith formation intern, and Alwynne Dimmich, Emmanuel, Mercer Island, to lead mid-day prayers.

Report of the third ballot

Bishop Rickel called on Secretary Gusse for the report of the third ballot.

General Convention – Clergy

Plurality on the third ballot needed to elect.

| | |
|-------------------|-----|
| Jedediah Fox | 232 |
| Kendall Haynes | 101 |
| Robert "RC" Laird | 119 |
| Steven Thomason | 239 |
| Martin Yabroff | 83 |

Thomason and Fox elected

General Convention – Lay

Plurality on the third ballot needed to elect.

| | |
|------------------|-----|
| Charlotte Brown | 157 |
| Sandi Carter | 21 |
| Betty Anne McCoy | 9 |
| Kinnon McPeak | 182 |
| Michael Seewer | 21 |

McPeak elected

Fourth ballot

Bishop Rickel recognized Katie Akesson, elections official, to explain the process for the fourth ballot, which would rank alternates to the General Convention. Bishop Rickel declared the polls open.

Fourth ballot completed

Constitution and Canons Revisions

Bishop Rickel recognized Douglas Oles, chair, to present the report. Oles referred convention members to document E.1. *[Document, pg. 50-54]*

First 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.

Constitution, Art. XII (Deputies and Alternate Deputies to General Convention)

Although it has not previously been stated, the practice (under national canons) is that clerical deputies must be canonically resident in the Diocese of Olympia. In addition, a question arose as to whether a 16-year-old adult communicant can be elected as a deputy to General Convention (as distinct from participating in the organized group youth presence at that gathering). Although the national canons do not seem to prohibit deputies or alternates under the age of 18, there are practical problems with sending an unaccompanied minor to another state for a convention where deputies are expected to check into a hotel on their own and handle personal charges by credit card. The Diocesan Handbook for Those Who Work with Children or Youth establishes standards to protect young people who participate in diocesan activities. To be consistent with those standards, the Committee recommends clarifying that nominees should either be at 18 years old at the time of General Convention or they should undertake to be accompanied by a parent or guardian.

Section 1: ...a concurrent majority vote of the clerical and lay orders, voting separately, shall elect four clerical [Deputies who are canonically resident in the Diocese](#), and four lay Deputies who are adult Communicants in Good Standing...

Add a new Section 5: Adult Communicants in Good Standing who are elected as Deputies or Alternate Deputies to General Convention must be at least 18 years old at the start of General Convention or must be accompanied by a parent or guardian in compliance with applicable Diocesan procedures for those who work with children or youth.

**Motion carried in the lay order
Motion carried in the clergy order
Amendment to Article XII adopted on first
reading; second reading 2017**

Second Vote on Changes to Constitution

Constitution, Art. X, Section 1 (Standing Committee):

Our Diocesan Convention has previously distributed instructions to delegates indicating that nominees for clerical positions on Standing Committee must be canonically resident in our diocese. This requirement does not, however, appear in our Constitution or Canons. Such a requirement would seem consistent with the spirit of Article VII, Section 3 of our Constitution provides that clergy generally may not vote at Diocesan Convention unless they "are canonically resident within this Diocese." The Committee recommends resolving this uncertainty by clarifying the first sentence of Article X as follows:

By a concurrent majority vote of the clerical and lay orders, voting separately, the Convention shall elect a Standing Committee to consist of four clergy who are canonically resident in this Diocese and four lay members who are adult Communicants in Good Standing.

Motion carried in the lay order

Motion carried in the clergy order

Amendment to Article X, Section 1, adopted on second reading

Constitution, Art. XII, Section 3(e)

(Deputies & Alternate Deputies to General Convention):

The Rules of General Convention currently provide that the chair of each deputation shall be elected from among the members of that deputation. To avoid this conflict, the Committee proposes the following clarifying amendment:

Unless otherwise provided by the rules of General Convention, On the first ballot from which a Deputy is elected, the candidate receiving the highest number of votes in both orders combined shall serve as chair of the diocesan deputation.

Motion carried in the lay order

Motion carried in the clergy order

Amendments to Article XII, Section 3(e), adopted on second reading

Constitution, Article XV (Admission of New Parishes and Missions)

Section 1(d) in Article XV provides that a Parish desiring admission into union with Convention must present evidence that it has at least twenty-five adult Communicants in Good Standing. Meanwhile, Canon 8(1) provides that a Parish may only be organized with at least 50 adult Communicants in Good Standing. Because the operative threshold is 50 adults, it seems appropriate to eliminate the discrepancy. In 2013, Convention voted (for the first time) that it made more sense to reconcile the inconsistency by requiring a minimum of fifty adult Communicants rather than twenty-five. In 2014, however, Convention voted to refer the question back to Standing Committee and the Bishop, without any particular instructions. Upon reconsideration, and with input from Standing Committee, Diocesan Council, and the Bishop, the Committee continues to believe that the discrepancy should be resolved – in favor of requiring the higher number of Communicants to organize a Parish. Now, the Committee asks Convention to vote to amend Article XV(1)(d) as follows:

...the Parish shall have delivered...

(d) Satisfactory evidence that the Parish has been regularly organized by the election of two wardens, with a total of not fewer than six nor more than fifteen vestry members, and that the Parish contains at least ~~fifty~~twenty-five adult Communicants in Good Standing.

Motion carried in the lay order

Motion carried in the clergy order

Amendment to Article XV adopted on second reading

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 25: Dissolution of the Pastoral Relation

Section 3: Change “bishop” to “Bishop” in the final line

Section 7: Amend as follows:

For cause, the Bishop may extend the time periods specified in this Canon, provided that all be done to expedite these proceedings. The All parties shall be notified in writing of the length of any extension.

Section 8: Amend as follows:

- a. Statements made during a mediation conducted pursuant to Section 3 the ~~course of proceedings under~~ this Canon ~~shall be~~ not be discoverable ~~nor~~ admissible in any subsequent legal or disciplinary proceedings except where expressly required by prevailing law or Title IV of the Canons for the Government of the Episcopal Church under Title IV provided that this does not require the exclusion of evidence in any proceeding under the Canons which is otherwise discoverable and admissible.

- b. In the course of proceedings under this Canon, if a complaint charge is made by the Vestry against the Rector that ~~could~~ gives rise to a disciplinary proceeding under Title IV, Canon 4.1 all proceedings under this Canon shall be suspended until the complaint charge has been resolved or withdrawn.

Section 9: Amend as follows:

Except in cases where, in the judgment of the Bishop, actions may have violated the standards of clergy conduct under Title IV, Canons 3 or 4.1 exceeded the boundaries of acceptable

priestly behavior, the Bishop may, within the first three years of a Rector's ~~Call~~ to a pParish, choose not to invoke the Canon for Dissolution. In making such election the Bishop will seek to provide prompt mediation and support to address the differences without Canonical intervention.

Motion carried in the lay order

Motion carried in the clergy order

Amendments to Canon 25 adopted

Canon 27: Questions of Procedure

Change title from “Questions of Procedure” to “Procedural Rules”

Modify text as follows:

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

Motion carried in the lay order

Motion carried in the clergy order

Amendments to Canon 27 adopted

Add a new Canon 30: Communications:

- a. Members and any committee, commission or other Diocesan entity may participate in a meeting by conference telephone or similar communications equipment so that all persons participating in the meeting can hear each other at the same time. Participation by that method constitutes presence in person at a meeting.
- b. Unless expressly prohibited by applicable Constitution or Canons or prevailing law, written notices or communications required herein may be provided by electronic mail, facsimile, or other electronic media that generate a contemporaneous record of the

transmission and its date and time. Such communications must be capable of being reproduced in a tangible medium by both the sender and recipients.

Motion carried in the lay order
Motion carried in the clergy order
New Canon 30 adopted

Recognition of youth, pages, volunteers and diocesan staff

Bishop Rickel thanked the following groups and individuals for their dedication and hard work in putting together the 106th Convention of the Diocese of Olympia: our 10 regional youth members and 3 non-voting youth presence; the additional youth and young adults who worked as pages behind the scenes – Denise Brumbaugh and all the adult chaperones; Katie Akesson for acting as our elections official; April Caballero, interim convention coordinator, and all the volunteers and staff who worked in the registration area; our liturgists and worship leaders, particularly Janet Campbell, Canon for Liturgy, and Susan Bloomfield, our convention musician; Mark Miller, liaison with our Lutheran guests, Bishop Richard Jaech who spoke to the convention Friday afternoon, and Bishop Kirby Unti who will preach during the closing Eucharist; and to all the diocesan staff.

Presentation: Diocese of North Dakota, Standing Rock Sioux Water Protectors

Bishop Rickel recognized Brandon Maui, who spoke to the convention about recent activities and protests happening on the Standing Rock Sioux land.

Presentation: Mission to Seafarers

Bishop Rickel recognized Ken Hawkins, executive director, who provided an update on the work at our Mission to Seafarers.

Presentation: Faith Action Network

Following a video presentation, Bishop Rickel recognized Nigel Taber-Hamilton for a brief update.

Presentation: Episcopal Relief & Development

Bishop Rickel recognized Chuck Hamilton, diocesan coordinator, who provided an update on activities and participation by Diocese of Olympia members.

Six-Hour Resolutions

There were no six-hour resolutions submitted.

Report of the fourth ballot

Bishop Rickel called on Secretary Gusse for the report of the fourth ballot.

General Convention – Clergy

Ranked by number of votes received.

| | |
|-------------------|-----|
| Robert “RC” Laird | 164 |
| Kendall Haynes | 117 |
| Martin Yabroff | 85 |

Laird (1st), Haynes (2nd), Yabroff (3rd) elected alternates

General Convention – Lay

Ranked by number of votes received.

| | |
|------------------|-----|
| Charlotte Brown | 227 |
| Sandi Carter | 55 |
| Michael Seewer | 48 |
| Betty Anne McCoy | 34 |

Brown (1st), Carter (2nd), Seewer (3rd), McCoy (4th) elected alternates

Final Announcements

Secretary Gusse announced the 2017 Convention will be October 27-28 at the Hilton Vancouver Washington.

Convention Eucharist

Bishop Rickel presided; Bishop Kirby Unti, Northwest Washington Synod, ELCA, preached. *[Sermon text, pg. 21-22]* The offering went to support the Mission to Seafarers. The Eucharist included the commissioning of all those appointed and elected during the convention.

Adjournment

Bishop Rickel adjourned sine die at 3:55 p.m.

Convention Address – The Rt. Rev. Gregory H. Rickel

October 22, 2016 – Seattle, Washington

Good People of the Diocese of Olympia, guests, and visitors. It is so very good to be together with you once again and especially for this our 106th Annual Convention.

In preparing for this convention and especially for this address, I decided to go back and look at addresses of years past, not mine, particularly (I know what I said!) but to the bishops before and especially to the beginning of this diocese we now share and steward together. I found some interesting things. One, was just how much the issues have changed, and at the same time how so many of them have not changed at all.

There are some things you will be glad I did not pick up on and try to bring forward. For instance, Bishop's addresses sometimes lasted over an hour in the early years. Today I have twenty minutes. I know many of you will sign up for the belief that this is progress! And perhaps you are thinking right now – the wonders of God's mercy never cease.

In the first Annual Convention of the newly formed and approved Diocese of Olympia, which was held in May, 1911 at St. Paul's Church, Seattle, Bishop Frederic Keator said this in his convention address:

The Church in the world, and in every diocese throughout the world, exists for the one great purpose of extending the Kingdom of God, of setting forward and carrying on the work which Jesus Christ came to do among us and for us. This great truth, plain and even commonplace as we know it to be, must not be lost sight of for a moment, but must be kept constantly in our minds in all the work which we shall do during this convention. So far as determining of what our diocesan law shall be is concerned, the great questions which we must try to answer are, first, how can we best equip this new diocese for the great work which lies before it? And second, how can we best enable it to start forth, and move ever forward, amid the great responsibilities which God has put upon it, and the opportunities which God is opening before it?

That has not changed. Bishop Keator's address was filled with ideas of the Kingdom of God, and our role in seeing it forward. I found that idea, that image and that hope, in addresses throughout our history. And we still, as we move ever forward, have great responsibilities and great opportunities, within the boundaries of this diocese and far beyond.

We now inhabit a world filled with refugees, a forced migration which has not been seen in decades – perhaps ever. Greg Hope of our Refugee Office tells me there are enough refugees in the world now to match the populations of California and Texas, and the number is growing around the world every day.

The issue of race in our country continues to plague us and divide us. Our dignified election processes seem to be dismantling before our eyes, and the civility that seemed to be a hallmark of our collective lives seems to be threatened as well. And much of the rhetoric reveals how far we still have to go on so many vexing issues. The Rev. Brandon Maui's presence with us reminds us how old injustices remain unresolved and every bit as real today. We have some mighty challenges that the prayer "Your Kingdom Come" directly relates to.

Further into Bishop Keator's first address at that first convention, he remarked:

I am persuaded that one of the greatest hindrances to the coming of the Kingdom of God in the world today, and in no part of it more so than within the borders of this diocese, is the wretched sectarianism, which so obscures the truth that the minds of all people are perplexed, and they are ready to cry out: "When you Christians have settled among yourselves what the Church is, it may be worthwhile for me to consider it, but certainly not before!"

Well, that has not changed much either. Christianity's character, purpose, and mission is about as varied and diverse as is the human community. There is no doubt we have a long way to go on that.

However, in this convention, as we begin the celebration of the 500th year of the Reformation, we have a tangible and incarnate sign of some positive change in Bishop Keator's 1911 observation.

I think the presence of my colleagues, friends, and fellow pilgrims, the two incredible bishops of the Lutheran Synods we share, here with us is proof that has changed in some miraculous ways in these counts. I have the deepest respect and gratitude for both of these fine people. There are so many ministries we share together, like Mission to Seafarers, and including congregations we literally share together. I think Bishop Keator would be happy today. We have made some progress on that front.

There are so many good things happening in this diocese. And so many ways our connections are deepening and growing.

I found in Bishop Arthur Huston, our second bishop's address to the 16th Convention of 1926, these words:

In a recent conference with the rector, wardens, vestry, and others the proposed new Saint Mark's was offered to me as bishop of the diocese for use as a Cathedral.

In accepting the same, I have not been influenced by any allusions as to what a Cathedral can do of itself. It will be just what we make of it, nothing more... There is no time now to discuss the purpose and function of a Cathedral, nor a Bishop's relationship to it. Suffice it to say that a Cathedral ought to be a centrifugal, not a centripetal force; a dynamo, not a rheostat.

Now if you're confused by that statement, I was too. That is one thing I did learn looking back. Just how more colorful and varied the vocabularies of our past bishops were. I had to have a dictionary by me at all times!

Centrifugal, moving out from the center, instead of centripetal, moving in toward the center. Dynamo, a direct and constant current out, not a rheostat, somewhat controlled.

He went on to say:

It is that center from which missionary zeal and activity radiate through the Diocese. This is part of advancing the work of the whole Kingdom of God.

That is what a Cathedral should be.

Saint Mark's Cathedral is the visual heart of our diocese. Known around the city as the Beacon on the Hill, the Holy Box, it is a visual icon for our church, but even more for our city and region. It is, in the finest sense, what I think a Cathedral Church should be, a public church, a commons not only for a diocese, but for the people of the city and the region. It is and has been in its history truly a House of Prayer for all people.

Saint Mark's, on your behalf, has been that over and over again throughout the years, gathering people in times of sorrow, in times of celebration, in times of protest. The Dean and the leadership has worked over these past few years to bring all Episcopalians into the realization that this Cathedral is your Cathedral, but even more that by and through the connection we have in this diocese, you serve and minister to those people who come to it, who find it a place of God's grace when they have no other place to find that.

Last night at dinner, Bishop Unti said that very thing to me unsolicited. And he loves the mission of the Cathedral, hearing the Dean say, "This isn't my Cathedral, it's your Cathedral."

Sydney Evans, Dean of Salisbury Cathedral and of King's College in London, said:

A cathedral is both a protest and a proclamation... a protest against all ideologies and political systems which deny or diminish the spirituality, dignity and true liberty of human persons, and a proclamation of the Christian Way as an invitation to pilgrimage, an offered route by which human beings can find help in their search for the answer to their fundamental questions: "Who am I?" "What may I hope?" "What should I do?"

And Luke Bretherton once wrote:

A Cathedral is meant to represent a vision of salvation that raises a question mark above all schemes which depend upon human effort alone.

But in the end, it is that quote from Bishop Huston, that is true for us today, “The Cathedral will be just what we make of it, nothing more.”

And so, I will soon be inviting all of you, your congregations, and you as individuals to be part of a much-needed Capital Campaign for Saint Mark’s Cathedral. We are calling it the Living Stones Campaign. And to a degree, the stones have literally come alive at Saint Mark’s. And by come alive, I mean the concrete has actually begun falling to the ground. It was rather dangerous to walk around the Cathedral not too long ago.

That, at least, has been blessedly stopped, but the work long term remains. And our efforts to preserve the Cathedral for generations to come now falls to us.

For me, one of the marks of a successful campaign is how dedicated those that call it a spiritual home every day do to make that campaign a reality. I commend the Dean, his staff and the people of our Cathedral for doing an amazing job in this regard. And I am pleased to tell you that as of this date, they have raised \$7.25M toward this effort. Their vestry has authorized a construction project not to exceed \$10.5M, leaving \$3.25M left to raise, part of which must come from this diocesan phase of the campaign.

The Dean will tell us a bit more about this later today, and I will be saying much more in the year to come, but I hope you will put this squarely in your thinking right now – to join this campaign in some way.

As Bishop Huston said, it will be what we make of it. It has been, and can yet be, so much to this diocese and to this region.

Going back to Bishop Keator’s speech at that first convention, his first question was how do we equip this “new” diocese for the great work that lies before it?

Now, this is where it would be easy for us to suggest, that this has changed. We are certainly not new. I just want to tell you now that I hope this convention, right now, is a challenge to that thought.

We believe in a God, in fact, the very Kingdom of God we have as our theme, as our call as Christians is based in the belief in a God that makes all things new. What I have witnessed in my nine-plus years ministering with you, as your Bishop, is a people working to transform, a people dreaming of something more, a people carefully and prayerfully moving toward something deeper, the making of something new.

In short, since I don’t have an hour, I want to say, and I am willing to debate this point with anyone later, we are a new diocese, we are a new church, and that was true yesterday, and it is true today, and if we are being the disciples Jesus calls us to be it will be just as true tomorrow and every day after. The question is not whether that is true, that this is new, but rather can we see it, own it, live with and in it?

We are always evolving and growing, or we are dead. In just a moment, when I finish speaking, you are going to see, and be invited into, a tangible icon of how we are new, how we are being created still, when your Standing Committee under the most incredible leadership of the Rev. Jane Maynard will share with you a new vision for this diocese. It is the culmination of work from previous years that this convention and this entire diocese has discerned, and churned, and massaged, and kicked around in the hopes of pointing us in a more focused way into this new church of ours.

It is one in which I believe we are saying what a diocese – which is all of us, you and me, everyone that is here and everyone that is back home where you come from, everyone that considers themselves Episcopalians in Western Washington – what a diocese is, what it does, what it can be, all of us together, and also, what it is not, what it can’t be anymore, what we believe it is inefficient to be, and perhaps even unfaithful to try to be.

I believe the new vision is a liberating one, it comes with a full measure of the belief that the experts about the context you live in, wherever your

worshipping community is, is you, and the people that work, play, live, and die there.

The Office of the Bishop is just part of the diocese, it is not the diocese. We get that wrong so often, in our thoughts, in our language, and those semantics are so important.

The Office of Bishop exists to gather, to convene, to train, to equip, to nurture, but most importantly, to work alongside you.

Any local congregation is doing what you have discerned as your call, what you have discerned are your focus areas, what you see as your ministry and mission in the community in which you testify and live out your faith in Jesus Christ. In short, you decide how you will live into that prayer, "Your Kingdom Come."

The Office of the Bishop exists to help you carry out your call and mission in your local context, to help you discover it if you need help with that, but it does not exist for you to support it, anymore than what it exists to do for and with you.

You have seen this tangibly in our efforts to lower the assessment. This year, with your approval, it will go to 15%, which is much lower than anything I had dreamed nine years ago.

And I just want to remind you that every percentage drop in assessment is a direct grant back to every congregation, so that you might use those resources addressing the mission as you have discerned it, in your local context.

When I came here as your bishop nine years ago, I found a lot of health, and a lot of hope, and a lot of faith, within the people making up the Body, our diocese, but I also found a lot of dysfunction and distrust and lack of clarity in how we worked together. And what I witnessed and what I sensed was that the leadership you needed was a bit more heavy-handed, a bit more directive, one that was out front, calling a people to follow.

But I knew from the beginning, that for us to grow, for us to truly come into the fullness of what is possible as a diocese and as the Body of the Christ,

that style could not be the end. It too, had to evolve, change, become new.

And so, nine short years ago, I came bearing three focus areas, based on the profile you had developed for that election, and the governing bodies and this convention have been so very supportive of them, and through those we have gained confidence and focus. We have built trust, and we have grown in so many ways. I believe those focus areas served their purpose, but after today those will be no more. You, locally may choose to keep them, but we now believe that such goals cannot and should not come from a place other than the very center of Christian discipleship, the local worshipping community.

This new vision says two things:

We are a new church.

And,

The heart of our work as that new church happens, is incarnated, right where you live and work and worship.

In short, as I have said to you through the years, the hope is to give the leadership more and more back to you, and that time has come and I believe it is going to be a fun and exciting time for us all. It will take some time, and some struggle, and yet, I have to tell you I am so renewed in my call and so excited by the possibility and promise which this new vision offers us.

And so, here we are, you and me, 106 years later, with some of the same questions and challenges, and with a theme – Your Kingdom Come. I know 106 years ago Bishop Keator probably could throw around the term Kingdom of God, without much question of those words.

Today, it is not so easy. Kingdom is a word and a concept fraught with a lot of baggage, and I think we should in every way mine that baggage, question it, and remold it, but even with all of those issues, we have kept it, why?

Well one reason is that it is still a prime plea in a prayer we were given by our Lord and one we make

together and collectively every time we gather in worship and prayer.

And I think we keep it because we know God's Kingdom is surely different than any earthly one... has to be, must be. That is the whole point, the oppressive and unjust parts of such kingdoms on earth are completely transformed and made right in the Kingdom God wishes for us all. And that is the one we speak of and hope for and are called to incarnate and create, not sometime forth, but now.

Your Kingdom Come is a prayer, a plea, a challenge, and a call for, and on, all of us.

Any convention address has the burden of selecting what is most important to impart on such days and in that specific time. It is an awesome task for which I sweat it out every year. There is much that could be discussed, there is much that will be left out. I ask your forgiveness for any such omissions.

And in the spirit of looking back so that we might look forward, I end with another quote from Bishop Huston, Second Bishop of the Diocese of Olympia, with the words in which he ended his first convention address as bishop, the first of twenty-two he would give. He wrote:

If now, I seem to any of you to have dealt over much upon temporalities than upon spiritualities, upon machinery rather than upon power, I would remind

you that these two are not antithetical but supplementary to one another. The statement that the Church is an organism rather than a mechanism is a mischievous half-truth. The Church is both or it is nothing... It is not so much that we give too much thought to the physical body, this Body, as that we give too little thought to Christ, who is the head of that body. This is a mistake, but it would also be a mistake to look to the mechanism for the creation of power rather than as a means for the transmission of power. Whatever spiritual life we have as individuals is transmissible through the mechanism which the Church places at our disposal. But for this spiritual life itself we can look to no other source than to the author and giver of life, Christ himself.

To that high aim let us direct our thoughts and prayers, but let us do it with the same high objective that was in our Lord's mind when he said, "For their sakes, I sanctify myself."

My sisters and brothers, this is a new church. We have built much together. We have much yet to build, together.

And so, to the God who loves us and gives us life, we make our prayer, May Your Kingdom Come.

My sisters and brothers I have spoken these words to you in the name of the Father, and of the Son, and of the Holy Spirit. Amen.

Eucharist Sermon – The Rev. Kirby Unti, Bishop, Northwest Washington Synod, Evangelical Lutheran Church in America

October 22, 2016 – Seattle, Washington

Grace, grace, grace, and peace...

What a joy, what a delight to be with you sisters and brothers! Our being together is a sign of YOUR KINGDOM COME. Our being together is what Jesus longs for. *“Father, I pray that they might be one even as you and I are one.”*

I hold deeply to the belief that our primary calling and purpose as the people of God is to be continually extending the circle of who is included. Each time the circle was extended to the unclean, the unacceptable, the foreigner or the forgotten Jesus would declare that the Kingdom of God has come near.

Today in our Gospel Lesson we find Jesus readying the seventy to be sent out ahead of Jesus to every town and place that Jesus himself intended to go. It is so essential that we become aware of the direction one must go if one is to be a part of experiencing the kingdom. One must be sent out.

This is radically different that the way the Church in North America has understood itself. We have not been a sent church. We have been a church that invites people to come – come to us. Come and we will receive you with hospitality. We will wash you in the waters of baptism. We will feed you at the Lord’s Table. And we will equip you to invite others to come.

I served a church for thirty-three years in which the classic picture of Jesus knocking on the huge wooden door of the church hung in our Narthex. North Americans see the picture and understand that Jesus wants to come in.

But that is not the intent of Jesus. Jesus is knocking on the door of the church and asking, “Are you ever going to come out?” Or in the words of Luke’s gospel, “I need laborers.”

“The harvest is plentiful, but the laborers are few; therefore ask the Lord of the harvest to send out laborers into his harvest. Go on your way.”

I have to tell you Lutherans are not an easily sent people. You may know that we are affectionately referred to as God’s frozen people. It takes all the courage we can muster to invite someone to come to church. Imagine our terror at being sent out. Jesus understands our terror. *“See I am sending you out like lambs into the mists of wolves.”* (How well he knows!)

Being sent is an essential ingredient of faith. We only grow as people when we push out of our comfort zone. It begins when a two-year-old decides she can go down the slide at the playground. It happens when you have your first sleep over at a friend’s house. It happens when we move into kindergarten, middle school and high school, marriage, parenting, retirement, and death. Every adventure of leaving behind what we know is an adventure of faith.

One of my favorite passages in scripture is about Abraham and Sarah. They went out not knowing. When you go out not knowing – uncertain – when you are out amongst the wolves the likelihood of turning to God goes up dramatically.

This is why Jesus admonishes the seventy, *“Carry no purse, no bag, no saddles; and greet no one on the road.”* This is the equivalent of us being sent out without our cell phones.

The question is who we are going to rely upon? And the answer in our Biblical story today is certainly Jesus but perhaps even more importantly the stranger. The strangers who invite us into their homes. Strangers who deep down will receive us because they hunger for the very things we hunger for peace, wholeness, togetherness. *“And if anyone is there who shares in peace, your peace will rest upon that person, but if not, it will return to you.”*

This is another way of saying people of peace urgently need to find one another.

I had a recent experience of this at Saint Mark's Cathedral – the Cathedral that you dear people have declared is the whole community's cathedral – a place for peace makers of every kind to gather. (The very place where I was installed as bishop.) I was there this time for the blessing of the Lummi Totem Pole. What I found so moving was who else was there. Tribal members from across the state, young millennials who believe deeply in issues of justice, ecumenical and interfaith leaders and lay people alike, not to mention environmentalists and earth ministry supporters. The kingdom of God drew near that day at Saint Marks and God delighted in seeing such an eclectic group of God's children all under one roof.

What Jesus says next in our Bible Story is perhaps the most important lesson we have to learn in the church today. *"Remain in the same house eating and drinking whatever they provide."*

Friends this is what radical hospitality is. It is one thing to be gracious and generous in receiving others to our table. But what does it mean to receive from the other what it is they have to provide? Radical hospitality is SENT hospitality. It is when we are willing to let go of the need to practice our rituals and customs so that we might be fully present for the other.

Friends most of our going out is for the purpose of charity. We who have more are generous enough to share it with those who have less. This is a good

thing, but it ain't radical hospitality because it is still done on our terms.

Ministry is when we take the next step, when we are sent out by entering into relationship with the other in the community. It is about sharing TABLE together. The table set by the other. When we share TABLE set by the other we discover anew that it is Jesus who is host. It is indeed a feast of victory. *"Yet know this: the kingdom of God has come near."*

It is why I am so grateful to be with you today. To be at TABLE with you. (I must tell you it also frightens me because you all do TABLE so well and my manners are little rough.) If we can't do TABLE together how in the world can we ever hope to be sent out to share Table with the other – *"eating and drinking whatever they provide."*

FATHER I PRAY THAT WE

- Lutherans and Episcopalians
- Republicans and Democrats
- Christians, Jews, Muslims, Sikh's and Hindus
- First Nation and Immigrant
- Straight and Gay
- Friend and Enemy

MIGHT BE ONE EVEN AS YOU AND THE SON ARE ONE.

Send us out God! Send us out! That we might continue to surprise the world with your GRACE, GRACE, GRACE!!!

Your Kingdom Come!

Treasurer's Report – Barbara A. Fox, Diocesan Treasurer

October 22, 2016 – Seattle, Washington

Good morning Bishop, Bishop Unti, Bishop Jaech, Delegates, Alternates, Staff and Guests.

As in prior years I have attempted to keep to the theme of convention in preparing this report. Being a bottom line person I picked up on the 2 millenia of Christ's church and 5 centuries of reformation. But as a numbers person I have sat in an audience and been bored with the recitation of numbers so I will concentrate on some of the financial reforms that have been taking place in the Diocese giving us the ability to all work toward making God's reign a reality. A Bible study the Board did from the Gospel of Luke 16:1-13 ends with "you cannot serve God and wealth" which struck me as difficult as Treasurer, I am watching out for the wealth of this Diocese, given to us by God.

The numbers really didn't work for the James F. Hodges Diocesan Investment Fund (DIF) in 2015. That was true for anyone investing in the equities and bond markets. For the outstanding professionals managing our funds the year produced a very volatile market, "driven in large part by the Federal Reserve raising short term interest rates, along with other developed central banks around the world easing monetary policy". At the end of 2015 the Fund held 3.7% in money market funds, 28.1% in bonds and 67.5% in stocks, which is right in line with our long term strategic asset allocation target set by the DIF team, who continues to invest in good quality, mainly large cap, reasonably valued stocks. Their primary objective is that of growth with income as a secondary consideration. And they are disciplined in not being reactive in times of market volatility. 2016 is looking better and we hope at the end of the year the markets will have reformed themselves.

As a part of our internal control procedure, each month I review all checks that are written

and cleared for the operating account. As a result, I became aware of the dollar amounts maintained for cash flow in the operating bank accounts and began to ask questions about the low rate of earnings credit we were receiving from the bank. Being a former banker it appeared we had no cash management procedure. With the fine help of Hal Hall, our financial consultant, I proposed to the Board a policy and procedure for cash management, which was approved and we have immediately begun to see a solid return; just part of the reform taking place with our finances to the benefit of the entire Diocese.

In 2008, when I was a member of the Standing Committee, I was asked be their representative to a newly formed entity called the Joint Finance Board. At that time it was, and is currently made up of representatives from each of the governing bodies, including the Office of the Bishop. We were charged at that time to be the initial body to review all financial issues before going to the respective canonical body for approval of requests. This "Board" was also charged with establishing new policies, procedures such as standard requirements for loans, grants or other support. I believe we always learn from history which helps determine why we may have needed to establish or reform existing policies and procedures. We did spend extensive time, and got bogged down in trying to make changes only to find we didn't have the authority to override a particular body and found we were literally dealing with systems within systems. During the intervening years we may have appeared to have gotten off track, however, one of the best things the JFP did was to propose and take to convention the policy for a Church in Good Standing. I believe that every congregation again has seat, voice and vote here this year. Congratulations to all of you, because this means your assessments are being paid each month or you have a plan to

pay them and your parochial reports are in along with your audit. Another item we worked on and produced are the comprehensive guidelines for a sustainable congregation. Canon Marda Steedman Sanborn issued an online report of these guidelines and I hope some of you are making use of them.

JFP has now come full circle (and in the course of the years became the Joint Finance Panel and the full Audit Committee for the Diocese). We are proactive in reviewing requests for property sales, loan requests, and mission requests to withdraw funds from the DIF. We may have deviated from the original charge, however, we have made real reforms in our policies and procedures.

As the Audit Committee we did receive the management report on the 2015 audit from Peterson/Sullivan and comments made by them have been addressed with the help of Hal Hall, achieving some reforms in the finance office. The bank reconciliation is being done regularly, and we have established, working internal controls. We are financially healthy.

The Board is always concerned when we receive word of major problems with buildings owned by parishes or properties occupied by missions. The Board will begin to ask for input on developing a comprehensive maintenance schedule plan that can be used to help avoid emergencies. We congratulate those of you who already have a schedule in place for being proactive. Your input will be especially helpful. Working together we can create positive reform.

Before I move to ratify the budget, I want to reiterate how difficult a task it was in putting together this balanced budget. Budgeting when many variables are in play can be awesome and I don't mean great. One of the difficulties this year was the fact the retained net assets for 2015 were much lower than anticipated which in the past have helped significantly in the balancing. The grant requests far exceeded what

we anticipated so in order to keep the assessment rate at 15% we went back to the grant level for 2014. Also, we did have a reserve of capital gains from 2014 which we were able to use. By keeping the 15% assessment rate and I quote the Bishop "each and every congregation has been given an unrestricted ongoing grant from the Diocese." Thank you to the Budget and Finance Committee under the outstanding leadership of Dennis Tierney for their great work and those very awesome individuals (this means great), Edie Pehrson and Lori Hardow, in the finance office. On their behalf I am asking that each congregation make every attempt to pay your assessments by the 15th of each month in 2017. Right Dennis?

I move to ratify the 2017 budget as presented.

Respectfully submitted, Barbara A. Fox,
Treasurer, Diocese of Olympia

The Diocese of Olympia

2016 Convention Guide

About this guide

This Convention Guide is intended to provide Convention members with practical information concerning the Convention and how it functions. Additional questions concerning the Convention may be addressed to Canon for Operations, [Dede Moore](#).

The Diocese of Olympia

The Diocese of Olympia, encompassing the Episcopal congregations—parishes, missions, parochial missions and designated mission stations—in western Washington State, is bounded by the Cascade Mountains, Oregon, the Pacific Ocean, and Canada. Every baptized Episcopalian resident in western Washington is a member of the Diocese.

The authority of the Diocese is vested in and exercised by the Bishop, the Convention, and the Standing Committee. The Diocese is governed by its Constitution and Canons (laws). A copy of the [Constitution and Canons](#) is provided to each congregation and is available on the diocesan website.

The Diocese of Olympia is incorporated under the laws of Washington State, under the name of “The Diocese of Olympia, Inc.” This corporation has responsibility for the custody, control, and investment of all trust funds of the Diocese, and holds legal title to all diocesan property, including the property of all missions, and certain specialized ministries not separately incorporated. A Board of Directors, appointed by the bishop and approved by the Convention, governs the corporation.

The Diocesan Convention

The Diocesan Convention consists of the bishop, (and the bishop coadjutor or the bishop suffragan if there be one); canonically resident clergy who reside or work in the Diocese; lay delegates (an equal number of men and women) elected from each parish

and mission congregation in union with the Convention; lay members of the Diocesan Council, Standing Committee, and Board of Directors; lay conveners and assistant conveners of the ten regional ministries; one young adult (16-21) from each Regional Ministry; and the Officers of the Diocese (if lay persons) [*Article VII*].

Parish and mission representation is based on communicant strength of the congregation [*Canon Two*]:

| | |
|-----------|--------------|
| Under 200 | 2 delegates |
| 201–400 | 4 delegates |
| 401–600 | 6 delegates |
| 601–900 | 8 delegates |
| 901–1200 | 10 delegates |
| Over 1200 | 12 delegates |

Current Officers of the Convention

| | |
|------------------------|-----------------------------|
| President | The Rt. Rev. Gregory Rickel |
| Secretary | The Ms. Karen Gusse |
| Treasurer | Ms Barbara Fox |
| Chancellor | Ms Judith Andrews, Esq. |
| Vice Chancellor | Mr. Mike Reynvaan, Esq. |
| Historiographer | Br. Carle Griffin, OCP |
| Archivist | Mrs. Diane Wells |

What the Convention Does

The Convention elects certain officers, ratifies a budget, sets assessment levels for financing the operation of the Diocese, admits congregations as missions or parishes — and may suspend them, votes upon resolutions, elects General Convention deputies and alternates, hears the bishop’s annual address, and conducts such other business as the Convention may determine. In addition, the meeting of Convention provides an opportunity for worship, information sharing by exhibitors and others, and fellowship.

Order of Business

The Convention adopts an order of business upon recommendation of the Committee on Dispatch of Business.

Rules of Order

Except when in conflict with the Constitution or Canons of the Episcopal Church or of the Diocese of Olympia, the latest revised edition of Robert's Rules of Order governs the conduct of Convention business. By unanimous consent, action may be taken that is not in contravention of any provision in the Constitution or Canons of the Episcopal Church or those of the Diocese of Olympia.

Speaking on the floor of Convention

Any Convention member may speak upon recognition by the president of Convention.

Voting

Most motions are acted upon by a show of green or red cards. Sometimes, for accuracy in counting, a standing or hand vote is required. Written ballots are provided for the election of diocesan officers, members of the Diocesan Council, Standing Committee, Cathedral Vestry, and General Convention deputies and alternates. Laity and clergy deliberate in one body and vote as individuals, with each delegate present entitled to one vote. On most matters, a majority vote is decisive. In some instances, the votes of clergy and laity must be counted separately. This is called a "vote by orders." Upon the request of any five members of the Convention, the two orders vote separately.

Resolutions

Canon Four requires that resolutions be submitted to the Resolutions Committee at least 45 days prior to the Convention. Resolutions submitted by September 6, 2016, will be considered by the Resolutions Committee and included in its report to Convention.

According to Canon Four, any resolution not submitted to the Resolutions Committee at least

45 days prior to Convention may be considered by the Convention only if submitted in writing to the Committee no later than six (6) hours after the convening of Convention, and if consideration of such resolution is approved by a majority vote of the Convention. When any resolution is made on the floor of Convention, or a resolution is amended, a written copy must be immediately provided to the Secretary of Convention.

Annual Diocesan Operating Budget

The bishop and the Diocesan Council prepare the annual diocesan operating budget. In accordance with Canon Six, the operating budget shall be presented to the Convention for ratification; the budget may be amended by the Convention on a majority vote.

Any proposed amendment that calls for new or increased spending must include an estimate of the additional costs and must specify budget line item reductions or other revenue sources that would maintain a balanced budget. Any proposed amendment that calls for reduction in spending must specify the budget line items to be affected. Any proposed budget amendment must be submitted by written resolution to Diocesan Council and the Resolutions Committee at least 45 days prior to the Convention (September 6, 2016).

Assessment

Canon Seven provides that an annual assessment be levied upon each parish and mission congregation of the Diocese, based on the "net disposable income" (NDI) available for general parish/mission purposes. Assessment calculation is based on real-time NDI for the previous month. Thus, January NDI is used as the basis for the February payment, February for March, etc.

The assessment rate is set by the Convention for the second succeeding year following the Convention. Thus, the 2016 Convention will set the assessment rate for 2018.

If it is necessary to increase the rate of assessment for a particular year, the Convention may, by two-thirds affirmative vote, levy a special assessment upon the parishes and missions. Such a special assessment is limited to one year.

Rules of Order

Speaking on the floor of Convention:

- Members of Convention (delegates, certified alternates, and clergy) and others given privilege of seat and voice may speak at a microphone. Alternates not certified do not have seat or voice – separate tables are provided for alternates; alternates may NOT speak at a microphone.
- Wait at a microphone to be recognized by the chair. Give your name, congregation name, and congregation location/city.
- There is a two-minute time limit when speaking to resolutions or issues.
- Time will be indicated by chair of Dispatch of Business; ***please honor time limits.***
- Each person may speak only once to any one resolution or amendment.
- The presenter of a resolution may speak a second time.
- To call for the question during a debate, you must go to a microphone and be recognized by the chair.

Submitting amendments and/or new resolutions:

- All resolutions or amendments made from the floor must have a written copy provided to the Secretary of Convention immediately upon leaving the microphone.
- Canon 4, section 7, requires that, any new Resolutions (resolutions not submitted by the 45-day deadline) be submitted in writing to the Resolutions Committee no later than six (6) hours after the convening of Convention; the deadline for 2016 will be 9:30 p.m. on Friday, October 21 (although the Resolutions Committee would appreciate any new resolutions be submitted prior to the recess at 6:30 p.m. on Friday).

Voting

“Voice” votes at the Convention will be taken by holding up a card to designate your vote:

GREEN for YES
RED for NO

Red and green cards will be given to each voting member of the Convention at registration. Members will sign for voting materials. Voting cards and ballots are NOT replaceable if they are lost.

Clergy licensed in this Diocese who have charge of a congregation are given seat, voice and vote through Canon VII, section 3. Clergy licensed in this Diocese, but canonically resident elsewhere, and others given seat and voice through the Committee on Privilege, have seat and voice only, not vote.

Additional information, including an introduction to Parliamentary Procedures, may be found in document A.4.

Written votes for 2016 will use the iNSIGHT 4U SelfScore Scanner. Votes will be taken while seated – using ballots and pencils provided – and will be collected by Convention pages. Voting members of the Convention must be in their assigned seats during the time that the polls are open in order to vote. Further instructions on the voting system will be given prior to the first ballot.

Clergy and Staff Transitions 2016

Canonical clergy transferring in from other dioceses:

Lani Hubbard (East Tennessee), Dawn Campbell Foisie (Maryland), Edmund Immanuel Harris (Rhode Island) Joyce Parry Moore (California), Joseph Lester Scheeler (Montana).

Clergy transferred to other dioceses:

Christine Hertlein (Oregon), K Suzi Robertson (West Texas), Curtis Andrew Farr (Connecticut), Tommy Joe Dillon II (Louisiana), Hunt Priest (Georgia).

Clergy licensed:

Elias Mburu (Nyahururu, Anglican Church of Kenya), Lucas Mix (Arizona), Susan Blubaugh (Northern Indiana), David Njorge Mariga (Thika, Anglican Church of Kenya).

Deacons ordained (transitional):

Alice W Bower, Todd Elliot Foster.

Priests ordained:

Alice W Bower, Todd Elliot Foster, Nancy J Ross (for the Diocese of California).

Clergy who have retired from full-time ministry (as recorded with the Church Pension Fund):

Kimbrough Besheer, Jan C Heller, J Thomas Craighead, Carla Pryne, Mark Miller, Dennis Stanley Tierney, Edie Weller.

Deceased:

Geoffrey F Ethelston, Robert Dietel, Colin Goode, David Storm, William C Johnson, Jr, Gerald Garman, Carol Callahan, Tom Halbrook, Robert Beveridge, Alan Mack.

New to the diocesan staff:

Josh Hornbeck, Communications Director; Michelle MacKinnon, Executive Assistant to the Bishop and to the Canon to the Ordinary.

As of the 106th Convention of the Diocese of Olympia through October 13, 2016

Diocese of Olympia 106th Annual Convention
Friday-Saturday, October 21-22
"Your Kingdom Come"

Friday, October 21

- 10:30 AM **Registration opens**
- 11:00 AM **Workshop Session #1**
- 101 Beyond Membership: Developing Faith Practitioners (Alpine)
 - 102 Seeking First the Economy of God in the Anthropocene (Columbia A)
 - 103 Mission to Seafarers: Telling Your Story (Columbia B)
 - 104 Dealing with Anxiety (Elliott A)
 - 105 The State Budget as a Moral Document (Peninsula A)
 - 106 Keeping Archives Keeping Faith (Crystal B)
 - 112: Exploring Our Convention Theme: Behind the Scenes-Music & Liturgy (Elliott B)
 - 113 Refugee Resettlement through the Diocese of Olympia (Peninsula B)
- 12:00 PM **Lunch** (*optional, ticket purchase required*)
- 12:45 PM **Workshop Session #2**
- 102 Seeking First the Economy of God in the Anthropocene (Columbia A)
 - 105 The State Budget as a Moral Document (Peninsula A)
 - 108 Igniting the Spiritual Imagination: The Saint John's Bible (Elliott A)
 - 109 Providing A Safe Church Environment (Peninsula B)
 - 110 Environmental Justice Advocacy: The Standing Rock Sioux Water Protectors & the Dakota Access Pipeline (Crystal B)
 - 112 Exploring Our Convention Theme: "Praying in" the Kingdom (Elliott B)
- 1:00 PM **Exhibits officially open**
- 2:00 PM **Workshop Session #3**
- 102 Seeking First the Economy of God in the Anthropocene (Columbia A)
 - 103 Mission to Seafarers: Telling Your Story (Columbia B)
 - 105 The State Budget as a Moral Document (Peninsula A)
 - 107 Empowering the Laity to Pray and Study Scripture (Elliott A)
 - 109 Providing A Safe Church Environment (Peninsula B)
 - 110 Environmental Justice Advocacy: The Standing Rock Sioux Water Protectors & the Dakota Access Pipeline (Crystal B)
 - 111 Going Big to Stay Small: How to Start a Small Group Ministry at Your Church (Alpine)
 - 112 Exploring Our Convention Theme: Bringing the Kingdom to the World (Elliott B)
 - 114 Convention Orientation (Crystal A)
- 3:00 PM **Afternoon break**

Friday, October 21

- 3:30 PM **Convention Business Session #1**
Call to Order
Opening Worship *Officiant: Juli Mallett, St. Mary, Lakewood*
 Reader: Liberato Arellano, Our Lady of Guadalupe, Seattle
Introduction of the Head Table
Certification of quorums
Declaration convention organized for business
Dispatch of Business report **A.3, A.4 A.12**
Privilege Report **E.2** *The Rev. Curt Zimmerman*
Congregation in Good Standing Report
Election of Secretary **B.3 or B.4**
Appointments
Keynote Address *Bishop Richard Jaech, Southwestern Washington Synod,*
 Evangelical Lutheran Church in America
Table discussion
- 4:50 PM **Break / Exhibit Exploration**
- 5:10 PM **Convention Business Session #2**
Clergy & Staff transitions **A.6**
Bishop appointments **E.3**
Appointment of Disciplinary Board
Awards: Ky Chen / Bishop's Cross
Seattle Service Corps *Canon Malcolm McLaurin*
Evangelism Commission: Preaching Award
Nominations Committee report **B3 or B4**
 The Rev. Rilla Barrett & Ms. Diane Stipp
General Convention nominations
Introduction to Voting procedures *Ms. Katie Akesson*
Ballot #1
Announcements
Evening Prayer *Officiant: Sheryl Haase, Traveling Day Society, Vancouver*
 Reader: Douglas Dornhecker, St. John, Olympia
- 6:30 PM **Recess**
- 7:00 PM Dinner & time for fellowship (*optional, ticket purchase required*)

Saturday, October 22

- 8 AM – on Registration / Exhibits open
- 8:30 AM **Convention Business Session #3**
Morning worship *Officiant: Michael McAdams, UW Campus Ministries*
 Reader: Amelia Carroll, Christ Church, Tacoma
Call to Order / Dispatch of Business reminders
Report of the first ballot **B.5**

| | | |
|----------|---|--|
| | Second ballot | |
| | Bishop's Address | <i>Bishop Greg Rickel</i> |
| | Standing Committee report on Mutual Ministry Review | |
| | | <i>The Rev. Jane Maynard</i> |
| | Table Activity – Vision & Goals Matrix Handout | |
| 9:55 AM | Break / Exhibit Exploration | |
| 10:25 AM | Convention Business Session #4 | |
| | Report back from table activity | |
| | Report of the second ballot B.5 | |
| | Third ballot | |
| | Treasurer's Report | <i>Ms. Barbara Fox</i> |
| | Action on 2017 budget C.1 | |
| | Resolutions D.3 & D.4 | <i>The Rev. Jonathan Weldon</i> |
| | Southern Social Justice Trip | |
| | St. Mark's Cathedral update | <i>The Very Rev. Steven Thomason</i> |
| | Awards: Ky Chen / Bishop's Cross | |
| | Announcements | |
| | Song & Grace | |
| 12:00 PM | Lunch (optional "market" box lunch, ticket purchase required) | |
| 12:00 PM | Clergy Spouse/Partner Lunch (By invitation only/RSVP required) | |
| 1:00 PM | Convention Business Session #5 | |
| | Mid-Day prayers | |
| | | <i>Officiant: Brandon Wheeler, Seattle Service Corps & diocesan Faith Formation intern</i> |
| | | <i>Reader: Alwynne Dimmich, Emmanuel, Mercer Island</i> |
| | Report of the third ballot B.5 | |
| | Fourth Ballot | |
| | Constitution & Canons Report E.1 | <i>Mr. Doug Oles</i> |
| | Recognitions | |
| | Diocese of North Dakota | <i>The Rev. Deacon Brandon Mauai</i> |
| | Mission to Seafarers | <i>Mr. Ken Hawkins</i> |
| | Faith Action Network | <i>The Rev. Nigel Taber-Hamilton</i> |
| | Episcopal Relief & Development | <i>Mr. Chuck Hamilton</i> |
| | Six-hour Resolutions | |
| | Report of the fourth ballot B.5 | |
| | Final announcements | |
| 2:15 PM | Break / Musical performances | |
| 2:30 PM | Convention Eucharist | |
| | Preaching: | <i>Bishop Kirby Unti, Northwest Washington Synod, Evangelical Lutheran Church in America</i> |
| | | Offering: Mission to Seafarers |
| 4 PM | Adjournment | |

Nominations Committee

2016 Report to Convention

With a 150-word limit, each candidate was asked to review the job description for the position and discuss how their gifts, experiences, skills, and interests would aid this work, and how they would invigorate and/or stimulate the ministry of the particular diocesan leadership group.

MEMBERS OF THE 2016 NOMINATIONS COMMITTEE: **The Rev. Rilla Barrett**, *St. Stephen, Oak Harbor (Mt. Baker)*; **The Rev. Bonnie Campbell**, *St. Mark, Montesano (Willapa)*; **Ms. Sally Farrell**, *Good Samaritan, Sammamish (Eastside)*; **Ms. Diane Stipp**, *St. Stephen, Seattle (Be Attitudes) / St. Mark's Cathedral, Seattle (Holy C)*; and **The Rev. Dennis Tierney**, *Retired (Peninsula)*.

Nominees at-a-Glance:

STANDING COMMITTEE (pg. 4)

Clerical Order

Kendall Haynes
Helen McPeak

Lay Order

Jim Beckwith
Walter Stuteville

DIOCESAN COUNCIL (pg. 5)

Be Attitudes - Clergy

Jedediah Fox

Holy C - Lay

Jamie Balducci

Rainier - Clergy

Martin Yabroff

Evergreen - Clergy

Bonnie Malone

Mt. Baker – Lay

Linda Donato
Mary Jane Van Hoesen
Robert Vollkommer

Willapa – Lay

Jan Akin

Peninsula – Lay

Joan Collins

OFFICERS OF CONVENTION (pg. 7)

Secretary

Karen Gusse

Archivist & Records Manager

Diane Wells

Treasurer

Barbara Fox

Historiographer

Br. Carle Griffin

CANDIDATES FOR THE POSITION OF DEPUTY TO GENERAL CONVENTION 2018 - CLERICAL ORDER (pg. 8)

The Rev. Jedediah Fox, Church of the Redeemer, Kenmore
The Rev. Kendall Haynes, St. Matthew, Tacoma
The Rev. Robert C. Laird, St. John, Olympia
The Rev. Rachel Taber-Hamilton, Trinity, Everett
The Very Rev. Steven L. Thomason, St. Mark's Cathedral, Seattle
The Rev. Kate E. Wesch, Epiphany Parish of Seattle
The Rev. Martin Yabroff, St. Andrew, Tacoma

CANDIDATES FOR THE POSITION OF DEPUTY TO GENERAL CONVENTION 2018 - LAY ORDER (pg. 10)

Judith Andrews, St. Mark's Cathedral, Seattle
Charlotte A. Brown, St. Joseph-St. John, Lakewood
Sandi Carter, Christ Church, Puyallup
Rachel Duquette, St. Anne, Washougal
Betty Anne McCoy, Christ Church, Anacortes
Robert "Kinnon" McPeak, St. Paul, Mt. Vernon
Douglas Oles, Epiphany Parish of Seattle
Michael Seewer, St. Mark's Cathedral, Seattle

BRIEF DESCRIPTION OF EACH GOVERNING BODY/OFFICE.

Standing Committee: The Standing Committee serves as a council of advice for the bishop and becomes the diocesan ecclesiastical authority in the bishop's absence. It makes decisions about the sale, encumbrance or disposal of real property belonging to parishes of the Diocese. It interviews and makes recommendations to the bishop on candidates for Holy Orders, and the consent of the Standing Committee is required for ordination. The Standing Committee also gives or withholds consent to the election of bishops throughout the church and has judicial responsibilities in the case of clergy misconduct where the clergy or the complainant does not accept the adjudication of the bishop. By canon, no two members of the Standing Committee may be from the same congregation. Continuing members of the Standing Committee include the following: ***Ms. Karen McCarthy Casey***, Grace, Bainbridge Island (2019), ***The Rev. Cynthia Espeseth***, St. Hilda-St. Patrick, Edmonds (2018); ***The Rev. Alfredo Feregrino***, Our Lady of Guadalupe/St. Paul, Seattle (2019); ***The Rev. Bill Fulton***, St. Antony of Egypt, Silverdale (2017); ***Dr. Kathryn Rickert***, St. Augustine's in-the-Woods, Freeland (2017); and ***Ms. Deede Woods***, Church of Our Saviour, Monroe (2018).

Diocesan Council: Between Diocesan Conventions, the Council oversees the budget and program goals of the Diocese, carrying out priorities adopted by Convention. Council develops a proposed budget to be ratified by the next convention. Members assume and accept the role of public relations and goodwill toward individuals and congregations facilitating connectedness within the Diocese. Members accept assignments, work on task groups, and attend regional, committee and commission meetings as necessary. The Diocesan Council includes the bishop, and two members (one clergy and one lay) representing each of the regional ministries. Continuing members of the Diocesan Council include the following: ***The Rev. Rilla Barrett***, St. Stephen, Oak Harbor (2018 - Mt. Baker); ***Ms. Nadine Baxter***, St. Matthew/San Mateo, Auburn (2017 - Evergreen); ***The Rev. Lex Breckinridge***, St. Thomas, Medina (2017 - Eastside); ***Ms. Linda Brice***, St. Andrew, Tacoma (2017 - Rainier); ***The Rev. Michael Carroccino***, (2018 - Holy C); ***The Rev. Evan Clendenin***, St. Andrew's, Aberdeen (2018 - Willapa); ***Ms. Sally Farrell***, Good Samaritan, Sammamish (2018 - Eastside); ***Ms. Joslin Harris-Gane***, Christ Church, Seattle (2017 - Be Attitudes); ***the Rev. Mark Miller***, retired (2017 - Sno

Isle); **Ms. Denise Patrick**, St. Hilda-St. Patrick, Edmonds (2018 - Sno Isle); **The Rev. Dennis Tierney**, retired (2017 - Peninsula); **Ms. Jana Whitworth**, St. Anne's, Washougal (2017 - Columbia); and **The Rev. Michael Wright**, St. Stephen's, Longview (2018 - Columbia).

Secretary of the Diocese of Olympia: The Secretary of the Diocese takes part in the planning, preparation and leadership of Convention. The secretary receives (through the assistant secretary) all resolutions, amendments, and official written business of convention. The secretary is official signatory of Convention correspondence and is an officer of the Diocese. As an officer, the secretary serves on the Board of Directors. This is a volunteer position.

Archivist and Records Manager: The archivist and records manager is the official custodian of diocesan records and is responsible for the direction and implementation of the archives and records management program of the Diocese of Olympia. This is a part-time, paid position.

Treasurer: The treasurer of the Diocese has responsibility for the assets of the Diocese, including investments, cash, and real property. The treasurer advises the bishop on financial matters, oversees the diocesan accounting and insurance office, and serves as an officer of the diocesan corporation. The treasurer is accountable to the bishop and the diocesan convention. The treasurer also serves as a member of the Board of Directors, the James F. Hodges Diocesan Investment Fund, the Budget and Finance Committee of Diocesan Council, and the ERT (Early Response Team). This is a volunteer position.

Historiographer: The historiographer is responsible for creating, maintaining and continuing a history of the Diocese, including its significant leadership and events. This is a volunteer position.

2018 General Convention Deputation: Nominations for deputies to General Convention are made "from the floor" at the convention rather than as part of the slate of the Nominations Committee. Those included here submitted election materials in advance for your review; this does not preclude additional candidates having their name placed in nomination onsite at the convention. **Brief Description of General Convention:** The General Convention is the governing body of The Episcopal Church, consisting of the House of Bishops and the House of Deputies meeting together every three years. The next meeting is scheduled for July 2018, in Austin, Texas. Every diocese is entitled to seat eight representatives in the House of Deputies, four clergy and four lay. The General Convention is a legislative body—some say the largest in the world—and it should not be surprising that it acts in large part like the Congress of the United States as many of its drafters were the same 'fathers' who designed the U.S. Constitution. It acts together to enact legislation and frequently seems submerged in paperwork (though folks are working to reduce the load. Much of General Convention work is actually accomplished in committee before legislation reaches the floor and committee assignments are avidly sought, for this is where legislation can best be influenced, amended or even cancelled. Most committee assignments are made on the basis of seniority, and as we have tended to have a stable representation of deputies our diocese has been blessed over the years with many such assignments. The down side to this system is that new faces tend to not get committee assignments. Although the deputies are expected to vote independently (and, by rule of the House, every deputy is required to be seated and voting), the deputation gets much out of caucusing and open discussion, both at the time of convention, and before.

STANDING COMMITTEE CLERICAL ORDER *[one four-year term]*



The Rev. Kendall Haynes – *Priest-in-Charge, St. Matthew, Tacoma.* I have had the opportunity to serve the Diocese of Olympia over the last eight years in a variety of ways: rector of two congregations (currently St. Matthew, Browns Pt./Tacoma, and formerly St. Mary's, Lakewood), co-convenor of the Rainier Regional Ministry (2 years), member of Diocesan Council (3 years), trainer for Safeguarding God's Children (7 years), and 4th Clergy Alternate to General Convention (2015). Within these positions I've successfully navigated difficult budgetary and personnel decisions, strategically planned for growth and reimagined what it means to be people of God in our context and era. To better broaden my experience and service to the Church, I am seeking a term on Standing Committee and am humbled to offer my youthful yet seasoned perspective in this nomination as our diocese continues to grow into its mission and vision.



The Rev. Helen McPeak – *Priest-in-Charge, La Iglesia de la Resurrección/St. Paul, Mt. Vernon.* I bring 19 years of priestly experience in Northern California, Nevada, and Olympia – far-flung dioceses holding tension between dense urban centers and scattered rural congregations. Blending models of ministry in ways locally relevant and ecclesiastically connected is an exacting opportunity. Called to the Pacific NW to lead the Komo Kulshan Cluster in Skagit County, I know the patient courage demanded by life in Christ. In rapidly changing, pluralistic, information-saturated society we must bridge gaps in language, theology, economics, education, culture with curiosity and compassion, speaking peace by God's grace. Service in congregations, campus ministry, ministry development, retreats, camps, preaching, spiritual formation, and family systems prepare me for this role. My gratitude for and frustration with the institution of the Diocese are part of the soul-niggling that signals a call to serve in this capacity. I strive for curiosity, candor, humility, and boldness in our corporate life.

STANDING COMMITTEE LAY ORDER *[one four-year term]*

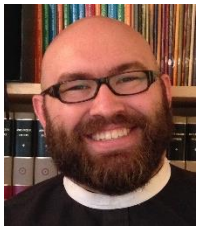


Jim Beckwith – *Accountant with Whatcom County Superior Court; member of St. Paul, Bellingham.* The Church is full of individuals with differing viewpoints and issues, and the Lord often speaks quietly through "the least of these." Years ago, I formed a committee to restructure the finances of St Paul's Bellingham that had devolved since its founding. Many individuals, guilds held their own territory; by listening we were able to bring all funds under one umbrella. Avoiding the quick fix, we sought the long term solution, as all decisions have long term consequences. I've served on vestry, as treasurer, created the archives, currently teach a Godly Play class. In other areas, I've taught family-to-family classes for the National Alliance for the Mentally Ill. I often joke that I am the only male in 3 generations not an Episcopal Priest; that I chose a more worldly life. But the Church keeps me strong and I want the Church to thrive long after I am gone.



Walter Stuteville – *Retired Attorney at Law; member of St. Mark's Cathedral, Seattle.* I have been active in governance at Saint Mark's. I am currently junior warden for facilities, head of the Altar Guild and chair of the Facilities Committee. I am also a co-chair of the Design Committee for the Living Stones Campaign and a member of the Steering Committee for that project. This is my second term on the vestry and I was a previous senior warden. I have also been a delegate to the Diocesan Convention twice. I believe that I can draw upon my work within my faith community of Saint Mark's to work effectively for the Diocese of Olympia.

DIOCESAN COUNCIL BE ATTITUDES REGIONAL MINISTRY – CLERGY [one three-year term]



The Rev. Jedediah Fox – *Priest-in-Charge, Church of the Redeemer, Kenmore.* I'm standing for Diocesan Council to be a part of the big picture. The role of Council is to look and manage the priorities of the whole diocese so that every person and parish associated with the diocese can more fully engage in the mission of the people of God. I've served on Diocesan Council in the Diocese of Montana and understand how the decisions that Council makes effect every part of the larger diocese.

DIOCESAN COUNCIL EVERGREEN REGIONAL MINISTRY – CLERGY [one three-year term]



The Rev. Bonnie Malone – *Vicar, St. George, Maple Valley.* Having served on the Diocesan Council for the past four years, as representative for the Evergreen region, I am happy to be nominated for a second three-year term. The work of the Diocesan Council is vital as we continue to work towards the vision of becoming a diocese of transformation.

DIOCESAN COUNCIL HOLY C REGIONAL MINISTRY – LAY [one three-year term]



Jamie Balducci – *Senior Business Intelligence Analyst at Group Health; member of Epiphany Parish of Seattle.* I am pleased to be standing for re-election to Diocesan Council. The last 3 years have been enriching and engaging. I am passionate about the ways our communities of faith can work together across our congregations to strengthen our expression of the Body of Christ. I am a big picture thinker with a passion for creative solutions. I continue to look for ways for us to direct our limited resources to the most fruitful endeavors and enable increased communication and cooperation between congregations. I would be honored to continue to serve the Holy C region and the Diocese in this capacity.

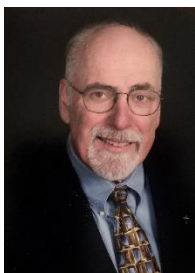
DIOCESAN COUNCIL MT. BAKER REGIONAL MINISTRY – LAY [one three-year term]



Linda Donato – *Retired from fashion industry, management and teaching at SPU; member of Christ Church, Anacortes.* I have been involved as a Eucharistic visitor for 10 years two times a month along with feeding homeless ladies twice a month for 10 years. I have served as a lay reader for the TV Eucharist twice this month to shut-ins on King TV. During Katrina I served on a team including the Bishop, two times in a rebuilding of homes in New Orleans. I have taken care of two hospice patients as they passed into eternal life. I currently provide emotional and spiritual help for a close friend that suffers from throat cancer. I have been the management position in the fashion business for 32 years, retiring late December 1915.



Mary Jane Van Hoesen – *Engineer; member of St. Paul, Bellingham.* Today's world requires strength and stability. My faith and faith communities support constant growth in my Christian walk. A cradle Episcopalian, I grew up in the choir and EYC, graduated from EfM, trained as a mentor at Sewanee, served three years as Mt. Baker region co-convener and currently serve on the healing ministry team member and as intercessor at St. Paul's. God puts people in our path for a reason. One such person led to me Kairos Outside Prison Ministry. I was on the KO journey for more than 10 years as a guest, leader and Advisory Council chair in Tennessee and Washington. I know well the struggles of finance, policies, procedures and difficult decision making, but I also know the glory God shows in HIS people when we shine HIS light through ourselves to others. I look forward to serving another ministry with the Diocesan Council. Be Blessed.



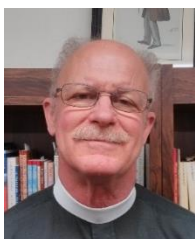
Robert Vollkommer – *Retired; member of St. Paul, Bellingham.* My wife and I are active members of St Paul's Episcopal Church, Bellingham. I served on the vestry of Grace Episcopal Church in Galena, IL for seven years, five as Senior Warden. Currently I am on the vestry of St Paul's, chairman of the Personnel and Facilities Planning Committees, member of the Finance Committee, and active in our alms ministry. Alms has raised my awareness of homelessness in our community inspiring service on the Steering Committee of Whatcom County Coalition to Eliminate Homelessness, and the Access ID initiative. I am a founding member of the grassroots Community Engagement Committee to Eliminate Homelessness. Thirty-five years with the DuPont Company as a manager with different levels of responsibility provided me with various skills including change management and organizational effectiveness. In retirement, I am committed to serve God, my church, and my community.

DIOCESAN COUNCIL PENINSULA REGIONAL MINISTRY – LAY [one three-year term]



Joan Collins – *Retired Teacher; member of St. Barnabas, Bainbridge Island.* I have completed my first term on the Diocesan Council, and look forward to a second term. I am unafraid to ask questions, to offer my opinions and to listen to others with respect. While I don't have much work-world experience, I learned management skills at home, birthing and raising seven children. I taught English as a Second Language to adults for five years and learned to listen to a question with no preconceived idea of an answer. I have a desire to serve and an energy for ministry that comes from my dedication to discovering new gifts that I have been given.

DIOCESAN COUNCIL RAINIER REGIONAL MINISTRY – CLERGY [one three-year term]



The Rev. Martin Yabroff – *Rector, St. Andrew, Tacoma.* I am eager to serve again on Diocesan Council. I bring experience in starting a new congregation, re-developing existing congregations after challenging situations, long practice in interfaith and ecumenical ministries and organizations, and excitement about being the Episcopal branch of the Jesus Movement in these new times for evangelism and service. I hope to assist Diocesan Council in strengthening congregations, developing strategic plans for future ministries, and responding to the needs of our world. Please know that in the 9 years I have served in this diocese at St. Andrew's, Tacoma, my understanding of the mission of the Church has changed and developed. I now fully support Marriage Equality and the Episcopal Church's policy of welcoming all persons to the Ordination Process. I am happy to discuss my personal views with anyone who would like to contact me at St. Andrew's.

DIOCESAN COUNCIL WILLAPA REGIONAL MINISTRY – LAY [unexpired two-year term]



Jan Akin – *Actively retired; member of St. Benedict, Lacey.* I have spent 30-plus years actively participating or leading ministries in various areas but primarily within youth and family ministries, including 9 years staffing family ministries at St. John's, Olympia. I have served on vestry and bishop's committees, as regional convener for the past several years, Convention delegate, and in various other roles, and coordinated Camp Michael, a Willapa Regional Residential Ministry for 26 years. Special interests include photography and graphic design and being a grandparent. I look forward to further expansion of ministry opportunities.

SECRETARY OF THE DIOCESE OF OLYMPIA



Ms. Karen Gusse – *Senior Business Process Analyst for the Boeing Corporation, and a consultant with the Diocesan Congregational Consulting Network; member of St. James, Kent.* I am called to support the work of the Diocese of Olympia as the Secretary to Convention. This position serves as a member of the Board of Directors, where I will use my gifts and skills developed in business to help guide the ministry and vision of the Diocese. I am a two-time prior member of the vestry at St. James, a co-leader of young adult ministry and an active part of our music ministry. I graduated from the diocesan College for Congregational Development and am now working as part of the Consultant Network. I look forward to learning from the other members and being able to share my gifts.

ARCHIVIST AND RECORDS MANAGER



Ms. Diane Wells – *Archivist and Records Manager for the Diocese of Olympia; member of Messiah Lutheran Church, Auburn.* As Archivist and Records Manager for the Diocese of Olympia, I have served as an Officer of Convention for 22 years. During that time, I have maintained custody of the diocesan Archives and have sought to continually advance the Archives' mission to identify, collect, preserve and make available records of enduring value to the diocese and to support the ministry and community life of diocesan congregations, ministries and institutions.

TREASURER



Mrs. Barbara A. Fox – *Retired escrow officer/limited practice officer; member of St. John, Kirkland.* I wish to continue working on constructive uses of our Diocesan assets all to the glory of God.

HISTORIOGRAPHER



Br. Carle Griffin, OCP. – *Retired; member of St. Mark's Cathedral, Seattle.* As Historiographer I have researched the history of the Episcopal denomination, the Diocese of Olympia, and many aspects of local history that have a bearing on diocesan history in order to be a resource to the church. I have inventoried parish resources and given presentations to congregations on diocesan and parish history. Wide-ranging experience in parish offices and activities have grounded my understanding of the Episcopal Church. The draft of a history of the Episcopal Church in Western Washington has reached a major milestone this year. Academic preparation includes BA and MA degrees in history from U.C. Berkeley.

DEPUTY TO 2018 GENERAL CONVENTION - CLERICAL ORDER



The Rev. Jedediah Fox – Rector, Church of the Redeemer, Kenmore. My name is Jedediah Fox and I am standing for nomination as a clerical deputy to the 79th General Convention of the Episcopal Church for a few reasons. First, I have previous experience with the scope and challenge that the General Convention can represent as a deputy. I was a lay deputy to the 75th General Convention in 2006 from the Diocese of Montana. More importantly I am standing because I believe deeply in the General Convention – and what it represents. I believe that this mad, chaotic, wonderful morass that we call the General Convention has the ability to do real work in equipping the saints for ministry and that the policies that deputies spend late nights and early mornings hammering out can matter in really positive ways to the ministry of every diocese, every parish, and every member of the body of Christ.



The Rev. Kendall Haynes – Priest-in-Charge, St. Matthew, Tacoma. As one of the younger clergy in our diocese, I would be honored to experience General Convention for the first time as a clergy alternate. Having attended nearly every diocesan convention for all of my adult life, I know the value of experiencing our legislative process, meeting new people, and bringing back new ideas and contacts for the betterment of those whom I am representing. I look forward to this opportunity with excitement and humility as I discover how the experience informs my current positions of priest-in-charge of St. Matthew's Browns Point/Tacoma and Rainier Regional Representative to Diocesan Council as well as my passion for social justice with particular emphasis on antiracism ministry. Thank you for considering my nomination.



The Rev. Robert C. Laird – Rector, St. John, Olympia. An effective and successful deputation is one that can bring the unique perspectives of their diocesan family to the Convention, along with a vast and intricate web of relationships across the church, and familiarity with the Convention's rules, history, processes, and idiosyncrasies. I love being a part of our unique and joy-filled diocese, and my experiences of previous General Conventions will help me be useful in strategizing, networking, and legislating on behalf of our diocese in 2018. I am particularly passionate about liturgy & music and faith formation, and has been my deepest honor to serve God's Church with these passions and skills. I love to strategize, network, bring people together around common interests and passion, worship, plan worship, have fun, solve problems, innovate, and do my part in building up our little corner of the great Jesus Movement.



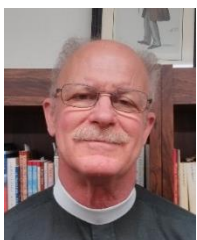
The Rev. Rachel Taber-Hamilton – Rector, Trinity Church, Everett. Throughout my 14-year tenure in the Diocese of Olympia, I have always been actively engaged in several diocesan committees and councils, including Antiracism, First Nations, Diocesan Council, Ethnic Ministries and serving as President of Standing Committee. For five years, I served on The Episcopal Church Executive Council Committee on Indigenous Ministries. At the General Convention in 2015, I was elected to the Province VIII Executive Committee and am currently serving on the Presiding Bishop's Indigenous Missioner Search Committee. At every level of our church organization, I have served as an advocate for marginalized and minority voices within our society and within Church. I bring broad experience in collaborative leadership, organizational polity and communication to the committee work and legislative dialog which characterize the General Convention. I feel sincerely called to serve our diocese in this vital ministry, through which the Church strives to realize God's mission in the world.



The Very Rev. Steven L. Thomason – *Dean & Rector, St. Mark's Cathedral, Seattle.* I have served at three previous General Conventions, including GC2015 as a deputy from Diocese of Olympia, and I was appointed by the President of the House of Deputies to chair the Special Legislative Committee on Alcohol and Other Drug Use at GC2015. I was also appointed by the Presiding Bishop to serve on the ad hoc Commission on Impairment in Leadership which will report back to GC2018. I would be grateful to serve our diocese and the Church once more in the role of clergy deputy.



The Rev. Kate E. Wesch – *Associate Priest, Epiphany Parish of Seattle.* I look forward to working with our diocesan delegation and participating in the governance of the Church at the General Convention in 2018. As a lifelong Episcopalian and a parish priest for 10 years, I have served in a variety of diocesan roles in both urban and semi-rural settings. I have a special interest in inspiring young people to join and remain in the Episcopal Church. My deep and abiding love for our Church, its vision and priorities can be contagious. I understand the challenges of leading God's people and would use my role as a deputy to promote zeal and integrity in worship, creative thinking in polity, and authenticity to the Gospel as followers of Jesus.



The Rev. Martin Yabroff – *Rector, St. Andrew, Tacoma.* Having served at St. Andrew's, Tacoma for 9 years, including 6 years on Diocesan Council, I believe I can represent our diocese and its perspectives well. I have also served as deputy to General Convention 4 times representing other dioceses and have participated in several General Conventions since then, so I am familiar with its complex working. I am excited to help the Episcopal Church live into Presiding Bishop Michael Curry's vision of the Jesus Movement and the challenge of evangelism today. Please know that in the time I have served in this diocese my understanding of the mission of the Church has changed and developed. I now fully support marriage equality and the Episcopal Church's policy of welcoming all persons to the ordination process. I am happy to discuss my personal views with anyone who would like to contact me at St. Andrew's.

DEPUTY TO 2018 GENERAL CONVENTION - LAY ORDER



Judith Andrews – *Attorney, of counsel with Apex Law Group; member of St. Mark's Cathedral, Seattle.* As a lawyer (and one familiar with canonical law), I have found it challenging and enriching to work at both a committee and convention level, participating with Bishops and other deputies, in drafting and analyzing the resolutions and policies that will bring us more deeply into who and what the church will be. The issues include institutional racism, marriage, climate change, a new book of common prayer and any more. I believe that my skills and my experience as a deputy at the 2015 General Convention will help me serve more effectively and work collaboratively with our deputation with respect to our presence and participation at the Convention and in bringing what we have learned and gained back to the diocese.



Charlotte A. Brown – *Retired Registered Nurse; member of St. Joseph-St. John, Lakewood.* As a member of St Joseph-St John I am currently on the Bishop's Committee and also serve as worship leader, chalice bearer, Eucharistic minister and Eucharistic visitor. I am a member of the diocesan Grants Committee. I have had the pleasure of attending the last two General Conventions as your 1st lay alternate. At our last Diocesan Convention, I was presented with the Bishop's Cross which I accepted with humility and delight. I am a lifelong Episcopalian and through prayer, study, and common sense and of course with joy I proudly serve our church.



Sandi Carter – *Retired Physician; member of Christ Church, Puyallup.* As an alternate deputy, I have been closely following the issues and developments in the Episcopal Church and Anglican Communion. Nearing the end of my second year as senior warden in a congregation that has come alive after a period of decline, I have honed my ability to adapt to a changing culture and to be an early adopter of forward movement. This is an exciting time to be part of our church.



Rachel Duquette – *Student/Youth Ambassador with Kennedy-Lugar YES; member of St. Anne, Washougal.* The word Episcopalian meant little to me until, at 13, I stumbled upon Diocesan Convention. This new aspect of church enchanted me, my interest piqued by parliamentary procedure. I was hooked. Since then, I've pursued my passion by serving as bishop's committee clerk, by planning, attending, and staffing youth conferences as a member of Youth Council, and by attending diocesan Conventions as youth representation. In 2015, I travelled to General Convention on the youth pilgrimage, which reaffirmed my desire to participate more fully in church governance, especially relating to international and social issues. Now, I'm spending my senior year in Morocco on a State Department scholarship for citizen diplomacy, investigating how faith and community connect to culture in a country that's 99% Muslim. The Episcopal Church is a community of welcome fueled by love of God, and I hope to continue to serve it as a deputy at General Convention.



Betty Anne McCoy – *Retired; member of Christ Church, Anacortes.* I attended the General Convention in 2015 in Salt Lake City as a lay alternate. I am familiar with the order and procedures of General Convention. I found the discussion of the issues in committees the most stimulating. It is here the major issues facing the church are discussed and recommendations made. I would be honored to represent the Diocese of Olympia as a deputy to General Convention.



Robert "Kinnon" McPeak – Counselor at Camp Galilee Episcopal Camp; member of St. Paul, Mount Vernon. I have been in the church since I was born due to the fact that my mom is a priest. I am heavily involved in the youth events of the diocese. I am on Youth Council and have been on the convention floor as both a youth delegate and page. I really enjoy following politics and discussing theology with priests and other educated people because I am curious about the church and how different policies affect the way people see the church from the outside. Going to General Convention would help me look at the church with a more close-up, in-depth eye and would allow me to aid in the formation and change of policy in the church.



Douglas Stuart Oles – Law partner at Oles Morrison Rinker & Baker LLP; member of Epiphany Parish of Seattle. I have served as a parish warden, on Diocesan Council, Diocesan Joint Board, and for many years as chair of our Diocesan Committee on Constitution & Canons. Having helped to represent our diocese at the last three General Conventions, I have finally acquired enough seniority to get a meaningful committee assignment (last time, on the national Canons Committee). Episcopalians have wonderful traditions of liturgy, music, theology, and humor, and I believe we must come together to focus on evangelism and retention of young communicants. I will be honored if chosen to represent our diocese again at the next General Convention.



Michael Seewer – UPS Supply Chain Solutions, Customs Brokerage Manager; member of St. Mark's Cathedral, Seattle. Serving God in the church is something I do with joy and gratitude. I give thanks for my many blessings by being involved in a variety of liturgical ministries and serving this year at diocesan convention. I am new to the Diocese of Olympia, moving from the Diocese of Kentucky about 2 years ago. At St. Mark's Cathedral, I am active in choir and altar guild. In my former diocese, I served as delegate to diocesan convention and as deputy to the 78th General Convention in 2015. I would be honored to serve our Church at the 79th General Convention. I am thankful to be nominated and considered to serve! In my secular life, I am a licensed customs broker and proud daddy to a 4-year-old Maltese named Fritz and live in Capitol Hill in Seattle.

*Diocese of Olympia
Resolutions Committee
2016 Report to Convention*

*MEMBERS OF THE RESOLUTIONS COMMITTEE: **The Rev. Bonnie Malone**, St. George, Maple Valley; **Ms. Mary Maxon**, Emmanuel Church, Mercer Island; **Ms. Susan Rolfe**, St. Mark, Montesano; **Mr. David Swim**, St. John the Baptist, Seattle; and **the Rev. Jonathan Weldon**, St. Paul, Bellingham, chair.*

The Resolutions Committee has considered the four resolutions submitted for consideration at the 2016 annual convention and recommends DO PASS on each one.

| | | |
|----------------------|---|--------|
| <u>Resolution #1</u> | <i>2018 Diocesan Assessment Rate</i> | Page 2 |
| <u>Resolution #2</u> | <i>Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2017</i> | Page 3 |
| <u>Resolution #3</u> | <i>Family Leave Proposal</i> | Page 4 |
| <u>Resolution #4</u> | <i>Health Insurance Coverage</i> | Page 7 |

1 **Resolution #1 – 2018 Diocesan Assessment Rate**

2 *Submitted by the Diocesan Council*

3 **Resolved,** That this 106th Convention of the Diocese of Olympia approve the
4 recommendation of the Diocesan Council that the 2018 diocesan assessment rate factor be
5 set at 15.0% of the Net Disposable Income (NDI).

6 Explanation: In accordance with Canon 7, Diocesan Convention determines the assessment
7 rate for the second year of assessment following determination; thus the 2016 Convention
8 sets the 2018 assessment rate. Over the past few years the rate has been reduced to the
9 current level of 15%; the rate was 20% from 2004 to 2006, 18% from 2007 to 2011, 17.5% in
10 2012 and 17% in 2013, 2014, & 2015, 16% in 2016 and set at 15% for 2017.

11 Some years ago, Bishop Rickel and the Diocesan Council committed to a review of our
12 assessment rate and structure, as well as our overall vision and mission. An assessment rate
13 task force made presentations to the Diocesan Council during 2013; the Diocesan Council
14 acted on several recommendations, which took effect in 2014 and 2015, including the non-
15 assessment of grants to congregations and a new way of calculating the NDI, with changes
16 to Canon 7 as provided in the report of the Constitution and Canons Committee. With each
17 of these changes, the diocese has reduced the amount of assessment dollars not collected
18 each year.

19 The current assessment shortfall rate is likely to be the lowest since 2002. Coupled with
20 reductions in spending at the diocesan level, Diocesan Council lowered the assessment rate
21 to 16% of NDI while maintaining all current programs for 2016. In the year following,
22 Diocesan Council reduced the assessment rate to 15% for 2017 based on the pattern of
23 revenues and expenditures.

24 The continuation of this rate of 15% is based upon the patterns of assessments paid by
25 congregations since the shift to “real-time NDI calculations,” the performance of the
26 diocesan investments, and the fiscal prudence of diocesan staff.

27 This decline in the assessment rate, 25% over the past decade, is a substantial shift in
28 dollars from the diocesan budget back to individual congregations to further local missional
29 activities by our congregations. Moreover, by maintaining the current assessment rate of
30 15%, the diocesan budget is able to provide additional support to congregations through
31 grants, a clergy residency program, support for congregations in transition, the widely
32 acclaimed College for Congregational Development, support for emerging missions, and
33 other forms of congregational support and assistance. Said programs account for almost
34 50% of the diocesan budget.

1 **Resolution #2 – Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2017**

2 *Submitted by the diocesan Personnel Commission*

3 **Resolved,** That this 106th Convention of the Diocese of Olympia set the Cost of Living
4 Adjustment for 2017 parochial clergy salary scale at 1.8%.

5 Explanation: As required by Canon 23, sections 2 and 5, the Personnel Commission, in
6 August 2016, proposes the Cost of Living Adjustment (COLA) for 2017 for the parochial
7 clergy salary scale. This is based on the Bureau of Labor Statistics Consumer Price Index for
8 the Seattle-Tacoma-Bremerton area for June 2015 to June 2016, which showed an increase
9 in the cost of living of 1.8%. For information purposes the Personnel Commission offers the
10 clergy salary scale adjusted for the proposed COLA increase:

11 **Personnel Commission – 2017 Proposed Parochial Clergy Salary Scale**

| 12 | GRADE | MINIMUM | MID-POINT | MAXIMUM |
|----|-------|-----------|------------|------------|
| 13 | A | \$ 86,205 | \$ 107,756 | \$ 129,308 |
| 14 | B | \$ 78,366 | \$ 97,958 | \$ 117,550 |
| 15 | C | \$ 71,231 | \$ 89,038 | \$ 106,846 |
| 16 | D | \$ 64,766 | \$ 80,957 | \$ 97,149 |
| 17 | E | \$58,950 | \$73,687 | \$ 88,424 |

18 **Mandatory Policies (applies to rectors and vicars):**

- 19 1. If church-owned housing is provided, the range is reduced by 30% plus the amount of any
20 utilities provided, either in form of actual utility costs paid or in allowances provided.
- 21 2. Clergy must be paid at least the minimum of the applicable range.
- 22 3. Clergy with five (5) or more years of ordained service must be paid at least 90% of the mid-
23 point of their congregation's applicable grade. Note: a clergy person with less than five (5)
24 years should be given pay raises greater than the cost-of-living adjustment so the salary
25 would reach the 90% of mid-point by the fifth year.
- 26 4. Clergy with ten (10) or more years of ordained service must be paid at least 100% of the
27 mid-point of their congregation's applicable grade. Note: a clergy person approaching (10)
28 years in the same grade or congregation should be given pay raises greater than the cost-of-
29 living adjustment so the salary would reach the 100% of mid-point by the tenth year.
- 30 5. Exceptions to these policies require the approval of the Bishop.
- 31 6. All financial agreements with clergy must be rewritten or amended in their Mutual Ministry
32 Agreement to reflect changes in compensation or provisions and a copy forwarded to the
33 Bishop by January 31 of each year.

34 **Advisory Policies:**

- 35 1. For assisting clergy, it is recommended that minimum compensation be established at two
36 salary grades below that established for the parish or mission, depending upon
37 qualifications and experience.
- 38 2. If a congregation is moving toward a higher grade, that congregation would be wise to
39 increase toward that new salary grade incrementally.
- 40 3. Congregations are encouraged to consider clergy performance when deliberating
41 compensation increases in excess of the COLA.
- 42 4. For interim clergy of a parish or mission, it is recommended that compensation shall be at
43 the grade level of the parish or mission, prorated for the percentage of time committed.

1 **Resolution #3 – Family Leave Proposal**

2 *Submitted by the diocesan Personnel Commission*

3 **Resolved**, That this 106th Convention of the Diocese of Olympia, upon recommendation of
4 the Personnel Commission, approve a Family Leave Policy to be added to standard letters of
5 agreement and hire agreements for eligible lay and clergy employees of diocesan
6 congregations and the Office of the Bishop.

7 **Explanation:** In forming this resolution, the Family Leave Subcommittee of the Personnel
8 Commission balanced care for individual employees with care for congregations, particularly
9 smaller ones with smaller budgets. We were conscious of the need to have this policy work
10 for ALL congregations.

11 We began with the model used by the Federal government, the Family and Medical
12 Leave Act (FMLA). That law, applied to larger employers than congregations, merely provides
13 unpaid leave, meaning an employee cannot lose their job if they take a limited amount of
14 time off to have a child or for a medical emergency, but that is the extent of the benefit.

15 We believe that the church, which is specifically charged with caring for God's people,
16 can do better. FMLA merely reserves a position, which is less of a need in congregations. To
17 be of genuine value, some level of paid leave is necessary. We wanted to be genuinely
18 supportive of families as a statement of our values, following the resolutions by the national
19 church at the 78th General Convention.

20 Like many of the other dioceses around the country, which we surveyed, we chose to
21 offer a reasonable amount of paid leave. The amount we are proposing is less than other
22 dioceses in an effort to keep things affordable for smaller congregations, but substantial
23 enough that it will be a tangible benefit to clergy and lay employees as they add new
24 members to their families, deal with personal medical emergencies, or care for ill family
25 members.

26 In addition, the Church Pension Fund offers partial income replacement in the case of a
27 clergy employee who is taking maternity leave, which is likely to cover the cost of supply
28 preaching entirely, making this proposal even more affordable for congregations. Partial
29 income replacement may also be available to lay employees eligible and participating in a
30 Short Term Disability plan.

31 NOTE: The final language of the policy will be reviewed and approved by the diocesan
32 Chancellor.

33 **Family Leave Policy**

34 **Introduction:** All eligible clergy and lay employees of congregations in the Diocese of
35 Olympia are entitled to up to 12 weeks of leave during a 12-month period to care for a
36 newborn or newly-adopted child; to care for a spouse, domestic partner, child or parent with
37 a serious health condition; or for the employee's own serious health condition when they
38 are unable to perform the functions of the job.

39 **1. Parental Leave**

40 Eligible clergy and lay employees are entitled to six (6) weeks of paid leave to care for a
41 newborn or newly-adopted child. Compensation during paid leave will continue at the same

rate and hours as agreed in the letter of agreement/hire letter. Employees may choose to extend this time with up to six (6) additional weeks of unpaid leave (during which they may use accrued paid leave benefits, e.g., vacation and/or sick leave). Requests for Parental Leave must be made at least 30 days in advance and must be scheduled to take place within one year of the date of birth or adoption. Parental Leave must be taken as one consecutive leave period and may not be taken on an intermittent or reduced schedule basis, unless authorized by the employer.

2. Pregnancy Disability Leave

Pregnancy Disability Leave will be granted to an employee who is the birthing mother of a child, upon receipt of a physician's certification stating that they are unable to work due to pregnancy. Up to six (6) weeks of the leave will be paid; all remaining leave will be unpaid. Compensation during paid leave will continue at the same rate and hours as agreed in the letter of agreement/hire agreement. During unpaid leave, an employee may choose to use accrued paid leave benefits, e.g., vacation and/or sick leave. If employee is eligible for and has in place short-term disability, employee will be asked to file a short-term disability claim and amounts received will reimburse the congregation during the paid portion of this leave. Parental Leave generally begins after Pregnancy Disability Leave ends.

3. Medical Leave

Eligible clergy and lay employees are entitled to up to 12 weeks of unpaid leave for family medical emergencies:

- To recover from or seek treatment for a serious health condition of the employee.
- To care for a family member (spouse, domestic partner, child or parent) with a serious health condition.
- To care for a child (under the age of 18 or an adult child substantially limited by a physical or mental impairment) who suffers from an illness or injury that does not qualify as a serious health condition, but that requires home care.

Requests for Medical Leave must be made at least 14 days in advance, if possible. All due consideration will be given to requests for leave which cannot be made 14 days in advance. Medical certifications may be required to both begin and end employee medical leave. Medical Leave for a serious health condition may be taken on an intermittent or reduced schedule when medically necessary. If an employee's leave is related to a medical condition which has rendered the employee unable to perform the job, a "fitness for duty" certification from the healthcare provider will be required to return to work.

4. Eligibility

- a. All regular employees who have been employed by a diocesan congregation or the Office of the Bishop for at least one (1) year are eligible for Family Leave.
- b. All genders are equally eligible to receive Family Leave.

5. For all Family Leaves

- a. The 12-month period for determining leave entitlement is calculated from the first day leave is taken looking forward 12-months.
- b. Health insurance benefits will continue during the entire leave at the same level and conditions as if the employee were continuing to work. Employees remain responsible for any premium amounts normally contributed toward their health care coverage, including dependent coverage.

- 86 c. Sabbatical leave may not be taken in any year in which four (4) weeks or more of
87 Family Leave is taken.
- 88 d. The employer portion of pension contributions will not be made during unpaid leave;
89 employees may make arrangements to continue employee contributions.
- 90 e. Employees on leave are expected to keep the employer posted regarding expected
91 return date.
- 92 f. An employee on leave will return to the same job or one of like status and pay unless
93 the position was eliminated due to reorganization or a reduction in force or other
94 reason unrelated to the leave.

95 This policy will take effect January 1, 2018. At that time, it will also be added retroactively to
96 existing letters of agreement and hire agreements with existing eligible employees, both
97 clergy and lay.

1 **Resolution #4 – Health Insurance Coverage**

2 *Submitted by the diocesan Personnel Commission*

3 **Resolved**, That this 106th Convention of the Diocese of Olympia adopt the following policy on
4 health insurance coverage for eligible lay and clergy employees in diocesan congregations
5 and the Office of the Bishop.

6 Explanation: This policy has the same parameters as adopted by the convention in 2012 when
7 parity was mandated by the General Convention. The date to achieve parity was January 1,
8 2016, and we believe that all of our congregations have met that standard. This policy maintains
9 the minimum employer contributions for eligible employees and allows the Personnel
10 Commission to identify each year the appropriate base plan, as well as the minimum required
11 employer contributions. The 2017 recommendation of 100% employee and 75% dependents is
12 the same as what was in the 2012 resolution. The policy adds additional information on setting
13 the minimums and choosing a base plan, as well as opportunities to provide above the minimum
14 standard and rules for opting out of the ECMT. NOTE: The final language of the policy will be
15 reviewed and approved by the diocesan Chancellor.

16 **Health Insurance Coverage Policy**

17 Introduction: It is the goal of the Diocese of Olympia to provide health insurance coverage
18 for all eligible employees through the Episcopal Church Medical Trust (ECMT) as required by
19 the Denominational Health Plan (DHP).

- 20 1. **Eligibility**: Health insurance must be provided to all employees who work 1500 or more
21 hours annually, or .75 FTE (3/4 time) of actual full time hours. Part time employees
22 between 1000-1500, or .50-.75 FTE may self-fund coverage. An employer is not required
23 to contribute any amount toward premiums for part time employees, but may do so if
24 desired and economically feasible.
- 25 2. **Level of Coverage**: The minimum standard for employer contribution to healthcare
26 premiums for eligible lay and clergy employees will be identified by the Personnel
27 Commission each year; if the standard changes, such changes will be submitted to the
28 convention for approval. Prior to open enrollment each fall, the Commission will also
29 identify the base plan from among those currently being offered by the ECMT.
- 30 3. **2017 minimum standard**: The 2017 minimum standard employer contribution will be
31 100% of the base plan for employee and 75% of the base plan for dependents of the
32 employee. An employee may buy up to a more expensive plan than the base plan,
33 assuming personal responsibility for payment of the difference in premium.
- 34 4. **Parity**: Minimums and premium-sharing must be the same for all eligible lay and clergy
35 employees.
- 36 5. **Providing more than the minimum mandated coverage**: Diocesan congregations and
37 the Office of the Bishop are encouraged to exceed the minimum standards of health
38 insurance coverage for all employees, maintaining parity between lay and clergy
39 employees.
- 40 6. **Opting out**: The ECMT allows eligible employees to opt out of the mandated DHP
41 coverage in a few specific instances: the employee receives insurance through their
42 spouse; employee has coverage through the military; employee is covered by Medicare
43 Insurance. Congregations may NOT opt out – only individual employees.

DIOCESE OF OLYMPIA

COMMITTEE ON CONSTITUTION AND CANONS

REPORT TO 2016 ANNUAL DIOCESAN CONVENTION:

At its two 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 assisted other Diocesan groups in formulating their proposals for canonical changes. The following are changes that the Committee recommends for passage at Convention.

First 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. The following amendments are proposed for their first vote.

Constitution, Art. XII (Deputies and Alternate Deputies to General Convention)

Although it has not previously been stated, the practice (under national canons) is that clerical deputies must be canonically resident in the Diocese of Olympia.

In addition, a question arose as to whether a 16-year-old adult communicant can be elected as a deputy to General Convention (as distinct from participating in the organized group youth presence at that gathering). Although the national canons do not seem to prohibit deputies or alternates under the age of 18, there are practical problems with sending an unaccompanied minor to another state for a convention where deputies are expected to check into a hotel on their own and handle personal charges by credit card. The Diocesan Handbook for Those Who Work with Children or Youth establishes standards to protect young people who participate in Diocesan activities. To be consistent with those standards, the Committee recommends clarifying that nominees should either be at 18 years old at the time of General Convention or they should undertake to be accompanied by a parent or guardian.

Section 1: ...a concurrent majority vote of the clerical and lay orders, voting separately, shall elect four clerical Deputies who are canonically resident in the Diocese, and four lay Deputies, who are adult Communicants in Good Standing...

Add a new Section 5:

Adult Communicants in Good Standing who are elected as Deputies or Alternate Deputies to General Convention must be at least 18 years old at the start of General Convention or must be accompanied by a parent or guardian in compliance with applicable Diocesan procedures for those who work with children or youth.

[Carried in both orders](#)

Second Vote on Changes to Constitution

Constitution, Art. X, Section 1 (Standing Committee):

Our Diocesan Convention has previously distributed instructions to delegates indicating that nominees for clerical positions on Standing Committee must be canonically resident in our Diocese. This requirement does not, however, appear in our Constitution or Canons. Such a requirement would seem consistent with the spirit of Article VII, Section 3 of our Constitution provides that clergy generally may not vote at Diocesan Convention unless they “are canonically resident within this Diocese”. The Committee recommends resolving this uncertainty by clarifying the first sentence of Article X as follows:

By a concurrent majority vote of the clerical and lay orders, voting separately, the Convention shall elect a Standing Committee to consist of four clergy who are canonically resident in this Diocese and four lay members who are adult Communicants in Good Standing.

[Carried in each order](#)

Constitution, Art. XII, Section 3(e) (Deputies & Alternate Deputies to General Convention):

The Rules of General Convention currently provide that the chair of each deputation shall be elected from among the members of that deputation. To avoid this conflict, the Committee proposes the following clarifying amendment:

Unless otherwise provided by the rules of General Convention, On the first ballot from which a Deputy is elected, the candidate receiving the highest number of votes in both orders combined shall serve as chair of the diocesan deputation.

[Carried in each order](#)

Constitution, Article XV (Admission of New Parishes and Missions)

Section 1(d) in Article XV provides that a Parish desiring admission into union with Convention must present evidence that it has at least twenty-five adult Communicants in Good Standing. Meanwhile, Canon 8(1) provides that a Parish may only be organized with at least 50 adult Communicants in Good Standing. Because the operative threshold is 50 adults, it seems appropriate to eliminate the discrepancy.

In 2013, Convention voted (for the first time) that it made more sense to reconcile the inconsistency by requiring a minimum of fifty adult Communicants rather than twenty-five. In 2014, however, Convention voted to refer the question back to Standing Committee and the Bishop, without any particular instructions. Upon reconsideration,

and with input from Standing Committee and the Bishop, the Committee maintained that the discrepancy should be resolved in favor of requiring the higher number of Communicants to organize a Parish. In 2015, Convention agreed, and we now present the issue for a second vote of approval.

Specifically, the Committee asks Convention to vote to amend Article XV(1)(d) as follows:

...the Parish shall have delivered...

- (d) Satisfactory evidence that the Parish has been regularly organized by the election of two wardens, with a total of not fewer than six nor more than fifteen vestry members, and that the Parish contains at least ~~fifty~~twenty-five adult Communicants in Good Standing.

Carried in both orders.

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 25: Dissolution of the Pastoral Relation

Section 3: Change "bishop" to "Bishop" in the final line

Section 7: Amend as follows:

For cause, the Bishop may extend the time periods specified in this Canon, provided that all be done to expedite these proceedings. ~~The~~All parties shall be notified in writing of the length of any extension.

Section 8: Amend as follows:

- a. Statements made during a mediation conducted pursuant to Section 3 ~~the course of proceedings under~~ this Canon ~~shall are not be~~ discoverable ~~nor~~ admissible in any subsequent legal or disciplinary proceedings except where expressly required by prevailing law or Title IV of the Canons for the Government of the Episcopal Church under Title IV provided that this does not require the exclusion of evidence in any proceeding under the Canons which is otherwise discoverable and admissible.
- b. In the course of proceedings under this Canon, if a complaint~~charge~~ is made by the Vestry against the Rector that ~~could~~gives rise to a disciplinary proceeding under Title IV, Canon 4.1 all proceedings under this Canon shall be suspended until the complaint~~charge~~ has been resolved or withdrawn.

Section 9: Amend as follows:

Except in cases where, in the judgment of the Bishop, actions may have violated the standards of clergy conduct under Title IV, Canons 3 or 4.1~~exceeded the boundaries of acceptable priestly behavior~~, the Bishop may, within the first three years of a Rector's ~~C~~all to a ~~p~~Parish, choose not to invoke the Canon for Dissolution. In making such election the Bishop will seek to provide prompt mediation and support to address the differences ~~without Canonical intervention~~.

Carried in both orders.

Canon 27: Questions of Procedure

Change title from "Questions of Procedure" to "Procedural Rules"

Modify text as follows:

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

Carried in both orders.

Add a new Canon 30: Communications:

- a. Members and any committee, commission or other Diocesan entity may participate in a meeting by conference telephone or similar communications equipment so that all persons participating in the meeting can hear each other at the same time. Participation by that method constitutes presence in person at a meeting.
- b. Unless expressly prohibited by applicable Constitution or Canons or prevailing law, written notices or communications required herein may be provided by electronic mail, facsimile, or other electronic media that generate a contemporaneous record of the transmission and its date and time. Such communications must be capable of being reproduced in a tangible medium by both the sender and recipients.

Carried in both orders.

Faithfully submitted,

COMMITTEE ON CONSTITUTION
& CANONS

Douglas Oles, Chair

Judith L. Andrews, Chancellor
Sarah S. Mack
Ann McCartney
Donna R. McNamara
Dede Moore, Diocesan Staff
The Reverend Stephen Moore
The Reverend Marda Steedman Sanborn,
Diocesan Staff

Diocese of Olympia
106th Annual Convention
Report of the Committee on Privilege

The Committee on Privilege recommends that the following persons be given the privilege of voice, or seat and voice at the 106th Annual Convention of the Diocese of Olympia.

Retired Bishops now residing in the diocese (canonical in other diocese), if present

The Rt. Rev. Cabell Tennis, Bishop Retired, Delaware

The Rt. Rev. William Choi, Bishop Retired, Anglican Church of Korea

Bishops of the Evangelical Lutheran Church in America

Bishop Richard Jaech, Southwestern Washington Synod

Bishop Kirby Unti, Northwest Washington Synod

Officers of the Diocese/Convention who are not members of Convention

Diane Wells, Archivist and Records Manager (voice)

Diocesan Staff members who are not members of Convention

Kerry Allman, Internet Strategist

Michelle MacKinnon, Executive Assistant to the Bishop & to the Canon to the Ordinary

Dede Moore, Canon for Operations

Others who are not members of Convention

Susan Bloomfield, Convention Musician

K. Ann McCartney, Parliamentarian

Diocesan Mission Stations & Congregations

Kelly Caver, Church of the Apostles (COTA), Seattle

Natalia Pierson, Church of the Apostles (COTA), Seattle

Francisco Lopez, La Iglesia Episcopal de la Resurreccion, Mt. Vernon

Baudelina Paz, La Iglesia Episcopal de la Resurreccion, Mt. Vernon

Liberto Arellano, Our Lady of Guadalupe, Seattle

Alexandra Torres, Our Lady of Guadalupe, Seattle

Diocesan Youth Presence

Liz Foster, St. Paul, Bellingham

Tristan Johnson, Church of the Good Shepherd, Federal Way

Michael McAdams, St. Benedict, Lacey

Seattle Service Corps

Grant Brestle / Christian Knafla / Jonathan Pucik / Carrie Surbaugh / Timothy Watson / Brandon Wheeler / Hilary Zedlitz / Canon Malcolm McLaurin, director

Those presenting reports or speaking on behalf of presenters of resolutions to this Convention (voice only)

Katie Akesson, Elections

Paul Benz, Faith Action Network

Chuck Hamilton, Episcopal Relief & Development

Ken Hawkins, Mission to Seafarers

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

| | | |
|---------------------------|---------------------|-------------------|
| Adams, Richard | Hampton, Sanford ZK | Ruder, John |
| Avery, Joyce | Hopkins, Vivian L | Sells, Jeff |
| Bell, John | Keller, Patterson | Shaver, Stephen |
| Berge, Clark | Kolbet, Paul | Stewart, Daniel |
| Bogel, Marianne | Leech, John | Stewart, Ralph |
| Chrisman, Robert | Lindsey, Barrett | Taylor, Robert |
| Clark, Corbet | Maier, Andrea | Thomas, Josh |
| Cleveland-Stout, Jennifer | Mason, Eric | Tomter, Patrick |
| Collins, Paul | McCaw, Mary | Ward, Karen |
| Conklin, Daniel | McClain, Rebecca | Williams, Robert |
| Corrigan, Candice | McDonnell, George | Wolfe, V. Eugene |
| Dement, Thomas | Miller, A Scott | Yearwood, Kirtley |
| Deng Deng, William | Moore, Robert | |
| Eustis, Pat | Perry, Lawrence | |

Clergy licensed in the Diocese of Olympia, if present:

| | | |
|-------------------------|------------------------|---------------------|
| Adams, William Seth | Greenwood, Don | Rodgers, Stephen |
| Armstrong, Pamela | Hall, Alwyn | Rodman, Reginald |
| Ayers, Phillip | Hillesland, Ivar | Ross, Nancy |
| Bird, Julie | Jellison, Mary | Scannell, Alice |
| Blubaugh, Susan | Kyllo, Terry | Scannell, John |
| Bourne-Raiswell, Maggie | Larive, Armand | Shaffer, James |
| Brown, Marilyn | Litzenberger, Caroline | Sipe, Robert |
| Brown, Robert | Mariga, David | Stinson, Marian |
| Caguiat, Carlos | Maxwell, William | Totman, Glenn |
| Clift, Jean | Mburu, Elias | Tudor, William |
| Echols, Beth | McLuen, Roy | Vollkommer, Marsha |
| Fleischer, Terry | Mix, Lucas | Von Wrangel, Carola |
| Friedrich, James | Monson, David | Watson, Stennis |
| Gallagher, Bob | Nelson, Elizabeth | Whitmore, Charles |
| Grant, Hugh McPhail | Pope, Stina | Willis, Andrew |
| Green, Mary | Robertson, Josephine | |

Submitted by,

Committee on Privilege

The Rev. Curt Zimmerman, vicar, Church of Our Saviour, Monroe, chair

The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary

Canon Dede Moore, Canon for Operations

Diocese of Olympia
2016 CONVENTION COMMITTEES & COMMISSIONS

Constitution & Canons Committee

*Mr. Douglas Oles, Redeemer, Kenmore
Ms. Judith Andrews, Diocesan Chancellor
Ms. Sarah S. Mack, Trinity Church, Everett
Ms. K. Ann McCartney, St. Mark's Cathedral, Seattle
Ms. Donna McNamara, St. John the Baptist, Seattle
Canon Dede Moore, Canon for Operations
The Rev. Stephen Moore, All Saints, Bellevue
The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary

Resolutions Committee

*The Rev. Jonathan Weldon, St. Paul, Bellingham
The Rev. Bonnie Malone, St. George, Maple Valley
Ms. Mary Maxon, Emmanuel, Mercer Island
Ms. Susan Rolfe, St. Andrew, Aberdeen
Mr. David Swim, St. John the Baptist, Seattle

Nominations Committee

*The Rev. Bonnie Campbell, St. Mark, Montesano
The Rev. Rilla Barrett, St. Stephen, Oak Harbor
Ms. Sally Farrell, Good Samaritan, Sammamish
Ms. Diane Stipp, St. Stephen, Seattle
The Rev. Dr. Dennis Tierney, St. Barnabas, Bainbridge Is.

Committee on Privilege

*The Rev. Curt Zimmerman, Church of Our Saviour, Monroe
Canon Dede Moore, Canon for Operations
The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary

Committee on Dispatch of Business

*Ms. Jamie Balducci, Epiphany Parish of Seattle
Canon Dede Moore, Canon for Operations
The Rt. Rev. Greg Rickel, Bishop Diocesan

Disciplinary Board

Mr. Mac Brown, St. Mark's Cathedral, Seattle
Mr. Mark Hutcheson, Epiphany Parish of Seattle
Mr. Karl Oles, Redeemer, Kenmore
The Rev. Peter Strimer, St. Andrew, Seattle
The Rev. Pat Taylor, retired
The Rev. Dr. Tom Warne, Good Shepherd, Vancouver
Ms. Candace Weatherby, All Saints, Vancouver
The Rev. Jonathan Weldon, St. Paul, Bellingham
Mr. Marvin L. Gray, Jr., Church Attorney

Commission on Personnel

*Mr. John Sutherland, St. Paul, Seattle
Mr. Kelly DiCicco, Trinity Church, Everett
Ms. Rosemary Doupe, St. Mary, Lakewood
Mr. Ted Ederer, St. John, Kirkland
The Rev. Shelly Fayette, Christ Church, Seattle
Ms. Lynn Frink, Epiphany Parish of Seattle
Mr. Jim Quitslund, Grace Church, Bainbridge Island
The Rev. Jenny Vervynck, CADO Rep, St. Alban, Edmonds

Commission on Church Architecture

The Rev. Janet Campbell, Canon for Liturgy
*Mr. Rollie Dawson, St. Thomas, Medina
Ms. Roxanne Hamilton, St. Andrew, Seattle
Ms. Tisha Helmer, St. James, Kent
Mr. Mark Nelson, St. Thomas, Medina
Mrs. Mary Nelson, St. Thomas, Medina
Ms. Kaye Robinson, Epiphany Parish of Seattle
The Rev. Dr. Dennis Tierney, Diocesan Property Manager

Commission on Ministry

The Rev. Mark Blindheim, Emmanuel, Mercer Island
Ms. Mary Butler, St. Mark's Cathedral, Seattle
The Rev. Bonnie Campbell, St. Mark, Montesano
The Rev. Cynthia Espeseth, St. Hilda-St. Patrick, Edmonds
The Ven. Gen Grewell, Archdeacon ex officio
The Rev. Karen Haig, St. Thomas, Medina
The Rev. Eric Johnson, Christ Church, Anacortes
Ms. Mary Lyons, St. Stephen, Longview
The Rev. Nancee Martin, St. Mark's Cathedral, Seattle
Mr. Frank Prohaska, Christ Church, Seattle
The Rt. Rev. Greg Rickel, bishop diocesan, ex officio
Mr. George Robertson, St. Barnabas, Bainbridge Island
The Rev. Becky Scott, St. Benedict, Lacey
The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary, ex officio
The Rev. Craig Vocolka, St. Antony of Egypt, Silverdale

Liturgy & Arts Commission

Ms. Susan Bloomfield, St. Benedict, Lacey
The Rev. Janet Campbell, Canon for Liturgy, ex officio
The Rev. Steve Danzey, Good Samaritan, Sammamish
The Rev. Sara Fischer, St. Paul, Seattle
The Rev. Gen Grewell, Archdeacon
The Rev. Josh Hosler, St. Paul, Bellingham
The Rev. Judith McDaniel
Mr. Markdavin Obenza, Trinity Church, Seattle
The Rev. Eric Stelle, St. John, Gig Harbor

Diocesan Council Report to Convention 2016

The Diocesan Council (DC) is the convention in recess. It has responsibility to oversee the budget and program goals of the Diocese, and to carry out the priorities adopted by convention. DC members accept assignments, work on task groups, and attend regional, committee, and commission meetings as necessary. DC agendas include items for discussion and conversation, presentations, updates and reports.

Official actions taken by the Council December 2015 through September 2016:

- *Budget*: Approved 2016 funding, and scholarship funding, for the Iona School. / Approved encumbrance of 2015 funds into 2016 to complete projects. / Accepted revisions to the 2016 operating budget. / Adopted a balanced 2017 budget to be forwarded for ratification at the fall 2016 convention.
- *Auburn, St. Matthew/San Mateo*: Accepted plan to pay a portion of its prior year unpaid assessments.
- *Battle Ground, Holy Spirit*: Granted full relief from remaining unpaid prior year assessments; rebated 2016 debt payments.
- *Friday Harbor, St. David*: Accepted plan to pay 10% of unpaid 2014 assessment in monthly installments; granted debt relief of the remaining 90%.
- *Kirkland, St. John*: Granted full relief from remaining unpaid prior year assessments; rebated 2016 debt payments.
- *Seattle, St. Luke*: Accepted plan to pay a portion of its prior year unpaid assessments.
- *Snoqualmie, St. Clare*: Approved 2013 assessment relief.
- *Refugee Resettlement Office*: Designated the executive director as the authorized representative for economic development and micro-enterprise contracts. Approved submission of application to the 2017 Community Development Block Grant non-housing capital competitive funding for micro-enterprise development. Relinquished contract to the New Roots Fund.
- *Miscellaneous*: Granted 5-year certification to St. Stephen, Longview—Big Leaf Montessori School. / Approved changes to the Child Abuse Prevention Guidelines. / Recorded 2016 housing allowances. / Authorized the accounting office to write off, for IRS purposes only, all outstanding 2015 assessment balances. / Updated the 2016 Parochial Clergy Salary Scale to reflect the change in the mandatory policy on church-owned housing percentage from 20% to 30%, as established by CPG. / Approved publication of “Calculating Disposable Income” as a guide to congregations preparing monthly Net Disposable Income reports. / Approved the Joint Finance Panel (JFP) charge and procedures. / Approved 2017 Grants to Congregations. / Recommended 15% as the assessment rate for 2018.

Members of the Diocesan Council:

The Rt. Rev. Greg Rickel, Bishop Diocesan; **The Rev. Danae Ashley**, Be Attitudes-Clergy, St. Stephen, Seattle; **Ms. Jamie Balducci**, Holy C-Lay, Epiphany Parish of Seattle; **The Rev. Rilla Barrett**, Mt. Baker-Clergy, St. Stephen, Oak Harbor; **Ms. Nadine Baxter**, Evergreen-Lay, St. Matthew/San Mateo, Auburn; **The Rev. Lex Breckinridge**, Eastside-Clergy, St. Thomas, Medina; **Ms. Linda Brice**, Rainier-Lay, St. Andrew, Tacoma; **The Rev. Michael Carroccino**, Holy C-Clergy; **Ms. Joan Collins**, Peninsula-Lay, St. Barnabas, Bainbridge Island; **Ms. Sally Farrell**, Eastside-Lay, Good Samaritan, Sammamish; **Ms. Joslin Harris-Gane**, Be-Attitudes-Lay, Christ Church, Seattle; **The Rev. Kendall Haynes**, Rainier-Clergy, St. Matthew, Brown’s Point/Tacoma; **The Rev. Bonnie Malone**, Evergreen-Clergy, St. George, Maple Valley; **Ms. Betty Anne McCoy**, Mt. Baker-Lay, Christ Church, Anacortes; **The Rev. Mark Miller**, Sno Isle-Clergy, St. John, Snohomish; **Ms. Denise Patrick**, Sno Isle-Lay, St. Hilda-St. Patrick, Edmonds; **Ms. Susan Rolfe**, Willapa-Lay, St. Andrew, Aberdeen; **The Rev. Dennis Tierney**, Peninsula-Clergy, St. Barnabas, Bainbridge Island; **Ms. Jana Whitworth**, Columbia-Lay, St. Anne, Washougal; **The Rev. Michael Wright**, Columbia-Clergy, St. Stephen, Longview. *Others with seat and voice*: **Ms. Judith Andrews**, Diocesan Chancellor; **The Rev. Canon Dr. Marda Steedman Sanborn**, Canon to the Ordinary; **Ms. Barbara Fox**, Diocesan Treasurer; **Canon Dede Moore**, Canon for Operations.

Respectfully submitted on behalf of the Diocesan Council by,
Canon Dede Moore, Canon for Operations

Report of the Board of Directors – 2016

The Board of Directors of the Diocese of Olympia, Inc. (the “Diocese”) 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 members noted below and convenes monthly as needed.

Members of the 2015 – 2016 Board of Directors:

The Rt. Rev. Gregory Rickel, president; **Mr. George Robertson**, vice president, St. Barnabas, Bainbridge Island; **Ms. Karen Gusse**, secretary, St. James, Kent; **Ms. Barbara A Fox**, treasurer, St. John, Kirkland; **Mr. Wadell Brent**, Church of the Good Shepherd, Federal Way; **Ms. Mary Dickinson**, St. Mark’s Cathedral, Seattle; **Mr. George Garcia**, St. Joseph St. John, Lakewood; **the Rev. Christina Jillard**, St. Margaret, Bellevue; **Mr. Collie Liska**, St. Benedict, Lacey; **Ms. Patricia McGuire**, St. Bede, Port Orchard; **the Rev. Jonathan Weldon**, St. Paul, Bellingham; Ex Officio: **Mrs. Judith Andrews**, chancellor, St. Mark’s Cathedral, Seattle.

Staff members working regularly with the Board of Directors:

The Rev Canon Dr. Marda Steedman Sanborn, canon to the ordinary; **Canon Dede Moore**, canon for operations; **Mr. Harold Hall**, consulting canon for finance.

Over the past year the Board has again been assisted by a steering committee working between meetings to maximize the Board’s effectiveness through advance planning and preparation of agenda items. Two of the largest funds managed by the Board are the Mission Development Fund (MDF), for purchasing land, and the Building Loan Fund (BLF), for construction. The current status is:

Mission Development Fund (MDF)

As of Sept. 30, 2016

| | 2016 | 2015 |
|----------------------|------------|------------|
| Available Funds | \$ 72,047 | \$ 101,201 |
| Property in Orchards | \$ 557,643 | \$ 557,643 |
| Notes Receivable | \$ 90,026 | \$ 101,006 |
| Net Assets | \$ 719,716 | \$ 759,850 |

Building Loan Fund (BLF)

As of Sept. 30, 2015

| | 2016 | 2015 |
|---------------------|--------------|--------------|
| Available Funds | \$ 1,674,180 | \$ 1,795,759 |
| Notes Receivable | \$ 3,409,400 | \$ 3,464,958 |
| Interest Receivable | \$ 83,880 | \$ 91,157 |
| Net Assets | \$ 5,167,460 | \$ 5,351,874 |

Specific Board actions on behalf of congregations (and former congregation properties) Dec. 2015–Oct. 2016:

- *Cathlamet, St. James Family Center*: Granted relief (based on 2012 resolution #5 – Modify Capital Campaign Purpose) of the balance on its outstanding capital campaign loan. Set a loan repayment plan for second loan. Used Board Working Funds for specific deferred maintenance repairs to the church and family center. Revised the payment date on the loan.
- *Darrington, Transfiguration*: Funded installation of a new septic system.
- *Elma, St. Luke*: Established a use agreement with Learning to Grow, a licensed childcare program.
- *Kent, St. Columba*: Granted relief (based on 2012 resolution #5 – Modify Capital Campaign Purpose) of the remaining balance on its outstanding capital campaign loan.
- *Maple Valley, St. George*: Appointed a new DOR for the construction project.
- *Mill Creek property*: Authorized listing and sale. Counter offered an offer.
- *Port Townsend, St. Paul*: Refinanced its current diocesan loan.
- *Poulsbo, Faith*: Funded installation of a new gas furnace in the church building.
- *Poulsbo property*: Amended the existing purchase and sales agreement. Added an addendum.
- *Sammamish, Good Samaritan*: Restructured a loan note with the congregation.
- *Seattle, Diocesan House*: Funded a new office sign facing 10th Avenue E. Accepted a proposal for a complete deferred maintenance inspection.

- *Seattle, Lake City property*: Following decision to close the George Community Center in June 2016, provided rent assistance to one tenant. Signed a letter of intent to proceed with negotiations for development of the property. Funded a survey to identify the high water mark and critical areas. Moved forward with brush removal. Allowed Tent City 3 to use the property from Aug. 26, 2016, through early January 2017.
- *Seattle, Rainier Valley property*: Extended a use agreement for the sanctuary with New Christian Church.
- *Seattle, St. Luke*: Approved request to install a lift in the old church building; all expenses to be covered by the congregation. Funded the balance of cost for immediate destruction of two dilapidated cottages on the property that posed a security and personal risk.
- *Seattle, St. Mark's Cathedral*: Approved a bridge loan for a period of three years from date of initial disbursement of funds, no earlier than April 30, 2017.
- *Seaview, St. Peter*: Approved renovation project to upgrade bathroom facilities; authorized congregation to withdraw funds from its DIF account for the project.
- *Sedro Woolley*: Authorized a one-year usage of the vacant lot for a community garden, with oversight by the St. James bishop's committee. Determined not to actively work to sell the property; and to encourage the congregation to plant a community garden and to see what else they might be able to grow in the coming years. Declined a request to build a transitional group home on a portion of the property.
- *Shelton, St. David of Wales*: Approved a six-month loan extension; to be paid from sale of the parish hall.
- *Silverdale, St. Antony of Egypt*: Approved a purchase and sales agreement with Silver Water Nature Place. Authorized direct pay of construction bills during the time congregation funds are used. Approved a purchase and sales agreement between the congregation and the New Fellowship Church for sale of the current church property. Approved a 3-year bridge loan to begin on the date of initial disbursement; to be repaid by capital campaign pledges collected by the congregation. Established a new banking relationship of the congregations choosing. Allowed the congregation to obtain a line of credit loan.
- *Tacoma, All Saints*: Allowed the congregation to lease its land to the Episcopal Retirement Community (ERC) for a period of 53 years to build 45 affordable senior housing units and an attached community building.
- *Tacoma, Holy Family of Jesus*: Authorized sale of excess church property; authorized the HFJ Community Center to sell an additional parcel of property. Proceeds from sale of both parcels to be used for capital improvements during redevelopment.
- *Tacoma, St. Andrew*: Provided a short-term extension of the bridge loan to November 1, 2016.
- *Vancouver, Orchards property*: Engaged a seller's agent for disposal of the Orchards property. Accepted an offer on the property, subject to a feasibility contingency to allow for a zone change.
- *Washougal, St. Anne*: Signed a grading permit with the City of Washougal.
- *Westport, Chaplains on the Harbor*: Approved installation of two ADA showers and toilets, and an ADA building entrance.
- *Approved DIF withdrawals for*: Bellevue, All Saints; Washougal, St. Anne; Lacey, St. Benedict; Tacoma, All Saints; Seaview, St. Peter; Bainbridge Island, St. Barnabas; South Bend, St. John.

Additional actions December 2015 – October 2016:

- *Board Working Funds*: Authorized use for deferred maintenance inspections of mission properties. Established guidelines for use of funds in the diocesan operating budget each year.
- *Budget & Finance Committee (B&F)*: Informed the B&F there were no 2015 capital gains fund for use in the 2017 diocesan operating budget. Informed the B&F that the remaining 2014 capital gains in the capital fund reserve were available for use in the 2017 diocesan operating budget.
- *Building Loan Fund (BLF) & Mission Development Fund (MDF)*: Set the 2016 BLF interest rate for both parishes and missions at 3.5%; set the MDF loan rate at 3.5%.
- *Church Architecture Commission*: Requested the bishop appoint a member of the Bishop's Committee on the Environment (BCE) to be a liaison member to the Commission.
- *Diocesan Investment Fund (DIF)*: Approved a Governance Policy Statement, including details on membership.
- *Diocesan Owner's Representatives*: Approved a "DOR Scope of Work" to be attached to each agreement.

- *Financial:* Updated the signature authorities at D.A. Davidson (investment banker). Moved funds from US Bank to a new account in the Hodges DIF entitled "Operating Account Reserve." Set up two new reserve accounts in the DIF, moving funds from D.A. Davidson and Umpqua Bank. Approved the 2015 audit by Peterson Sullivan, LLP. Approved submission of the annual diocesan report to The Episcopal Church. Authorized the diocesan finance office to pay off the Bank of the Pacific loan using un-invested funds to be repaid upon maturity of the CD at Bank of the Pacific. Wrote off a portion of the receivable on the diocesan books from the Sammamish Water & Sewer District.
- *Huston Center:* Authorized the Huston Center Operations Committee to use funds from its 2015 credit balance to provide bonuses to year around staff.
- *Joint Finance Panel (JFP):* Approved a process for consideration of recommendations by the Board. Approved a JFP charge and procedures.
- *Policies:* Revised the Administrative Actions policy. Revised policies: Board Delegation of Administrative Actions; Board Delegation of Emergency Actions; Checklist for Property Purchase by Mission Congregations or Diocesan Organizations.

Administrative actions reviewed by the Chancellor and signed by the Treasurer on behalf of the Board – December 2015 – October 2016:

Contract for Wrecking Ball for demolition work at Sedro Wooley / For the Stewardship Office: IATS Payments Merchant App & Agreement, IATS ACH rates and fees addendum, IATS Contract information / Clergy Conference Contract for Dumas Bay / In consultation with the Canon to the Ordinary: funds for immediate safety work at the Poulsbo property / Sub-contract for Refugee Resettlement Office (RRO) with Child Care Resources / Architects contract for St. Antony, Silverdale / New Roots loan guarantee / Use agreement St. Luke's, Ballard furnace estimate Poulsbo property / Painting estimate for sanctuary for St. Hugh, Allyn in consultation with the Canon to the Ordinary / Management letters for Petersen Sullivan, for 2015 audit / St. Antony, Silverdale architect's addendums / DSHS subcontract for RRO / Bill for \$500 for annual report from LeGuarde for the Diocesan Investment Fund / Audit confirmation letter for Diocese of Jerusalem / Proof of Loss Affidavit for Church Insurance re: St. Elizabeth, Burien / Receipt for funds received from the Peter Hallock estate / EFI Global contract for soils test at Sedro Woolley / ESL contract amendment to increase contract amount for RRO / Vehicle Registration Certificate for van tabs for Dianne Aid's vehicle / W-9 for St Luke's Ballard part of copier contract / Account Certifications (5) for Peterson Sullivan for audit / Tax form for donor funds for DA Davidson St. Andrew's Seattle / RRO transfer of grant from Diocese of Olympia to New Roots / Audit confirmation letters (5) / With Canon to the Ordinary painting and tree removal approval for Anacortes, Red Door Thrift Shop / Withdrawal by St. Hugh, Allyn from DIF for Celtic Conference / Renewed St. Luke's Ballard corporation with Secretary of State / Purchase order for US Bank IATS / Audit account confirmation letter on DA Davidson / Contract with Joel Cole Construction for Chaplains on the Harbor / Contract with Fagerland Const for St. Peter by the Sea / Listing agreement with Coldwell Bank Assoc, Vancouver, for the Orchards property / Listing Agreement for Mill Creek property / US Bank Authorized Signature Form for James F. Hodges Diocesan Investment Fund / Assignment of Proxy for Alki Beach Towers HOA to Greg and or Marty Rickel / IRS form 8283 for receipt of donation to Christ Church / 2016 contract w/King County for the Refugee Resettlement Office / Payment to Alki Towers HOA for Bishop's house reserve account / DSHS contract renewal (ESL) for RRO / Acknowledgement to St. Paul, Pt. Townsend, from Canon to the Ordinary and Treasurer that their loan is due on July 1, 2016, but they will not pay it, as they will submit a request to refinance to the Board in August / Statement of Financial Responsibility for St. Luke, Seattle demolition permit / Steeple repair contract for St. Bede, Port Orchard / Payment for mowing Orchards property in Vancouver to remove fire danger / Canon to the Ordinary and Treasurer authorized St. Hugh, Allyn to withdraw funds from the DIF / Management letter regarding audit with Peterson Sullivan / Catering contract with Rainier Club for Diocesan Investment Fund committee quarterly meeting / Seabeck Conference contract / Canon to the Ordinary and Treasurer approved withdrawal of funds from DIF by St. Peter, Seaview, for parking lot paving / Seattle Public Utilities meter removal application for the Lake City property / For US Bank and DIF 1st Amendment to Securities Lending Agreement

Submitted on behalf of the Board of Directors by Dede Moore, Canon for Operations.

Standing Committee Report to the 106th Diocesan Convention

This report reflects the actions of the Standing Committee from Nov. 2015-Oct. 2016. The Standing Committee of the Diocese of Olympia held regular meetings throughout the year. At the Nov. 2015 meeting, the Rev. Jane F. Maynard (2016) was elected President and The Rev. Bill Fulton (2017) was elected Secretary. Ms. Kathryn Rickert (2017) agreed to serve as Chaplain; The Rev. Cynthia Espeseth (2018) agreed to serve as our representative to the Commission on Ministry, a position she fulfills as a full voting member of the Commission and Ms. Deede Woods (2018) agreed to serve as our representative to the Joint Finance Panel. The remaining members of the Standing Committee in 2016 were Ms. Alice Reid (2016), Ms. Karen McCarthy Casey (2019) and The Rev. Alfredo Feregrino (2019).

The following actions were taken during the past year:

Mutual Ministry Review (MMR)

According to the Bishop's Letter of Agreement (LOA), the Standing Committee is the body charged with working with the Bishop to conduct an annual MMR. This is not a "performance review," rather, it is an opportunity to consider how well we are working together as a Diocese to achieve jointly agreed upon goals. In 2016, the Bishop and Standing Committee reviewed Bishop Greg's LOA which had not been revised since his arrival in 2007. The MMR considered the Bishop's responsibilities, salary and benefits as a part of the review, and also sought to review and evaluate our progress in the ministry focus areas established when Bishop Greg arrived in 2007. In the course of this review, the Standing Committee:

- Engaged Ms. Caroline McCall, an experienced church consultant from the Diocese of California, to assist in planning and executing the review
- Supported Ms. McCall in hosting a one-on-one conversation with the Bishop about his experience of and hopes for our mutual ministry
- Developed a questionnaire for members of the Diocesan Staff and Governing Bodies to assess our mutual ministry and to assist in setting goals for the future
- Received training in facilitation by the Rev. Alissabeth Newton and then engaged the other Governing Bodies and Staff in discussions of our mutual ministry and desired goals
- Offered our own responses to the questionnaire with the help of the Rev. Arienne Davison, facilitator
- Collated written and verbal responses and submitted them to Ms. McCall for summary and review
- Convened two plenary sessions with the Bishop, and representatives from the Staff and Governing Bodies to consider the way forward in our mutual ministry. In conjunction with them, we crafted a vision to guide us. We also developed a calendar for future reviews.
- Presented the vision to the Governing Bodies at our September retreat and elicited from them goals consonant with it to guide the MMR in 2017
- Will present the vision to Diocesan Convention to seek input from clergy and congregations regarding the role of the vision in shaping their contributions to our mutual ministry in 2017 and beyond

Episcopal Elections, Ordinations and/or Consecrations of Bishops and Diocesan Consents

- Consented to the Election of the Rev. Patrick Bell as Bishop Diocesan of the Diocese of Eastern Oregon
- Consented to the Election of the Rev. Canon Daniel Gutierrez as Bishop Diocesan of the Diocese of Pennsylvania
- Consented to the Election of the Rev. Douglas Sparks as Bishop Diocesan of the Diocese of Northern Indiana
- Withheld Consent for the Election of a Suffragan Bishop for the Diocese of West Texas due to the Diocese's low level of giving to the national church.
- Consented to the Election of the Rt. Rev. Santosh K. Murray as Bishop Diocesan of the Diocese of Easton
- Consented to the Election of the Rev. Canon Jose A. McLoughlin as Bishop Diocesan of the Diocese of Western North Carolina

- Consented to the Election of the Very Rev. Dr. DeDe Duncan-Probe as Bishop Diocesan of the Diocese of Central New York

Priesthood/Diaconate

- Approved Todd Foster; St. Paul's, Bellingham; for Ordination to the Transitional Diaconate in Nov. 2015
- Approved Alice Bower; Holy Spirit, Battleground; for Ordination to the Transitional Diaconate in Nov. 2015
- Approved Todd Foster; St. Paul's, Bellingham; for Ordination to the Priesthood in May 2016
- Approved Alice Bower; Holy Spirit, Battleground; for Ordination to the Priesthood in May 2016
- Five members of the Standing Committee attended Candidacy Day in Sept. 2016 where they participated in interviewing 5 postulants who are seeking to move toward candidacy for ordination to the priesthood.
- Consulted with the Bishop and Commission on Ministry on the issue of debt, which is a true burden for many seminarians and newly ordained clergy. One outcome of the discussion was Bishop Rickel's new requirement that all postulants for Holy Orders meet with a financial planner.

Property Matters

- Approved St. Peter's, Seattle proposal to sell their rectory after they worked with the Joint Finance Panel to develop a plan for the proceeds of the sale
- Recommended that St. Stephen's, Seattle return to the Standing Committee in one year with their proposal to sell a house on property adjoining the church. The Standing Committee asked that they develop a plan to decrease operating costs and to strengthen evangelism
- Approved a request by St. James, Kent to sell an easement to the south of the church to the Sun Vista Apartments
- Approved a request by St. Luke's/San Lucas, Vancouver to adjust their property line at their neighbor's request
- Approved St. Thomas, Medina request to convert a \$394,000 line of credit for construction costs into a long-term real estate loan
- Approved St. Margaret's, Bellevue request to encumber the church property in the refinance of debt with US Bank designed to achieve lower administrative costs.
- Approved a request by St. Barnabas, Bainbridge Island to sell two acres of land to fund construction of a new administration building with an elevator.

Other Matters

- Approved a charge for the Joint Finance Panel which specifies JFP's membership, process for reporting to the Governing Bodies, role in the audit, and advisory role to congregations requesting to sell or lease property, buy property, seek or restructure loans, or otherwise make property decisions requiring canonical or corporate permission.
- Approved the Diocesan Audit
- Convened the ad hoc Episcopal Compensation Review Task Force after gathering data on Bishop's salaries from 6 dioceses comparable to our own in income, attendance and/or cost of living. The Task Force reviewed this salary data and recommended that Bishop Greg's salary be increased for 2017 in accordance with the COLA for clergy approved at the 2016 Convention.

It has been a privilege for me to serve as President of the Standing Committee and to work closely with Bishop Greg who has been a wonderful colleague and friend in this ministry. I have high confidence in the wisdom and skill of my colleagues on the Committee and know that you will be well served by them in the year ahead.

Faithfully,
The Rev. Dr. Jane F. Maynard
President of the Standing Committee

Report of the Commission on Personnel to Diocesan Convention 2016

The Commission on Personnel has made progress on a variety of issues. In 2016, members worked in two task groups on a Family Leave Policy and Health Insurance Coverage Policy, and also reviewed and recommended the 2017 COLA. These are all presented in the Resolutions Committee Report with DO PASS recommendations. 2016 overview of work:

COLA (Resolution 2). Each year the Commission on Personnel recommends a Cost of Living Adjustment that is applied to our Parochial Clergy Salary Scale for adoption at Convention. Our determination is based upon the Bureau of Labor Statistics report on changes to the cost of living in our region. This year we propose a Cost of Living Adjustment (COLA) of 1.8%—the exact percent cost of living rise from June 2015 to June 2016. The COLA is meant to maintain clergy salaries at par from year to year, not as a sole mechanism for compensation changes.

Family Leave Policy (Resolution 3). We are proposing this for multiple reasons. One is simply the statement we wish to make as Christian people that we care for those who work for the church in a professional capacity, as part of our care for all of God's people. Another reason is quite practical. While FMLA (Federal Medical Leave Act) provides unpaid leave, the ultimate purpose is to hold a job while a worker is away. That is less of an issue for churches, so unpaid leave seemed like a gesture with no practical effect. We wanted to do something that would more directly help the lives of clergy and lay employees. When we realized that the expenses for the congregation during paid leave were not as severe as we initially feared this proposal became the clear solution.

We asked ourselves if this would double a congregation's expenses for a while. But happily, the answer is no. Even for small congregations, the expense of continuing an employee's salary and benefits is the same as it is when they are working. When they are away on family leave of any kind, the cost of supply coverage (in the case of clergy) adds somewhat to the church's expenses, but is nowhere near double. Many of an employee's functions can be covered for a short amount of time by volunteers. We also looked at dioceses around the country that have policies in place that offer paid family leave of this length of time or more. A few of note: Diocese of Idaho—up to 12 weeks of paid leave; Diocese of El Camino Real—6 weeks of paid leave; Diocese of Los Angeles—12 weeks of paid leave; Diocese of New York—7 weeks of paid leave; and Diocese of Chicago—8 weeks of paid leave.

There are others who offer more time, but unpaid. For example, the Diocese of Oregon offers 12 weeks of unpaid leave. Most of the policies that offer paid leave also offer an additional amount of unpaid leave, as this proposal does. Some may ask why not MORE paid leave. The diocese may well move to increase the amount of paid leave in the future, but we wanted to maintain the balance of concern for both employees and smaller congregations. Six weeks felt like a substantial help to employees without being an undue burden on congregations.

We also looked at The Episcopal Church stance on family leave, which is very clear in its support of family leave as a central expression of our values. Here is the opening of Resolution D030 at the 78th General Convention in 2015: "Resolved, the House of Bishops

concurring, That the 78th General Convention strongly urges all dioceses, congregations, and other church-related offices and agencies/contexts to establish and make available parental leave policies for birth and adoptive parents, both clergy and lay, in their employ.”

Health Insurance Coverage Policy (Resolution 4). We consulted with an insurance expert, as well as with contacts at the Episcopal Church Medical Trust of the Church Pension Fund. We surveyed congregations to gather information on current practices as well. Options discussed included premium sharing and “buy-up” proposals. While “buy-up” options are not mentioned in the final proposal, the survey found that several congregations are already using and or discussing this option in which the congregation covers the minimum standard for the base plan and gives the employee the option to purchase or “buy-up” to a more robust plan through a payroll deduction covering the difference in premium cost.

This policy maintains the eligibility requirements, level of coverage, minimum standards and parity policy established in the 2012 resolution mandating parity. At the request of the diocesan staff, and to provide broader input, this policy designates the Personnel Commission as the group to identify each year the minimum standard for employer contribution, with any changes to be approved by the convention. It also gives the responsibility to the Personnel Commission to identify the base plan for each year.

The policy also answers two of the questions most often asked by congregations:

1. Congregations may provide more than the minimum mandated coverage, as long as parity is maintained with all eligible employees – lay and clergy. In fact, the policy, and the Commission, encourages congregations to exceed the minimum standards for all employees when economically feasible; this could include providing coverage for eligible part time employees.
2. Congregations may NOT opt out of the mandated coverage through the DHP (Diocesan Health Plan). However, eligible employees may opt out in a few specific instances outlined in the proposal.

This year, we welcomed one new member: Mr. Kelly DiCicco, Trinity Church, Everett, as our new lay professional representative. He joined our continuing members, Ms. Rosemary Doupe (St. Mary, Lakewood), Mr. Ted Ederer (St. John, Kirkland), the Rev. Shelly Fayette (Christ Church, Seattle), Ms. Lynn Frink (Epiphany Parish of Seattle), Mr. James Quitslund (Grace, Bainbridge), Mr. John Sutherland (St. Paul, Seattle), and the Rev. Jenny Vervynck, our representative from CADO (Clergy Association of the Diocese of Olympia). We are all well supported by our staff liaison, Ms. Dede Moore, Canon for Operations, and our Canon to the Ordinary, the Rev. Canon Dr. Marda Steedman-Sanborn.

Yours Faithfully,
John Sutherland, *Chair*

Report of the Commission on Ministry

Dear Bishop Rickel and the Clergy & Delegates of the 106th Convention of the Diocese of Olympia,

The work of your Commission on Ministry this past year has included discussions on discernment for lay persons, updating our Holy Orders Vocations manual, as well as conversations about alcoholism, addiction, and recovery. We have been focused on finalizing our process for directly exploring substance use in the lives and family systems of all nominees, postulants and candidates. New strategies and policies for working with these areas are not quite complete.

The Commission on Ministry has also been revising the Application for Postulancy to improve its clarity and focus; adopting a customary for sharing information with rectors, vestry members and nominees as Discernment teams are launched as well as increasing clarity regarding our role as Liaisons with postulants.



Photo: Bishop Rickel with Todd Foster, Nancy Ross, and Alice Bower.

On December 12, 2015 at Diocesan House, Bishop Rickel ordained Nancy Ross, Todd Foster, and Alice Bower as transitional deacons. On June 21, they were ordained to the Sacred Order of Priests at St. Mark's Cathedral.

We have been blessed to walk with the following individuals who are still in the process for ordination:

Postulants (priest): Cristi Chapman, Church of the Ascension, Seattle; Doug Dornhecker, St. John, Olympia; Brian Gregory, St. Thomas, Medina; Jonathan Hanneman, St. Dunstan, Shoreline; Allan Hicks, Trinity, Everett; Julia Mallett, St. Benedict, Lacey; Meghan Mullarkey, Church of the Apostles, Fremont; Gustavo Portaro, St. John, Olympia.

Postulants (Deacon): Emily Austin, Redeemer, Kenmore; David Bishop, St. Luke, Tacoma; Jeffrey Boyce, St. Andrew, Tacoma; Missy Couch, St. Margaret, Bellevue; Doug Dahlgren (currently on leave), Christ Church, Tacoma; Pat Grodt, Trinity, Everett; Charo Portaro, St. John, Olympia; Bill Thaete, St. Bede, Port Orchard.

Candidates (Priesthood): Not yet announced at the time of this report.

TCM Postulants (priest): Brian Lennstrom, Christ Church, Anacortes

TCM Postulants (NSO): Diane Canington, Christ Church, Anacortes

June Cook (NSO), Christ Church, Anacortes

Faithfully,

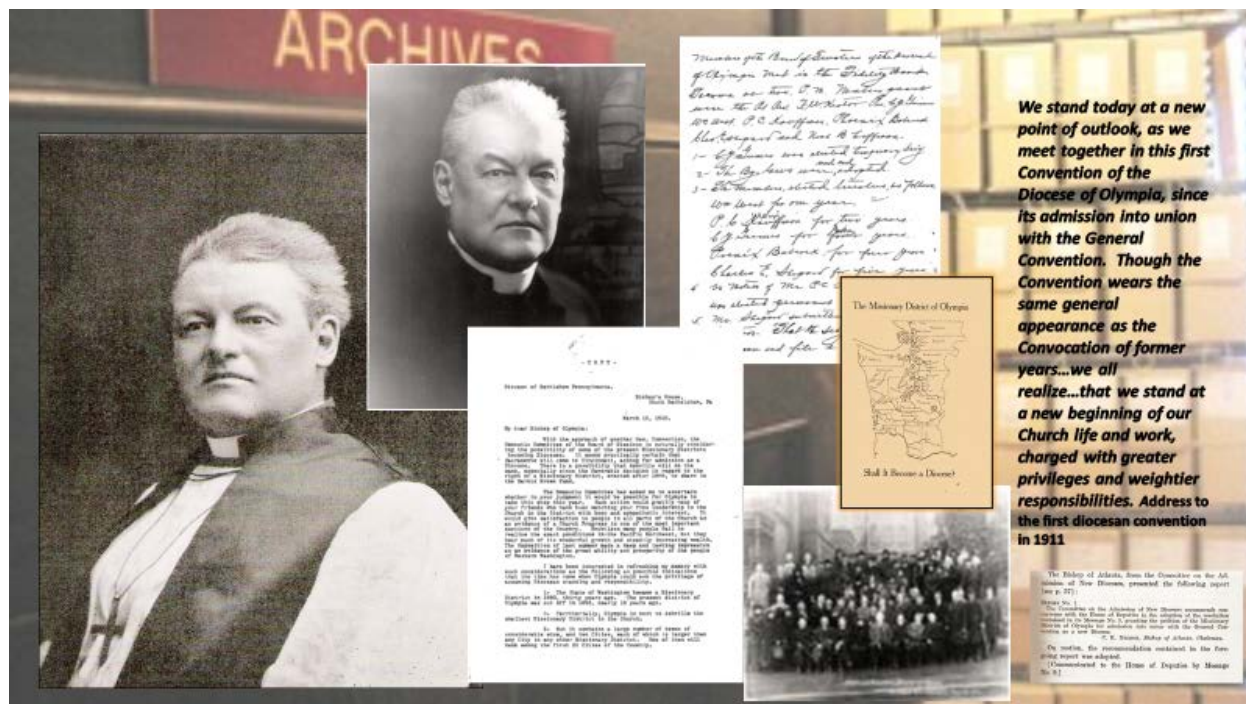
Marda Steedman Sanborn on behalf of
The Commission on Ministry

REPORT OF THE ARCHIVIST AND RECORDS MANAGER

2016

The Archivist and Records Manager is the official custodian of diocesan records and is responsible for the direction and implementation of the Archives and Records Management Program of the Diocese.

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



October is American Archives Month – a time when archives endeavor to raise public awareness and promote the use of the rich and diverse cultural resources in their care. Our diocesan Archives is no different. We have an abundance of archival resources with materials spanning more than 150 years – documenting the step-by-step formation of the Diocese of Olympia, its congregations, ministries and institutions. At this year's convention, I will be offering a presentation which provides a look at some of these resources but I would also invite you to come and see for yourself.

Preserving our documentary heritage and administering the care of our records is what our Archives and Records Management Program is all about. To that end, 2016 has witnessed another revision of our diocesan records management manual. Keeping up with departmental changes, the creation of new types of records and the elimination of others, makes regular revisions a necessity.

Knowing which records to keep permanently is the first step. Knowing how to keep them is the second. Today, archival storage for permanent records goes far beyond standard acid-free paper, folders & boxes. The Archives is currently meeting these storage demands in two ways: First, storage of electronic records in our digital archives; and second, the digitization of paper records in order to provide additional protection and access.

In past reports, I have mentioned the digitization of our refugee resettlement case files. This project continues – and will continue until it is finished. The preparation of files for digitization is very time consuming and labor intensive, which is why it takes so long to complete. However, with the help of volunteers, the project is moving along. Other archival materials are also being prepared for digitization. A photograph project is well underway. The Archives holds thousands of photos and it is my hope to digitize as many as possible and eventually make them available online.

Access is a key archival principle – and in this day and age, access means online access. I am currently exploring various online avenues for making our photographic heritage more available. Another project that I undertake on a regular basis is the review and revision of the Diocesan House Emergency Plan. I first prepared this plan in 1996 and have updated it regularly ever since. Last year I prepared a 2015 revision. Now the 2016 revision is complete.

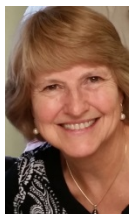
Reference requests for information continue to grow. This year – in addition to local requests, I have received requests from as far away as Scotland. In last year's report I wrote about the requests I receive for the location of financial and property information – particularly information relating to the terms of endowments and to property lines and ownership. Again, I would like to emphasize the vital nature of this type of documentation and to encourage all congregations to deposit copies of these documents with the Archives for safekeeping.

My presentation at this year's convention will also include a brief virtual tour of Diocesan House. I plan to make this presentation available on the Archives web page – fulfilling in part my last year's commitment to offering such a tour online. There are many other resources available on the Archives web page, including our social media best practices and guidelines. If you have responsibility for archives and/or records management in your congregation, I would encourage you to access the resources available to you through the Archives of the Episcopal Church at www.episcopalarchives.org and to the resources you can find on the website of the Episcopal Archivists, <http://episcopalarchivists.org/>.

This year I was selected to participate in the National Occupational Information Network (O*NET) Data Collection Program, our nation's primary source of occupational information. I continue to represent The Diocese of Olympia Archives as a founding member of the Seattle Heritage Emergency Response Network (SHERN), established to provide mutual assistance among cultural institutions in the Seattle area during times of emergency. Other professional associations in which I participate and learn from include: Seattle Area Archivists, Northwest Archivists, and the Society of American Archivists.

For more information about the Archives and Records Management Program, give me a call, send me an email or go to the our web page at: <http://www.ecww.org/departments/archives>

Respectfully submitted by,



Diane Wells, CA (Certified Archivist)

Archivist and Records Manager

dwells@ecww.org

206-325-4200 ext. 2023

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/San Mateo (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 (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)
 Chehalis, St. Timothy (Parish 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)
 Everett, Trinity Church (Parish 1892)
 Federal Way, Church of the Good Shepherd (Parish 1961)
 Forks, St. Swithin (1964, Parochial Mission of Port Angeles)
 Freeland, St. Augustine in-the-Woods (Parish 1949)
 Friday Harbor, St. David (Mission 1950/Parish 1999)
 Gig Harbor, St. John (Parish 1916)
 Hoodspport, St. Germain (Developing Cong. 1976/Mission Station 2010/Mission 2015)
 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)
 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, 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 Orchard, St. Bede (Mission 1963)
 Port Townsend, St. Paul (Parish 1860)
 Poulsbo, Faith Church (Mission 1997)
 Puyallup, Christ Church (Parish 1882)
 Redmond, Church of the Holy Cross (Parish 1909)

Renton, St. Luke (Parish 1892)
 Rockport, St. Martin-St. Francis (Dev. Congregation 1952)
 Sammamish, Good Samaritan (Mission 1990/Parish 2014)
 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. John the Baptist Church (Parish 1892)
 Seattle, St. Luke (Parish 1891/Mission 2011)
 Seattle, St. Mark's 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, St. Dunstan (Parish 1949)
 Silverdale, St. Antony of Egypt (Mission 1985)
 Snohomish, St. John (Parish 1889)
 Snoqualmie, St. Clare (Mission 1982)
 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)
 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)

Mission Stations

Mission Stations have a special relationship with the bishop; they have not been admitted into union with the convention.
 Mount Vernon, La Iglesia Episcopal de la Resurreccion (2010)
 Seattle, Our Lady of Guadalupe (2015)
 Seattle/Fremont, Church of the Apostles (COTA) (2010)
 Tukwila, St. John's Sudanese (2010)
 Westport, Chaplains on the Harbor (2014)

Closed Congregations

Centralia, St. John (Parish 1889/Merged with Chehalis 2000)
 Chehalis, Epiphany (Parish 1883/Merged with Centralia 2000)
 Enumclaw, St. Catherine (Mission 1940's, closed 2007)
 Mill Creek, St. Francis (Mission 1980, closed 2009)
 Port Gamble, St. Paul (Parochial Mission 1931, closed)
 Poulsbo, St. Charles (Parish 1963, removed 2014)
 Seattle, All Saints (Mission 1903, closed 2014)
 Seattle, St. George (Parish 1954/Mission 2010, closed 2011)
 South Bend, St. John (Mission 1890, closed 2016)

Diocesan Canonically Resident Clergy
October 2016

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

Diocesan Canonically Resident Clergy
October 2016

| | | |
|-----------------------------|---------------------------|-------------------------------|
| 148 Grewell, Genevieve M. | 201 Streiff, Suzanne | 254 Eaton, KarenLee |
| 149 Novak, Margaret A. | 202 Appling, Elizabeth | 255 Wright, Brian |
| 150 Shigaki, Jerry M. | 203 Maynard, Jane F. | 256 Robertson, Suzi |
| 151 Wong, Philip | 204 Sheldon, Raymond S. | 257 Breckinridge, Alexander |
| 152 Green, Richard | 205 Stroup, Susan L. | 258 Crisp, Sheila |
| 153 Patton, Kathleen | 206 Ballinger, Kathryn E. | 259 Haig, Martha Karen |
| 154 Wesen, Vicki | 207 Reid, M. Sue | 260 Kingslight, Kathleen |
| 155 Perry, Lawrence S. | 208 Atcheson, Charles B. | 261 Chrisman, Robert |
| 156 Taber-Hamilton, Nigel | 209 Carlson, Sally | 262 Weldon, Jonathan |
| 157 Heller, Jan C. | 210 Lewis, Philip | 263 Malone, Bonnie |
| 158 Jackson, E. Michael | 211 MacKenzie, Mary | 264 Eustis, Pat |
| 159 Amburgey, Cristina G. | 212 Scott, Rebecca | 265 Ringland, Robin |
| 160 Espeseth, Cynthia A. | 213 Smith, Jacqueline | 266 Crippen, Stephen |
| 161 Taylor, N. Dennis | 214 Moore, David | 267 Shaver, Stephen |
| 162 Eichner, James | 215 Pearson, Kevin | 268 Adams, William Seth |
| 163 Armer, Susan C. | 216 Cornwell, Marilyn | 269 Thomas, Joshua |
| 164 Barber, Grethe | 217 Dogaru, Vickie | 270 Donohue-Adams, Amy |
| 165 Wills, Clark E. | 218 Saunderson, Ann | 271 Loyd, Janet |
| 166 Allen, John M. | 219 Anderson, Mary Petty | 272 Tanabe, Irene |
| 167 Buhner, Richard | 220 Hopkins, Vivian | 273 Reid, Catharine |
| 168 Dean, Susan Chanda | 221 Wesch, Kate | 274 Case, Jaime |
| 169 Moon, Mary Louise | 222 Lobdell, Gary | 275 Mesenbring, David |
| 170 Poirier, Esther Holley | 223 Carver, Robert C. | 276 Lovelady, Ed |
| 171 Rozendaal, Jay Calvin | 224 Yabroff, Martin I. | 277 Johnson, Janis |
| 172 Maier, Andrea R. | 225 Davison, Arienne S.L. | 278 Ousley, Lance |
| 173 Demura, Christine A. | 226 Tierney, Dennis S. | 279 Blindheim, Mark |
| 174 Tiederman, Nancy Coppel | 227 Niemann, Joan | 280 Vedanti, Jessie |
| 175 McQueen, Dale L. | 228 Carlson, Constance | 281 Vocolka, Craig |
| 176 Steele, Chris C. | 229 Campbell, Boneta | 282 Jimenez-Mesenbring, Maria |
| 177 Campbell, Janet | 230 Leech, John | 283 Rohrer, Jane |
| 178 Seeger, Elisabeth A. | 231 Kirkpatrick, Rebecca | 284 Stelle, Eric |
| 179 Beecher, Josefina | 232 Johnson, June | 285 Ramerman, Diane |
| 180 Haase, Sylvia Anne | 233 Fowler, Dan | 286 Rodin, Carol |
| 181 Logan, Christie Larson | 234 Warne, W. Tom | 287 Laird, RC |
| 182 Neal, James Frederick | 235 Fulton, William | 288 Tarter, Bill |
| 183 Brentnall, Burden | 236 DeShaw, Glen | 289 Gillett, Richard |
| 184 Goode, Colin | 237 Thibodeaux, James | 290 Thomason, Steve |
| 185 Tyree-Cuevas, Susan | 238 Hoeberman, Chris | 291 Carroccino, Michael |
| 186 McDonnell, George Anne | 239 Jillard, Chris | 292 Feregrino, Alfredo |
| 187 Deng Deng, William | 240 Yearwood, Kirtley | 293 Mason, Eric |
| 188 Hosea, Beverly | 241 Haynes, Kendall | 294 Monroe, Sarah |
| 189 Johnston, Zula | 242 Robinson, Carla | 295 Wynn, Nancy |
| 190 Baker, Patricia | 243 Waldie, Nan | 296 Gill, Jeffrey Shilling |
| 191 Grout, Earl L. | 244 Torvend, Samuel | 297 Johnson, Eric |
| 192 Marshall, David | 245 Wheatley, Gail | 298 Moore, Diane |
| 193 Taber-Hamilton, Rachel | 246 Morrison, Mikel | 299 Godwin, JD |
| 194 Weller, Edith | 247 Barrett, Rilla | 300 Corrigan, Candice |
| 195 Ackermann, John | 248 Fayette, Shelly | 301 Andrews, Dianne |
| 196 Sells, Jeffrey | 249 Conn, Doyt | 302 Sedwick, Katherine |
| 197 Sells, Patricia | 250 Ward, Karen | 303 Stroo, Eric |
| 198 Borders, LeRoy | 251 McClain, Rebecca | 304 Shigaki, Polly |
| 199 Santman, Linda | 252 Lolcama, Terri | 305 McPeak, Helen |
| 200 Cochran, Elizabeth Jane | 253 Kessel-Hanna, Kay | 306 Ostertag, Edward |

Diocesan Canonically Resident Clergy
October 2016

307 Daugherty, Jennifer King
308 Forman, John
309 Newton, Alissabeth
310 Murray, Laura
311 Hosler, Josh
312 Mayor, Michael
313 Behrens, Marilyn
314 Robertson, Patricia Rome
315 Foisie, Stephen Drew
316 Martin, Nancee
317 Gándara-Perea, José Roberto
318 Clendenin, Evan
319 Ashley, Danáe
320 Weyls, Rich
321 Ortung, Tom
322 Caguiat, Julianna
323 Rosario Cruz, Eliacín
324 Schnack, Peggy
325 Sharp, Jeffrey
326 Wright, Michael
327 Fox, Jedediah
328 Olson, Britt
329 Betsinger, Vicki
330 McNamara, Kim
331 Vervynck, Jenny
332 Danzey, C Steve
333 Fischer, Sara
334 Kennedy, Karen
335 Jacobs, Marlene
336 Hubbard, Lani
337 Foisie, Dawn Campbell
338 Foster, Todd
339 Bower, Alice W
340 Harris, Edmund
341 Parry-Moore, Joyce
342 Scheeler, Joseph

**106th Diocesan Convention
Delegate & Alternate Report**

| | | |
|--|-------------|---|
| Be Attitudes Region | | |
| Church of the Redeemer, Kenmore | | |
| Lee | Darrow | D |
| Debi | Laughlin | D |
| Bill | McGinn | D |
| Mark | Phillips | D |
| Matt | Terry | |
| Christ Church, Seattle | | |
| Leslie | Bourgoin | D |
| Todd | Voelker | D |
| Wes | Ono | A |
| Megan | Dimock | A |
| St. Andrew, Seattle | | |
| Keri | Adams-Lee | D |
| Andrew | Benson | D |
| Crickit | Farr | D |
| Rachel | Herbert | D |
| Mike | Hicks | D |
| Viguers | Geoff | D |
| Gail | Larson | A |
| Lyn | Donivan | A |
| Greg | Kromholtz | A |
| Becky | Moore | A |
| St. Luke, Seattle | | |
| Cindy | Chase | D |
| Tom | Wilson | D |
| Bernadette | Walcott | A |
| Amy | Baskerville | A |
| St. Stephen, Seattle | | |
| Robert | Blossey | D |
| David | Easton | D |
| Mary | Montgomery | D |
| Diane | Stipp | D |
| M.E. | Kintzi | A |
| Tim | Feetham | A |
| Dennis | Ford | A |
| Monty | McGovern | A |
| St. David Emmanuel, Shoreline | | |
| Edith | Byington | D |
| Hayden | Street | D |
| Maureen | Lyons | A |
| Scott | Baker | A |
| St. Dunstan, Shoreline | | |
| Bill | Barnsdale | D |
| Joy | Barnsdale | D |
| Charles | Pacher | A |
| Mary E. | Pacher | A |
| Columbia Reigon | | |
| Holy Spirit, Battle Ground | | |
| John | Bower | D |
| Janice | Bradley | D |
| Paul | Rettinger | A |
| St. Matthew, Castle Rock | | |
| No 2016 Delegation | | |
| St. James, Cathlamet | | |
| Sally | Barnes | D |
| Michael | Nunes | D |
| Richard | Swart | A |
| Cathy | Patterson | A |
| St. Timothy, Chehalis | | |
| Pat | Campbell | D |
| Tom | Cole | D |
| Erling | Johnson | A |
| Lynn | Cole | A |
| St. Stephen, Longview | | |
| Mary | Lyons | D |
| William | McCausland | D |
| David | Hanson | A |
| Jan E.V.W. | Hanson | A |

| | | |
|---|----------------|---|
| St. Peter, Seaview | | |
| Charles | Miller | D |
| Doreen | Miller | D |
| Gretchen | Goodson | A |
| All Saints, Vancouver | | |
| Fiona | Neumann | D |
| Tom | Williams | D |
| Sheryl | Haase | A |
| Matthew | Philbrook | A |
| Church of the Good Shepherd, Vancouver | | |
| Dan | Benge | D |
| Andrew | Brewer | D |
| Sally | Gannaway | D |
| Bev | Hatzenbeler | D |
| Gary | Hatzenbeler | D |
| James | Howard | D |
| Maira | Reynoldson | D |
| Betty | Watson | D |
| Anna | Ocampo | A |
| Fred | Michaels | A |
| St. Luke - San Lucas, Vancouver | | |
| Mike | Grigsby-Lane | D |
| Mary Ellen | Sandberg | D |
| Roy | Sandberg | D |
| Lynne | Hulse | D |
| Nancy | Denny | A |
| St. Anne, Washougal | | |
| Paul | Greenlee | D |
| Fran | Whitmeyer | D |
| Stephen | Whitmeyer | A |
| Cathy | Morton-Greenle | A |
| Eastside Region | | |
| All Saints, Bellevue | | |
| Christe | McMenomy | D |
| Fred | Williams | D |
| Marie | Matthews | A |
| Bruce | McMenomy | A |
| Church of the Holy Apostles, Bellevue | | |
| Torres | Hui | D |
| Kathryn | Truong | D |
| Matilda | Wong | A |
| St. Margaret, Bellevue | | |
| Mark | Dolby | D |
| Dave | Hoffman | D |
| Carolee | Jones | D |
| Mike | Knowles | D |
| Jacqui | Maes | D |
| Meredith | Moses | D |
| Pete | Rothermel | D |
| Daryl | Storey | D |
| Ralph | Jones | A |
| Joel | Davis | A |
| St. Michael and All Angels, Issaquah | | |
| Stephanie | Carlson | D |
| Chris | Freyer | D |
| Allen | Gray | D |
| Terrie | Nixdorff | D |
| Anita | Donahou | A |
| Joe | Donahou | A |
| Anita | Freyer | A |
| Mike | Kaufmann | A |
| Church of the Resurrection, Bellevue | | |
| Babs | Harrison | D |
| Sandy | Lewis | D |
| Featherstone | Barbara | A |
| Leon | Broguiere | A |
| St. John, Kirkland | | |
| Clayton | Hughes | D |
| Jerry | Mickelson | D |
| Donna | Murphy | D |

| | | |
|---|-----------------|---|
| Jerry | Mickelson | D |
| Atwood | Bernice | A |
| St. Thomas, Medina | | |
| Anne | Bentley | D |
| Anne | Corley | D |
| Tonya | Farr | D |
| Michael | Greenberg | D |
| Gordon | Hale | D |
| Jim | Hughes | D |
| Jesse | McReynolds | D |
| Lorraine | McReynolds | D |
| Steve | Reid | A |
| Arne | Hendrickson | A |
| Curt | Young | A |
| Alice | Reid | A |
| Anne | Rogers | A |
| Mary | Pneuman | A |
| Emmanuel, Mercer Island | | |
| Bob | Baxter | D |
| Pat | Baxter | D |
| Polly | Ogden | D |
| Alan | Reed | D |
| Stacy | Dimmich | A |
| Church of the Holy Cross, Redmond | | |
| Joan | Dietrich | D |
| Kevin | Dietrich | D |
| Tom | Dillon | D |
| Heather | Irwin | D |
| Good Samaritan, Sammamish | | |
| Garla | Allen | D |
| Jim | McCulley | D |
| Nancy | McCulley | D |
| Frank | Reinart | D |
| Will | Gray | A |
| Cindy | McDonald | A |
| Katy | O'Brien | A |
| Mark | VanDerMeid | A |
| St. Clare, Snoqualmie | | |
| Julia | Richman | D |
| Jeff | Waters | D |
| Evergreen Region | | |
| St. Matthew - San Mateo, Auburn | | |
| Frank | Crane | D |
| Vicky | Sadate-Cubillos | D |
| Nona | Linford | A |
| Eloy | Sadate | A |
| St. Elizabeth, Burien | | |
| Dana | Freeman | D |
| Ted | Taylor | D |
| Gwynn | Taylor | A |
| Church of the Good Shepherd, Federal Way | | |
| Doreen | Davis | D |
| Kurt | Weis | D |
| Scott | Armer | A |
| Cheryl | Jackson | A |
| St. Columba, Kent | | |
| Rod | Blalock | D |
| Shirley | Hickey | D |
| Maeve | Wyatt | A |
| James | Wyatt | A |
| St. James, Kent | | |
| Joyce | Barber | D |
| Val | Brustad | D |
| Don | Gauthier | D |
| Bobby | Gusse | D |
| Kathy | Hamilton | D |
| Tovi | Harris | D |
| Stacy | Sage | D |
| Tina | Shafer | D |
| Tom | Zimmer | D |

| | | |
|---|-----------------|-----|
| Dave | Brumbaugh | A |
| Tyson | Gonsalves | A |
| Garth | Fisher | A |
| Ed | Jones | A |
| Karen | Jones | A |
| St. George, Maple Valley | | |
| Mike | Fassio | D |
| Godfrey | Guerzon | D |
| Margarete | Sched | D |
| Joyce | Walters | D |
| Anthony | Ceccato | A |
| Robin | Porter | A |
| John | Douglas | A |
| Patrick | Boyce | A |
| St. Luke, Renton | | |
| Karen | Uitting | D |
| German | Vergara | D |
| Charles | Smith | A |
| Daniel | Crayne | A |
| Holy C Region | | |
| Church of the Apostles (COTA), Seattle | | |
| Kelly | Caver | REP |
| Natalia | Pierson | REP |
| Church of the Ascension, Seattle | | |
| Mark | Anderson | D |
| Mark | Maleng | D |
| Dottie | McCain | D |
| Charlotte | Nelson | D |
| Ann | Beller | A |
| Carol Jean | Gaffney | A |
| Pat | Gaffney | A |
| Tom | Reeder | A |
| Epiphany Parish, Seattle | | |
| Diane | Curtis | D |
| Camille | Hayward | D |
| Liz | Larson | D |
| Tyler | Morse | D |
| Doug | Oles | D |
| John | Robinson | D |
| K | Robinson | D |
| Billy | Rosewarne | D |
| Meghan | Hogan | A |
| Pieter | Drummond | A |
| Ann | Lockhart | A |
| Tom | Rohm | A |
| Our Lady of Guadalupe, Seattle | | |
| Liberto | Arellano | REP |
| Alexandra | Torres | REP |
| St. Clement of Rome, Seattle | | |
| No 2016 Delegation | | |
| St. John the Baptist, Seattle | | |
| David | Allen | D |
| Br. Paul | Dahlke | D |
| Donna | McNamara | D |
| Anne | Rogers | D |
| Layne | Bautista | A |
| St. Mark's Cathedral, Seattle | | |
| Jo Ann | Bailey | D |
| Mary | Baldwin Kennedy | D |
| Hisako | Beasley | D |
| Eammon | Hanlon | D |
| Karen | Sjostrom | D |
| Susan | Knirk | D |
| Phil | Lloyd | D |
| Jeff | McEldowney | D |
| Sandy | Piscitello | D |
| Michael | Seewer | D |
| Carolyn | White | D |
| Roland | Nancy | D |

| | | |
|--|-------------|-----|
| Marc | Aubertin | A |
| Bill | Broesamle | A |
| Jacqueline | Farwell | A |
| Carol | Green | A |
| Jim | Green | A |
| Peter | McClung | A |
| St. Paul, Seattle | | |
| Nancy | Boutwell | D |
| James | Cowan | D |
| Kate | Davis | D |
| Loren | Peters | D |
| Douglass | Lynette | A |
| Henry | Howard | A |
| Robin | Jones | A |
| Mallory | Paxton | A |
| St. Peter, Seattle | | |
| Bonnie | Colpitts | D |
| Katheryn | Martin | D |
| Karen | Shigaki | A |
| Jim | Bachmann | A |
| Trinity, Seattle | | |
| Kathryn | Bartholomew | D |
| Nathan | Clark | D |
| Kyle | Davidson | D |
| Heidi | Eckman | D |
| Kevin | Sanford | A |
| Hillary | St. John | A |
| Mt. Baker Region | | |
| Christ Church, Anacortes | | |
| Valerie | Long | D |
| Frank | McCoy | D |
| Dana | Jenkins | A |
| St. Paul, Bellingham | | |
| Jim | Beckwith | D |
| Jon | Fedele | D |
| Collin | Morrow | D |
| Ruth | Mulvihill | D |
| Linda | Telfer | D |
| Linda | Ward | D |
| Kaylee | McElroy | A |
| Amber | Nichols | A |
| Rob | Vollkommer | A |
| Christ Church, Blaine | | |
| Jory | Mickelson | D |
| Mary | Rebman | D |
| Duncan | Massey | A |
| Emmanuel, Eastsound | | |
| Barbara | Evans | D |
| David | Evans | D |
| Margaret | Payne | A |
| Susan | Krieger | A |
| St. David, Friday Harbor | | |
| David | Eden | D |
| Fiona | Norris | D |
| Sandy | Johnson | A |
| Bill | Feyerherm | A |
| Grace Church, Lopez Island | | |
| Joanne | Bryant | D |
| Trevor | Bryant | D |
| Mary Ann | Riggs | A |
| Ann | Warsen | A |
| La Iglesia Episcopal de la Resurreccion, Mt. Vernon | | |
| Francisco | Lopez | REP |
| Baudelina | Paz | REP |
| St. Paul, Mt. Vernon | | |
| Rob | McPeak | D |
| Mary Ann | Taylor | D |

| | | |
|--|----------------|---|
| St. Stephen, Oak Harbor | | |
| Kathy | Fleck | D |
| David | Parker | D |
| Michele | Chapman | A |
| Rick | Chapman | A |
| St. James, Sedro Woolley | | |
| Judith | Baker | D |
| Barbara | Tasker-Mueller | D |
| Peninsula Region | | |
| St. Barnabas, Bainbridge Island | | |
| Karen | Beierle | D |
| Tom | Beierle | D |
| Linda | Krause | D |
| Randy | Krause | D |
| Anna | Richardson | D |
| Arthur | Richardson | D |
| Michael | Lacey | A |
| Kathy | Lacey | A |
| Grace Church, Bainbridge Island | | |
| Bridget | Berry | D |
| Ruth | Blaney | D |
| Dusty | Collings | D |
| Renee | Dunaway | D |
| Rodger | Dunaway | D |
| Bror | Elmqvist | D |
| Eric | Matthews | D |
| Paul | Russell | D |
| Shannon | Russell | D |
| Yoder | Luke | D |
| Sherry | Grace | A |
| Deborah | Morgan-Ellis | D |
| Michael | Sherry | A |
| Mary Lou | Macala | A |
| Tom | Leigh | A |
| Matthew | Claps | A |
| Olivia | Sander | A |
| Ridge | Robinson | A |
| St. Paul, Bremerton | | |
| Duane | de Lessart | D |
| Hillary | Kimsey | D |
| Cris | McCarty | D |
| Cliff | Mygatt | D |
| Betsy | Lee | A |
| Richard | Kelso | A |
| St. John, Gig Harbor | | |
| Bob | Aylor | D |
| Susan | Aylor | D |
| Liz | Frisino | D |
| Steve | Mass | D |
| Clare | Bungay | D |
| Linda | Broun | A |
| Mike | Broun | A |
| Judy | Adams | A |
| Stew | Adams | A |
| Faith Church, Poulsbo | | |
| Bob | Kernaghan | D |
| Sharon | Parker | D |
| Connie | Aurand | A |
| James | Aurand | A |
| St. Andrew, Pt. Angeles | | |
| Steve | Deutermann | D |
| Anne | Mitchell | D |
| John | Mitchell | D |
| Liz | Larson | D |
| Phil | Holman | A |
| Betty | Marshall | A |
| Ralph | Angulo | A |
| Deborah | Morgan-Ellis | A |
| | | |
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|--|-------------|---|
| St. Paul, Pt. Townsend | | |
| John | Austin | D |
| Katie | Flemin | D |
| Richard | McGuffin | D |
| Linda | Nolan | D |
| St. Bede, Pt. Orchard | | |
| Arthur | Ferguson | D |
| Sarah | Yergin | D |
| Don | Little | A |
| Judy | Wilkin | A |
| St. Luke, Sequim | | |
| Harry | Alford | D |
| Barbara | Kent-Alford | D |
| Dianne | Onnen | D |
| Rob | Onnen | D |
| Barbara S. | Heckard | A |
| Patricia | Oden | A |
| St. Antony of Egypt, Silverdale | | |
| Bill | Demmon | D |
| Carolyn | Segrist | D |
| Rainier Region | | |
| St. Joseph - St. John, Lakewood | | |
| Dervin | Ask | D |
| Wendy | Huntington | D |
| Charlotte | Brown | A |
| David | Gacek | A |
| St. Mary, Lakewood | | |
| Clare | Bungay | D |
| Maitland | McKenzie | D |
| Roberta | Newell | D |
| Sylvia | Rostedt | D |
| Sheryl | Archibald | A |
| Holly | Bocci | A |
| Christ Church, Puyallup | | |
| Sandi | Carter | D |
| Robb | Nathe | D |
| Karen | Jensen | A |
| All Saints, Tacoma | | |
| Jerry | Garman | D |
| Sue | Wohlford | D |
| Liz | Larson | A |
| Michael | Barnett | A |
| Christ Church, Tacoma | | |
| Dennis | Johnson | D |
| Linda | Johnson | D |
| Amelia | Carroll | A |
| Sean | Horner | A |
| Holy Family of Jesus, Tacoma | | |
| Rong | By | D |
| Chantana | Lim | D |
| Sopha | Habb | A |
| Tula | Habb | A |
| St. Andrew, Tacoma | | |
| Virginia | Gaub | D |
| Norbert | Herriges | D |
| Matthew | Moravec | D |
| Reberta | Skinner | D |
| Frank | Lawler | A |
| St. Luke's Memorial, Tacoma | | |
| Brady | Christoph | D |
| Kathleen | Figetakis | D |
| Mary | Kelley | D |
| Jeff | Williams | D |
| Angela | Edwards | A |
| Dave | Olson | A |

| | | |
|---|------------|---|
| St. Matthew, Tacoma | | |
| Samuel | Kaman | D |
| Alex | Ringstad | D |
| Kathy | Sanders | D |
| Church of the Holy Spirit, Vashon Island | | |
| Hunter | Davis | D |
| Betty | Hawkins | D |
| Bruce | Hegnauer | D |
| David | Swain | D |
| Sandy | Brown | D |
| Sno Isle Region | | |
| St. Aidan, Camano Island | | |
| Rob | Gorman | D |
| Theresa | Strain | D |
| Karole | Gorman | A |
| St. Alban, Edmonds | | |
| Carrie | Cone | D |
| Dan | Mullene | D |
| Transfiguration, Darrington | | |
| Stephen | Somsen | D |
| St. Hilda - St. Patrick, Edmonds | | |
| Sam | Magill | D |
| Sharon | Rader | D |
| Greg | Walwrath | A |
| Gretchen | Corliss | A |
| St. Augustine's in the Woods, Freeland | | |
| Arnelle | Hall | D |
| Dick | Hall | D |
| Diane | Lantz | D |
| Ron | St. George | D |
| Trinity, Everett | | |
| Bill | Bartley | D |
| Carol | Bartley | D |
| Jason | Grace | D |
| Nancy | Smith | D |
| Evie | Beard | A |
| Ray | Smith | A |
| Harry | Stengele | A |
| Nancy | Stengele | A |
| St. Philip, Marysville | | |
| Larry | Wilson | D |
| Pat | Wilson | D |
| Mike | Wray | A |
| Kathy | Franzwa | A |
| Our Savior, Monroe | | |
| Chip | Gowdey | D |
| Willie | Gowdey | D |
| Corina | Vickers | A |
| Robert | Vickers | A |

| | | |
|-------------------------------------|---------------|---|
| St. John, Snohomish | | |
| Earl | Beede | D |
| John | First | D |
| Jordan | Wallace | D |
| Sally | Wesley | D |
| John | Gray | A |
| Candace | McKenna | A |
| Willapa Region | | |
| St. Andrew, Aberdeen | | |
| Rob | Cox | D |
| Phil | MacNealy | D |
| Jody | Martinez | D |
| Gayle | Powell | D |
| Barbara | Dyer | A |
| Ed | Dalia | A |
| St. Hugh of Lincoln, Allyn | | |
| Cliff | Cotey | D |
| Sunny | Cotey | D |
| Sheri | Simpson | A |
| Linda | Niles | A |
| St. Luke, Elma | | |
| No 2016 Delegation | | |
| St. Germain, Hoodspart | | |
| Jerry | Jasper | D |
| Kathryn | Jasper | D |
| Sean | Gaines | A |
| St. Benedict, Lacey | | |
| Martha | Liska | D |
| Paul | Seabert | D |
| Gretchen | O'Connor | A |
| Mark | Caldwell | A |
| St. Mark, Montesano | | |
| James | Campbell | D |
| Connie | Robertson | D |
| St. Christopher, Olympia | | |
| Lee | Murray | D |
| Marcia | Rugg | D |
| St. John - San Juan, Olympia | | |
| Troy | Atwell | D |
| Daren | Chidester | D |
| Janice | Jackson | D |
| Judy | Williams | D |
| Holly | Gilbert | A |
| Mary | Lawler | A |
| Lance | Avery | A |
| Gerry | Apple | A |
| St. David of Wales, Shelton | | |
| Cathy | Kissinger | D |
| James | Kissinger | D |
| Richard | Buchholz | A |
| Judy | Wise Buchholz | A |

Regional Ministry Leadership Team

| <u>First Name</u> | <u>Last Name</u> | <u>Region</u> | <u>City</u> | <u>Church</u> |
|-------------------|--------------------|---------------|-------------------|-----------------------|
| Carrie | Cone | Be Attitudes | Edmonds | St. Alban |
| Bill | Montgomery | Be Attitudes | Seattle | St. Stephen |
| Kathleen | Patton | Columbia | Longview | St. Stephen |
| Don | Weir | Columbia | Vancouver | Good Shepherd |
| Karen | Sjostrom | Eastside | Kirkland | St. John |
| Mary | McClellan Aronen | Evergreen | Federal Way | Good Shepherd |
| Charles | Smith | Evergreen | Renton | St. Luke |
| Ellen | Freeman | Holy C | Seattle | St. John the Baptist |
| Scott | Kovacs | Holy C | Seattle | St. Mark's Cathedral |
| Colin | Christie | Mt. Baker | Bellingham | St. Paul |
| Jennifer | Kellen | Mt. Baker | Anacortes | Christ Church |
| Joan | Collins | Peninsula | Bainbridge Island | St. Barnabas |
| Carolyn | Sorrell | Peninsula | Silverdale | St. Antony of Egypt |
| Charlotte | Brown | Rainier | Lakewood | St. Joseph – St. John |
| Charla | Conner | Rainier | Tacoma | All Saints |
| Leann | Torgerson-Harrison | Sno-Isle | Snohomish | St. John |
| Jan | Akin | Willapa | Lacey | St. Benedict |
| Nancy | Zabel | Willapa | Lacey | St. Benedict |

OFFICERS OF CONVENTION

The Rt. Rev. Gregory Rickel, President
 The Ms. Karen Gusse, Secretary
 Mrs. Barbara Fox, Treasurer
 Ms. Judith Andrews, Esq. Chancellor
 Br. Carle Griffin, OCP Historiographer
 Mrs. Diane Wells, Archivist

**Bishop's Office Staff
2016**

| <u>Staff Member</u> | <u>Position</u> |
|---|--|
| Mr. Kerry Allman | Internet Strategist |
| The Rev. Patty Baker | Diocesan Disaster Coordinator |
| Ms. Denise Brumbaugh | Youth Ministry Program Coordinator |
| Ms. April Caballero | Resources Coordinator |
| The Rev. Canon Janet Campbell | Canon for Liturgy |
| The Rev. Canon Arienne Davison | Canon for Multicultural Ministries |
| Ms. Barbara Fox | Treasurer |
| Ms. Sally Gianelli | CRM Administrator |
| The Ven. Gen Grewell | Archdeacon |
| Mr. Hal Hall | Consulting Canon for Finance |
| Mr. Chuck Hamilton | Diocesan Coordinator for Episcopal Relief & Development |
| Ms. Lori Hardow | Finance Assistant and Insurance Coordinator |
| Mr. Greg Hester | Coordinator for Graphic Design & Video Production |
| Mr. Greg Hope | Director of Refugee Resettlement Office |
| Mr. Josh Hornbeck | Communications Director |
| The Rev. Canon Rebecca Kirkpatrick | Canon for Faith Formation: 35 & Under |
| Mr. Matt Koski | Receptionist |
| Ms. Michelle MacKinnon | Executive Assistant to the Bishop and to the Canon to the Ordinary |
| Ms. Tonja Mathews | Interim Program Coordinator for Stewardship & Development |
| Ms. Maureen McLaughlin-Crawford | Director for Adult Faith Formation |
| Ms. Dede Moore | Canon for Operations |
| The Rev. Alissa Newton | Program Director for Congregational Development |
| Mr. Daniel Oberg | St. Andrew's House Director |
| The Rev. Canon Lance Ousley | Canon for Stewardship and Development |
| Ms. Sumonnat Puttavon | Associate Director of Refugee Resettlement Office |
| The Rt. Rev. Gregory Rickel | Bishop Diocesan |
| The Rev. Canon Dr. Marda Steedman Sanborn | Canon to the Ordinary |
| Mr. Mark Swanson | Building Manager |
| Ms. Sue Tait | Director of Resource Center |
| Mr. Bill Tubbs | Director of Huston Camp and Conference Center |
| Ms. Diane Wells | Archivist and Records Manager |

| STANDING COMMITTEE | | |
|-----------------------------------|-----------|----------------------------------|
| The Rt. Rev. Greg Rickel | | President |
| The Rev. Rachel Taber-Hamilton | 2015 | Vice President/Chair |
| Mr. Jerry Carlin | 2018 | |
| Mr. Ted Ederer | 2015 | |
| The Rev. Cynthia Espeseth | 2018 | |
| The Rev. Bill Fulton | 2017 | |
| The Rev. Jane Maynard | 2016 | Secretary |
| Ms. Alice Reid | 2016 | |
| Dr. Kathryn Rickert | 2017 | Chaplain |
| BOARD OF DIRECTORS | | |
| The Rt. Rev. Greg Rickel | | President |
| The Rev. Ann Lukens | 2016 | Vice President/Chair |
| Ms. Judith Andrews | | Diocesan Chancellor - Ex officio |
| Mr. Wadell Brent | 2017 | |
| Ms. Mary Dickinson | 2017 | |
| Ms. Barbara Fox | 2016 | Diocesan Treasurer |
| Mr. George Garcia | 2015 | |
| Ms. Karen Gusse | 2016 | Secretary of Convention |
| Mr. Collum (Collie) Liska | 2016 | |
| Mrs. Patricia McGuire | 2015 | |
| Mr. George Robertson | 2017 | |
| The Rev. Ray Sheldon | 2015 | |
| <i>Others with seat and voice</i> | | |
| Mr. Lee Humason | | Canon for Finance |
| Ms. Dede Moore | | Canon for Operations |
| The Rev. Marda Steedman Sanborn | | Canon to the Ordinary |
| DIOCESAN COUNCIL | | |
| The Rt. Rev. Greg Rickel | | Bishop Diocesan |
| Ms. Jamie Balducci | 2013-2016 | Holy C |
| Ms. Nadine Baxter | 2014-2017 | Evergreen |
| The Rev. Lex Breckinridge | 2014-2017 | Eastside |
| Ms. Linda Brice | 2014-2017 | Rainier |
| Ms. Joan Collins | 2013-2016 | Peninsula |
| The Rev. Marilyn Cornwell | 2015-2016 | Holy C |
| The Rev. Kendall Haynes | 2013-2016 | Rainier |
| Ms. Joslin Harris-Gane | 2014-2017 | Be-Attitudes |
| The Rev. Bonnie Malone | 2013-2016 | Evergreen |
| The Rev. Irene Martin | 2015-2016 | Columbia |
| Ms. Betty Anne McCoy | 2013-2016 | Mt. Baker |
| The Rev. Joe Mikel | 2013-2016 | Willapa |
| The Rev. Mark Miller | 2014-2017 | Sno Isle |
| Ms. Denice Patrick | 2012-2015 | Sno Isle |
| Ms. Sunshine Pegues | 2012-2015 | Eastside |
| Ms. Susan Rolfe | 2012-2015 | Willapa |
| The Rev. Dennis Tierney | 2014-2017 | Peninsula |
| Jonathan Weldon | 2012-2015 | Mt. Baker |
| Jana Whitworth | 2014-2017 | Columbia |
| <i>Others with seat and voice</i> | | |
| Judy Andrews | | Diocesan Chancellor |
| Marda Steedman Sanborn | | Canon to the Ordinary |
| Barbara Fox | | Diocesan Treasurer |
| Dede Moore | | Canon for Operations |
| Lee Humason | | Canon for Finance |

Statistics & Financial Documents

BUDGET 2017

C.1 Fall Recommended



Diocese of Olympia



The Episcopal Diocese of Olympia
The Episcopal Church in Western Washington

2016 Journal of Convention



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.

WE ARE ABOUT ...

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FROM BISHOP **GREG RICKEL**

To the People of God in the Diocese of Olympia,

“Your Kingdom Come” is a phrase that can be found in the Lord’s Prayer. When we pray those words it is easy to simply leave it to God. But as CS Lewis and so many more have suggested, in the end, the prayers are not for God, they are for us. Our prayers call us to do all we can to make God’s Reign, the vision Jesus gave to us, a reality.

This excellent report you are about to review is the result of the dedicated work and stewardship of many people. The ministry it represents and hopes to nurture and grow is a reflection of the good and faithful work of every person in our diocese. Getting to this document is never an easy task and falls to a relative few that work on your behalf. Our Budget and Finance Committee, faithfully led by the Rev. Dennis Tierney, and your Diocesan Council, which serves as the Convention in recess and works on your behalf throughout the year, has worked diligently to present you with a balanced budget.

The difficulty of this task becomes truer every year, but working together with staff, and with all of you, we will once again present a balanced budget. We have once again included a planned decrease of 1% in diocesan assessment, which will bring our rate to 15%, a level which is ahead of my internal projections. That decrease does not come without costs and change.

We believe that we are once again able to make this adjustment due to good management, a careful determination of what a diocese should provide, and clarity about what it can't and should not provide. While some cuts have been made already and others will be made in the future, I do not want you to miss the fact that a 1% decrease in assessment is an immediate grant back to every congregation in our diocese, leaving more resources at your congregation’s disposal.

I commend the work of all those on the Budget and Finance Committee, the Council, and our Diocesan Staff, but also, and just as crucially, I commend each and every one of you. One additional reason this decrease is possible is that, for yet another successive year, we have the lowest unpaid assessment amounts in diocesan history. Everyone is either paying or has a plan on file with the Office of Bishop to do so, and as I have said all along, if you pay it, we can lower it. I want to thank you all for your commitment, your stewardship, and your faithfulness. Along with those I thank above, I also wish to thank your wonderful Diocesan Treasurer Barbara Fox, Canon Marda Steedman-Sanborn, Canon Dede Moore, and our Finance staff for this fine result.

What is most important now is what we do with this document, with what it represents, with what it calls us to do. In the end, it is about what we do with the resources given to us all, as individuals, congregations, and a diocese. This is not the end of our task, but instead calls us to work, ministry, and witness. I could not be more grateful that I am in the midst of that work and ministry, the Jesus Movement, with all of you.

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

FROM THE **BUDGET & FINANCE** COMMITTEE

Dear Members of the Diocese of Olympia,

Diocesan Council presents to you a balanced diocesan budget for 2017. Its development spanned most of 2016 and involved diocesan staff and members of the Budget and Finance Committee of Diocesan Council, culminating in its presentation for adoption by Diocesan Council in August of 2016. It is marked by several characteristics.

1. 2016 was the second year of “real-time” calculation of Net Disposable Income. Congregations are still growing into this new approach and a few congregations still appear to struggle with paying assessments in a timely manner. While the overall shortfall in assessment payments was small, there were no months in 2016 when all congregations paid their assessment on time. A larger than expected amount of assessment payments due in 2015 were received in January 2016, thus throwing off budget planning.
2. Rather than engage in dramatic budgetary changes, Diocesan Council has worked with staff to make continuous adjustments in the budget through incremental changes. While the overall shape of the diocesan budget will look familiar, there are a number of alterations in budget line items, and funds have been shifted to focus on missional activities appropriate to our diocese. Funds have been targeted to specific needs of the diocese as identified by staff based on expressed needs from around the diocese. Examples include clergy residency program, support for congregations in transition, grants for revitalizing congregations, financial support for specific congregational needs, and congregational property expenses. In addition, the Iona School has been established and supported for identified needs in theological education. We have also invested more in communications work as part of these missional efforts on behalf of all congregations.
3. The 2017 budget is larger than 2016 in both income and expenditures by a very modest amount (2%). This represents an on-going conservatism about income projections and the continuing fiscal prudence demonstrated by diocesan staff. No programs were removed in either 2016 or 2017, a few programs were added for 2017, and virtually all programmatic requests were approved.
4. The 2017 budget process was aided by mid-year corrections in the 2016 budget made by Diocesan Council. Because assessment revenues have been higher than expected and the investment income has sharply increased in 2016, net assets that had been encumbered to balance the 2016 budget were released in support of the 2017 budget.
5. It must be noted that the 2017 budget still depends on the use of retained net assets to balance the budget. There will be a release of prior year net assets to balance this budget of 8% of the total projected revenue.
6. Diocesan staff has proposed and implemented a cash management program that will make the diocesan funds work “harder” than previously, which aids the income projections for 2017.
7. Congregations will be pleased to note that the assessment rate for 2017 is 15%. This represents a decrease in assessment rate of 25% from 2006 to 2017. In essence, every congregation has been given an unrestricted on-going grant from the diocese by virtue of these decreases in assessment rate.
8. The 2017 budget continues the practice of devoting more than 50% of the diocesan budget to congregational support of varying types. The remainder of the budget is taken up by constitutional and canonical responsibilities.
9. The diocese is only as financially healthy as its constituent congregations. Diocesan Council applauds the hard work and profound dedication of all congregations to be part of “The Jesus Movement” and to do the work of ministry in their respective locations. This iteration of the diocesan budget reflects the diocesan commitment to support and nurture congregations in their endeavors through direct support, indirect support, and fiscal prudence at the diocesan level.
10. As always, Diocesan Council depends on the dedication of both diocesan staff and many volunteers. We applaud the dedicated work of diocesan staff in managing their assignments with fiscal prudence and mission focus. Every budget manager has worked diligently to assure that diocesan funds are spent wisely. Further, Budget and Finance Committee is indebted to the excellent assistance of Hal Hall, our interim Canon for Finance, and the hard-working and dedicated finance office staff who oversee our financial life. They are all to be commended.

In Christ,

Budget and Finance Committee for Diocesan Council

The Rev. Dr. Dennis S. Tierney, Chair

Mr. Jim Campbell
Mr. Guy Davidson
Mr. Joel Rupley
Ms. Susan Snyder
Ms. Barbara Fox, Treasurer

Ex-officio:

Mr. Hal Hall, Interim Canon for Finance
Ms. Dede Moore, Canon for Operations
The Rev. Canon Dr. Marda Steedman Sanborn,
Canon to the Ordinary
The Rt. Rev. Gregory H. Rickel, D. Min., Bishop Diocesan

We are About ...

CONGREGATIONAL DEVELOPMENT



Total 2017 Budget

\$1,173,937



We believe that developing healthy congregations is central to our 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.



SUPPORT FOR CONGREGATIONS & LEADERS

- **Grants:** We enhance ministry, revitalize congregations, and staff for program growth through our grant programs.
- **Bishop's Initiative Grants:** We provide seed money for new and innovative ministries from congregations.
- **Bishop Directed Grants:** We provide resources for the redevelopment of programs and support for existing programs.
- **Evangelism:** We enable congregations to focus their growth potential through social media channels and improved web presence.
- **Congregation Consulting Network:** We guide and coach congregation leaders by facilitating workshops, retreats and MMA/MMR work.
- **Congregations in Transition:** We provide consultants for congregations in transition and funding to gather objective data and complete diocesan-identified assessments.
- **Data:** We help congregations understand their communities by providing access to MissionInsite demographic information.
- **Canon for Liturgy:** We enhance worship by consulting on creative liturgy and understanding each congregation's worship space.
- **Resources and Leadership Training:** We train leaders for vestries and bishop's committees, supply vestry handbooks, and facilitate leadership training days.
- **Property/Specific Congregation Support:** We preserve the integrity of the property that has reverted to the diocese due to congregation closings and support congregations in specific, emergent situations.
- **Misconduct Case Manager/Congregations in Conflict:** We ensure compliance with Title IV (*disciplinary canon*), intake officers, and complaint investigations. We also provide support for therapeutic intervention.



- **College for Congregational Development:** We provide a comprehensive training program to nurture and develop practitioners from within existing congregation lay and clergy leadership. Most participants are members of teams from congregations within the Diocese of Olympia. The College is open to other participants and has hosted individuals and teams from other Episcopal dioceses and the broader Anglican Communion.

STRONG CLERGY LEADERSHIP

- **Clergy Residency:** Our curacy program partners newly-ordained, seminary-trained clergy raised up from within the Diocese of Olympia with well-qualified clergy mentors in congregations where it has been determined that the curacy experience will be fruitful. The diocesan budget provides half of the salary, pension, insurance, and moving costs for the clergy and congregations commit to funding the other half.
- **First Time in Charge:** Our two-year program for first-time rectors/vicars consists of 18 units with the goal of contributing to successful and effective leadership.
- **Clergy Days:** We provide opportunities for training, education, and collegial development through clergy days, workshops, and retreats hosted by the bishop.



EMERGING MISSIONS

- We provide support for ongoing, emerging, and alternative missions in our diocese, including St. Luke, Ballard; St. Matthew/San Mateo, Auburn; and other new and developing ministries and congregations.
- **Emerging Ministry:** We provide support for our Total Common Ministry (TCM) and local priest congregations through our missionary and leadership retreats.



MULTICULTURAL MINISTRIES

- **Multicultural Congregations:** We provide operational assistance for congregations with an ethnic or multicultural identity.
- **Leadership Development:** We raise up culturally competent leaders among diocesan staff, congregations, and other ministries through mandated anti-racism activities, special events, and formation opportunities.
- We provide connections to and with church-wide ethnic and multicultural ministries.
- **Richard Younge Curates of Color Fund:** We assist youth and young adults from ethnic minority communities to develop Christian leadership skills.
- We encourage and support the presence of ethnic minority church members at diocesan gatherings and church wide events.
- We advocate for ethnically and racially marginalized peoples.



We are About ...

CONCENTRATING ON THOSE

35 & 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, cannot discover how to reach, feed and attract people under 35 that we may well lose 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.



FAITH FORMATION FOR **ALL AGES**

- **Children's Ministry:** We provide children's ministry programs, consultations, trainings, and workshops for churches and individuals.
- **Youth Ministry:** We engage youth in the diocese through the annual 6-Day Camp and summer mission trips, convention participation, trainings, workshops, and networking opportunities for and with other youth leaders. We create an environment of faith and friendship through the music, worship, and workshops of High School Youth Conference (HYC) and Junior High Youth Convergence (JYC).
- **Young Adults:** We serve the spiritual needs and concerns of undergraduate and graduate students at the University of Washington and Western Washington University through worship, service, community, evangelism, pastoral care, and spiritual discernment.
- **Adult Faith Formation:** We provide instruction, materials, and newsletters to support life-long learning.
- **Resource Center:** We maintain a collection of circulating and reference materials for congregations and individuals.
- **Education for Ministry:** Through our contract with Sewanee, we assist in training mentors and provide local trainings.
- **Iona Olympia School:** We provide a comprehensive academic and practical curriculum for postulants seeking ordination to the diaconate, those seeking local ordination as priests and deacons, and for lay persons who feel called to such training.



We are About ...

STEWARDSHIP & DEVELOPMENT

OF ALL OUR RESOURCES

Total 2017 Budget
\$171,073

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.

- **Regional Workshops:** We facilitate workshops on planned giving, environmental stewardship, annual campaigns, development, and formation for all ages.
- **Episcopal Community Action:** We expand knowledge about and participation in this program to meet human needs.
- **The Episcopal Network for Stewardship:** We promote and continue our partnership with TENS, including corporate and congregation membership.

- **Bishop's Society:** We grow our membership, host thank-you events, and recognize those who have named any Episcopal program in their plans.
- **Development Gatherings:** We host vision and development gatherings around the diocese.
- **Stewardship Assistance:** We provide assistance to diocesan ministries, such as Mission to Seafarers, TV Eucharist, and Episcopal Retirement Communities.



We are About ...

TELLING OUR STORIES

Our Communications Program shares the story of our diocese and congregations through a variety of communication platforms and supports the work, vision, and ministry of the Office of the Bishop staff and wider diocese.

- **Across the Diocese:** We publicize events and activities on both a diocesan and congregation level through our weekly newsletter and our diocesan website.
- **Social Media:** We use our social media platforms (Facebook, Twitter, Instagram, Google+, and Pinterest) to keep our communities connected throughout the diocese.
- **Video Production:** We share messages from the bishop with the wider diocese and provide opportunities for other ministries and programs to request our services.
- **Graphic Design:** We provide design services for diocesan programs, departments, and ministries.
- **Internet Strategy:** We provide monitoring and re-

sources so congregations can attain presence in cyberspace.

- **Database:** We update, maintain, and continually look for new ways to use our systems.
- **Digital Technology:** We have video-conferencing sites in five locations around the diocese that enable all willing volunteers to participate at the diocesan level through service on governing bodies, commissions, and committees.



We are About ...

LOOKING OUTWARD



Total 2017 Budget
\$57,403

Looking Outward

GLOBAL MISSION WORK

- **Economic Justice:** We explore issues of economic justice (living wage, immigration, racism) through the use of education, training, and electronic media.
- **Global Mission Committee:** We support cross-cultural mission, indigenous people, seafarers, and global needs.
- **Bishop's Committee for Israel/Palestine:** We provide support for the Episcopal parishes, schools, hospitals, and human service missions in the Diocese of Jerusalem (one of our companion dioceses).
- **Carbon Offset Companion Mission:** We have a companion diocese relationship with the Diocese of the Southern Philippines, a joint "Project Tree Care," and a carbon offset program.
- **Diocese of El Salvador:** We support the ministry of the broader church in El Salvador.
- **Refugee Resettlement Office:** We provide support for the office's human development programs to low income communities and the resettlement of refugees Western Washington.
- **Millenium Development Goals:** We set aside 0.07% of our unrestricted revenue for projects relating to mission and ministry throughout the world.
- We support for the work of our diocesan Episcopal Relief and Development coordinator.



Diocese of Olympia

2016 Journal of Convention



SUPPORTING THE WORK OF THE **BROADER CHURCH**



- We contribute to the work of The Episcopal Church through payment of our full 19% "Asking." (Asking, Apportionment, Assessment)
- We support the work of Province VII, the Diocese of San Joaquin, Ecumenical & interfaith ministry, and our ministry partnership with Saint Mark's Cathedral.

Total 2017 Budget

\$576,722



We are About ...

CORPORATE & CANONICAL RESPONSIBILITIES



- **Diocesan Bishop's Office:** We provide support for our bishop and his work in the diocese, nation, and world.
- **Commission on Ministry:** We support and train postulants for the priesthood and diaconate through exams, retreats, and candidacy days.
- **Veterans Ministry:** We provide outreach to armed forces veterans and respective/surviving spouses.
- **Canon to the Ordinary:** We support the office of the Canon to the Ordinary and her work assisting the bishop in diocesan ministry, working with congregations in transition and conflict, and supporting the decisions and vision of the bishop.
- **Finance:** We are committed to responsible business practices – accounting, risk management, the Diocesan Investment Fund (DIF), property management, insurances, and tax affairs. We also provide financial

resources and training for congregation treasurers and staff.

- **Archives:** We provide resources for congregations to chronicle and maintain an historical archive, identifying, collecting, and preserving records of enduring value.
- **General Convention:** We send a full deputation to each triennial meeting of the General Convention of The Episcopal Church.
- **Convention:** We gather as a diocesan body for our annual convention to hear from the bishop, converse on issues, elect to diocesan offices, and enjoy fellowship with 600+ Episcopalians from all over western Washington.
- **Diocesan Governance:** We provide support for our diocesan governing bodies – Standing Committee, Diocesan Council, and Board of Directors, as well as regional ministries, Personnel Commission, and Liturgy and Arts Commission.
- **Central/Plant Services:** We maintain Diocesan House as a place that is not only home to the Office of the Bishop staff, but also provides meeting space for commissions, committees, affiliated ministries, organizations, and an occasional congregation.

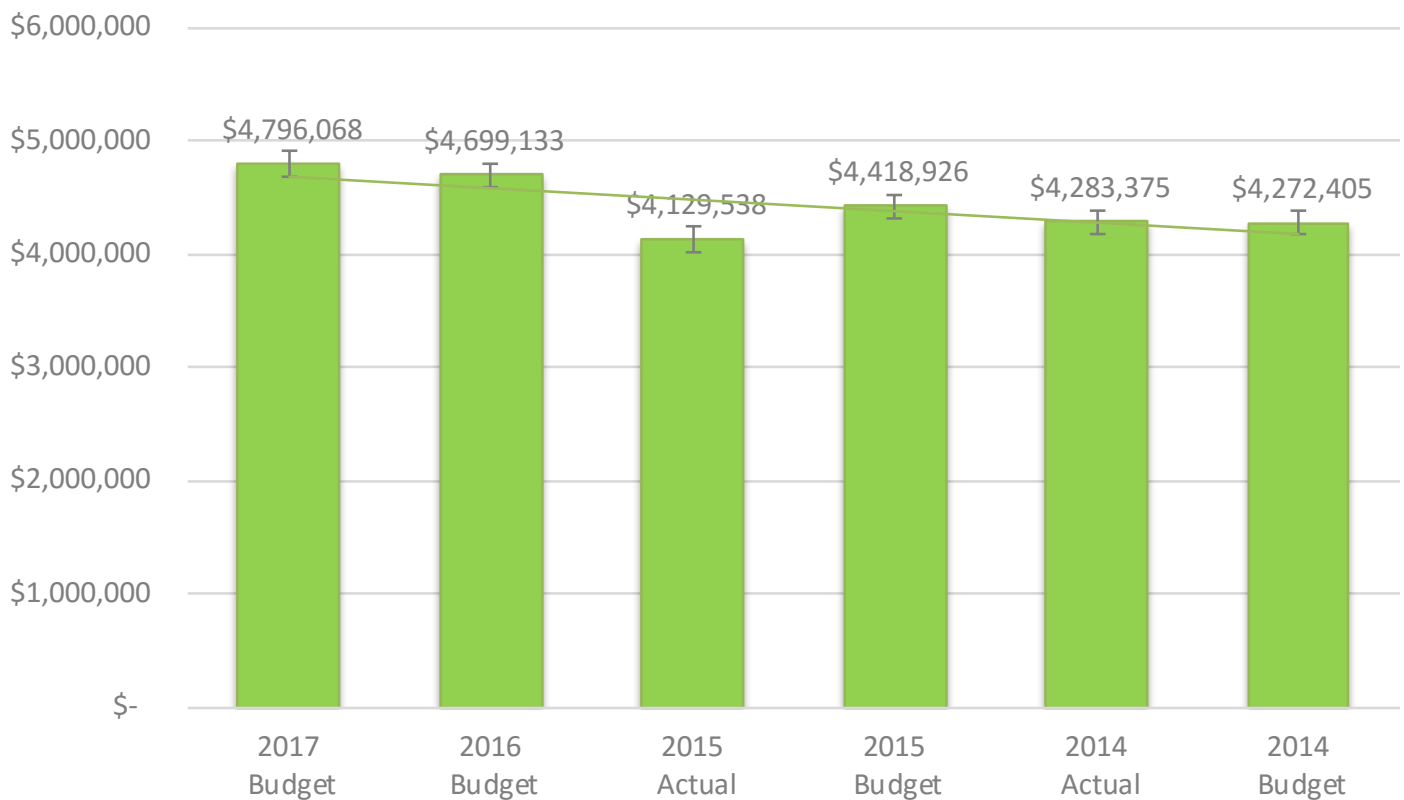


Diocese of Olympia

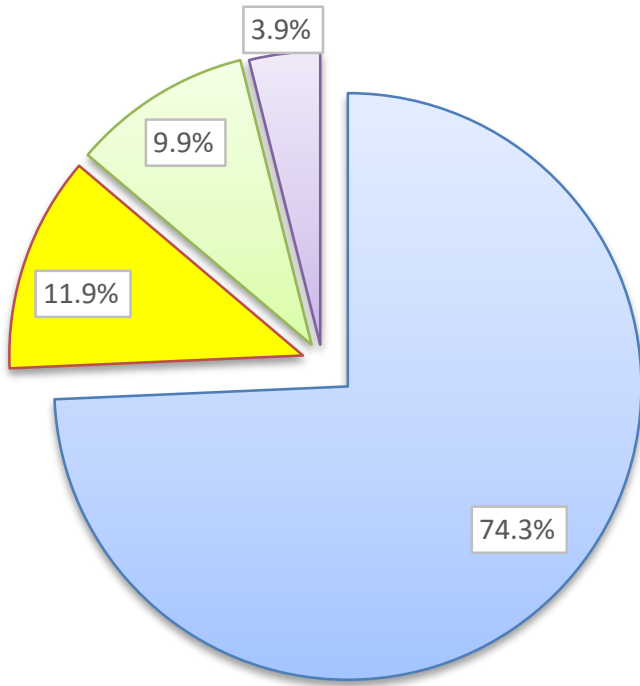
2016 Journal of Convention

2017 BUDGET TOTALS

DIOCESE OF OLYMPIA ANNUAL REVENUES

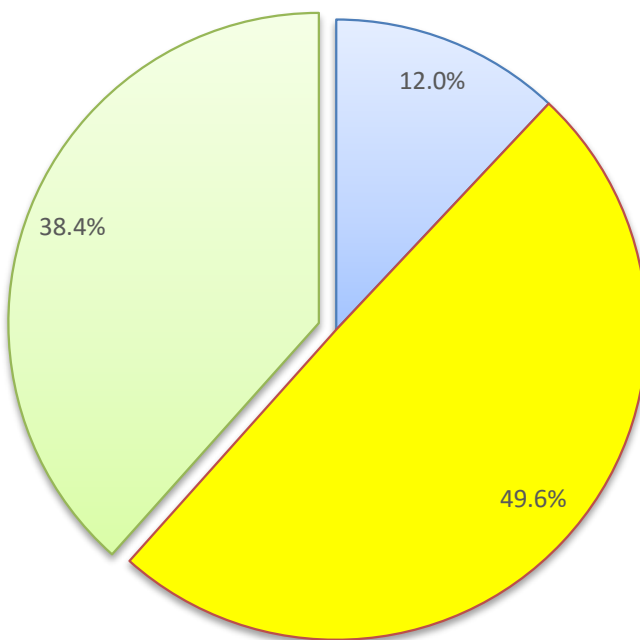


2017 BUDGET TOTALS



DIOCESE OF OLYMPIA PLANNED USES OF 2017 REVENUE DOLLARS

- 74.3% - Net Assessment Revenue
- 11.3% - Dividend Income
- 9.9% - Carry Forwards, Funds Releases, Interest, and Other
- 3.9% - Fees, Tuitions, and Reimbursements, and Other

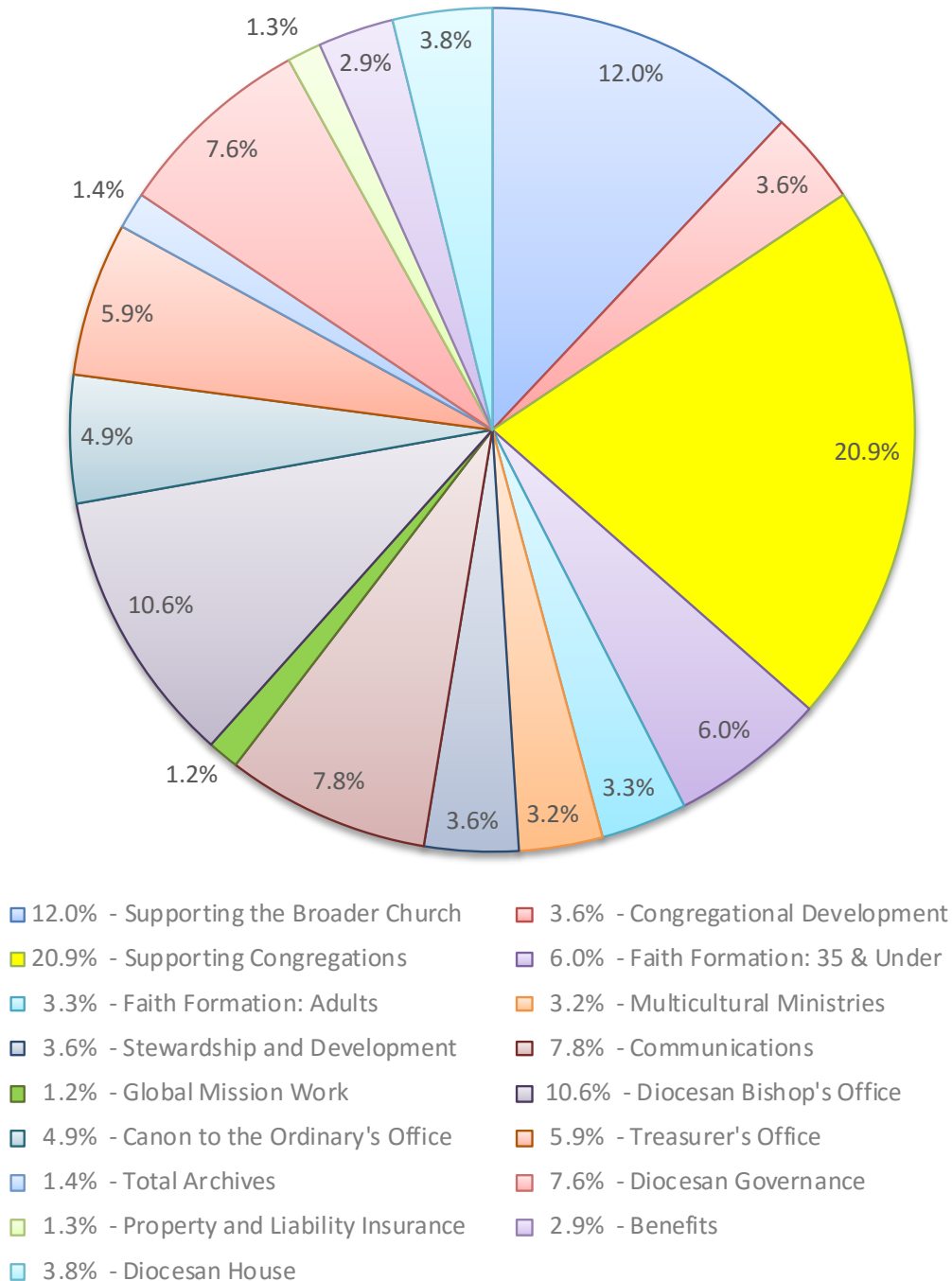


DIOCESE OF OLYMPIA PLANNED USES OF 2017 REVENUE DOLLARS

- 12.0% - Supporting the Broader Church
- 49.6% - Programs for Ministry - Empowering Congregations
- 38.4% - Canonical & Corporate Expenses

2017 BUDGET TOTALS

DIOCESE OF OLYMPIA PLANNED USES OF 2017 REVENUE DOLLARS



DIOCESE OF OLYMPIA 2017 Budget versus 2016 Budget, 2015 Actual, and 2015 Budget **SUMMARY**

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|--------------|--------------|--------------|--------------|----------|-----------|--|
| | 2017 | 2016 | 2015 | 2015 | 2016 | 2015 | Variance Percent 2017 Budget Greater Than / (Less Than) 2015 |
| Description | Budget | Budget | Actual | Budget | Budget | Actual | Budget |
| Revenues | | | | | | | |
| (1) Net Assessment Revenue | \$ 3,396,300 | \$ 3,640,410 | \$ 3,474,716 | \$ 3,672,420 | (6.71) % | (2.26) % | (7.52) % |
| (2) Prior Years' Assessment Receipts | 165,000 | 45,000 | 36,368 | 35,000 | 266.67 | 353.70 | 371.43 |
| (3) Dividend Income (Un-Restricted) | 142,500 | 146,000 | 91,666 | 93,710 | (2.40) | 55.46 | 52.06 |
| (4) Dividend Income (Restricted) | 434,000 | 436,000 | 382,487 | 396,247 | (0.46) | 13.47 | 9.53 |
| (5) Total Contribution, Assessment and Dividend Income | 4,137,800 | 4,267,410 | 3,985,237 | 4,197,377 | (3.04) | 3.83 | (1.42) |
| (6) Carry Forwards, Funds Releases, Interest, and Other | 473,158 | 265,973 | 31,543 | 95,500 | 77.90 | 1,400.04 | 395.45 |
| (7) Fees, Tuitions, and Reimbursements, and Other | 185,110 | 165,750 | 71,037 | 126,049 | 11.68 | 160.58 | 46.86 |
| (8) Total Revenues | \$ 4,796,068 | \$ 4,699,133 | \$ 4,087,817 | \$ 4,418,926 | 2.06 % | 17.33 % | 8.53 % |
| Expenses | | | | | | | |
| (9) Supporting the Broader Church | \$ 576,722 | \$ 636,989 | \$ 657,934 | \$ 657,934 | (9.46) % | (12.34) % | (12.34) % |
| Program for Ministry: Empowering Congregations | | | | | | | |
| (10) Congregational Development | 172,637 | 165,637 | 165,247 | 182,071 | 4.23 | 4.47 | (5.18) |
| (11) Supporting Congregations | 1,001,300 | 1,006,451 | 778,311 | 868,104 | (0.51) | 28.65 | 15.34 |
| (12) Faith Formation: 35 & Under | 289,583 | 300,382 | 244,432 | 258,976 | (3.60) | 18.47 | 11.82 |
| (13) Faith Formation Adults | 157,213 | 117,113 | 66,369 | 66,337 | 34.24 | 136.88 | 136.99 |
| (14) Multicultural Ministries | 154,949 | 144,799 | 141,982 | 134,238 | 7.01 | 9.13 | 15.43 |
| (15) Stewardship and Development | 171,073 | 171,173 | 143,850 | 179,075 | (0.06) | 18.92 | (4.47) |
| (16) Communications | 371,994 | 342,086 | 308,623 | 332,839 | 8.74 | 20.53 | 11.76 |
| Global Mission Work | | | | | | | |
| (17) Commissions & Committees | 19,875 | 14,480 | 29,348 | 34,000 | 37.26 | (32.28) | (41.54) |
| (18) Refugee Grant and Millennium Development | 37,528 | 38,419 | 39,000 | 39,595 | (2.32) | (3.77) | (5.22) |
| (19) Total Global Mission Work | 57,403 | 52,899 | 68,348 | 73,595 | 8.51 | (16.01) | (22.00) |
| (20) Total Program for Ministry: Empowering Congregations | 2,376,152 | 2,300,540 | 1,917,162 | 2,095,235 | 3.29 | 23.94 | 13.41 |

DIOCESE OF OLYMPIA
2017 Budget versus 2016 Budget, 2015 Actual, and 2015 Budget
SUMMARY

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|-----------|-----------|-----------|-----------|--------|--------|--|
| | 2017 | 2016 | 2015 | 2015 | 2016 | 2015 | |
| Description | Budget | Budget | Actual | Budget | Budget | Actual | |
| | | | | | | | Variance Percent 2017 Budget Greater Than / (Less Than) 2015 |
| Canonical and Corporate Expenses | | | | | | | |
| (21) Diocesan Bishop's Office | 509,283 | 499,283 | 454,119 | 471,073 | 2.00 | 12.15 | 8.11 |
| (22) Canon to the Ordinary's Office | 236,969 | 236,969 | 178,272 | 228,070 | - | 32.93 | 3.90 |
| (23) Treasurer's Office | 281,720 | 303,220 | 272,050 | 300,876 | (7.09) | 3.55 | (6.37) |
| (24) Archives | 65,250 | 65,250 | 62,705 | 61,912 | - | 4.06 | 5.39 |
| (25) Diocesan Governance | 365,771 | 335,228 | 231,621 | 258,227 | 9.11 | 57.92 | 41.65 |
| (26) Property / Liability Insurance Premium | 63,000 | 60,000 | 55,695 | 69,000 | 5.00 | 13.12 | (8.70) |
| (27) Benefits | 140,000 | 79,308 | 64,641 | 89,316 | 76.53 | 116.58 | 56.75 |
| (28) Diocesan House | 181,201 | 182,346 | 172,295 | 187,283 | (0.63) | 5.17 | (3.25) |
| (29) Total Canonical and Corporate Expenses | 1,843,194 | 1,761,604 | 1,491,398 | 1,665,757 | 4.63 | 23.59 | 10.65 |
| (30) TOTAL EXPENSES | 4,796,068 | 4,699,133 | 4,066,494 | 4,418,926 | 2.06 | 17.94 | 8.53 |
| (31) Net Cash Excess / (Deficit) | \$ - | \$ - | \$ 21,323 | \$ - | - | 100.00 | - |
| | | | | | % | % | % |

Diocese of Olympia

Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2015

— BAPTISMS —

| City | Congregation | Active Members | Communicants in Good Standing | Others Active | Average Sunday Attendance | Sunday Eucharists | 16 yrs and Older | Under 16 Years | Confirmed or Received |
|-------------------|--------------------------------------|----------------|-------------------------------|---------------|---------------------------|-------------------|------------------|----------------|-----------------------|
| Aberdeen | St Andrews Episcopal Church | 219 | 207 | 0 | 79 | 103 | 0 | 2 | 0 |
| Allyn | St Hugh of Lincoln Episcopal Church | 78 | 78 | 0 | 43 | 52 | 2 | 1 | 5 |
| Anacortes | Christ Episcopal Church | 117 | 117 | 0 | 74 | 84 | 0 | 0 | 3 |
| Auburn | St Matthews Episcopal Church | 292 | 292 | 5 | 53 | 204 | 12 | 0 | 5 |
| Bainbridge Island | Grace Episcopal Church | 1,053 | 0 | 0 | 216 | 105 | 1 | 1 | 0 |
| Bainbridge Island | St Barnabas Episcopal Church | 493 | 493 | 0 | 114 | 101 | 0 | 3 | 7 |
| Battle Ground | Church of the Holy Spirit | 98 | 98 | 0 | 36 | 0 | 0 | 0 | 0 |
| Bellevue | All Saints Episcopal Church | 28 | 27 | 0 | 16 | 47 | 0 | 0 | 0 |
| Bellevue | Church of the Holy Apostles | 76 | 34 | 2 | 17 | 0 | 0 | 0 | 0 |
| Bellevue | Church of the Resurrection | 82 | 75 | 0 | 41 | 104 | 0 | 0 | 0 |
| Bellevue | St Margarets Episcopal Church | 913 | 855 | 60 | 261 | 151 | 3 | 0 | 0 |
| Bellingham | St Pauls Episcopal Church | 498 | 449 | 193 | 324 | 161 | 1 | 13 | 4 |
| Blaine | Christ Episcopal Church | 50 | 50 | 0 | 25 | 52 | 0 | 0 | 0 |
| Bremerton | St Pauls Episcopal Church | 371 | 370 | 0 | 104 | 108 | 1 | 3 | 13 |
| Burien | St Elizabeths Episcopal Church | 90 | 90 | 0 | 50 | 54 | 0 | 2 | 0 |
| Camano Island | St Aidans Episcopal Church | 195 | 195 | 0 | 87 | 80 | 1 | 3 | 7 |
| Castle Rock | St Matthew Church | 55 | 55 | 0 | 9 | 15 | 0 | 1 | 0 |
| Cathlamet | St James Episcopal Church | 55 | 55 | 2 | 24 | 52 | 0 | 0 | 0 |
| Chehalis | St Timothy Episcopal Church | 121 | 121 | 0 | 49 | 66 | 1 | 1 | 0 |
| Darrington | Church of the Transfiguration | 16 | 16 | 0 | 8 | 51 | 1 | 0 | 0 |
| Eastsound | Emmanuel Episcopal Church | 199 | 145 | 3 | 96 | 110 | 0 | 0 | 0 |
| Edmonds | St Albans Episcopal Church | 130 | 113 | 0 | 69 | 103 | 1 | 1 | 0 |
| Edmonds | St Hilda-St Patrick Church | 174 | 174 | 2 | 77 | 53 | 1 | 4 | 0 |
| Elma | St Lukes Episcopal Church | 10 | 10 | 0 | 7 | 1 | 0 | 0 | 0 |
| Everett | Trinity Episcopal Church | 370 | 357 | 13 | 152 | 154 | 0 | 4 | 7 |
| Federal Way | Church of the Good Shepherd | 186 | 142 | 14 | 72 | 104 | 0 | 0 | 0 |
| Freeland | St Augustines in-the-Woods Episcopal | 142 | 142 | 58 | 111 | 124 | 0 | 0 | 0 |
| Friday Harbor | St Davids Episcopal Church | 92 | 89 | 11 | 55 | 101 | 0 | 1 | 1 |
| Gig Harbor | St Johns Episcopal Church | 384 | 310 | 20 | 144 | 102 | 0 | 2 | 12 |
| Hoodsport | St Germain Episcopal Church | 31 | 31 | 0 | 20 | 53 | 1 | 5 | 0 |
| Issaquah | St Michael & All Angels Church | 345 | 345 | 18 | 108 | 136 | 1 | 8 | 0 |
| Kenmore | Church of the Redeemer | 686 | 99 | 48 | 78 | 101 | 0 | 2 | 0 |
| Kent | St Columba's Episcopal Church | 116 | 103 | 4 | 70 | 102 | 0 | 2 | 6 |
| Kent | St James Episcopal Church | 752 | 614 | 2 | 181 | 164 | 0 | 6 | 0 |

Diocese of Olympia

Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2015

— BAPTISMS —

| City | Congregation | Active Members | Communicants in Good Standing | Others Active | Average Sunday Attendance | Sunday Eucharists | 16 yrs and Older | Under 16 Years | Confirmed or Received |
|---------------|--|----------------|-------------------------------|---------------|---------------------------|-------------------|------------------|----------------|-----------------------|
| Kingston | Faith Episcopal Church | 57 | 51 | 6 | 26 | 38 | 0 | 0 | 0 |
| Kirkland | St Johns Episcopal Church | 279 | 279 | 3 | 153 | 118 | 0 | 9 | 1 |
| Lacey | St Benedicts Episcopal Church | 272 | 156 | 20 | 85 | 103 | 0 | 0 | 1 |
| Lakewood | St Joseph & St John Church | 89 | 89 | 0 | 42 | 89 | 1 | 3 | 0 |
| Lakewood | St Marys Episcopal Church | 289 | 289 | 40 | 153 | 153 | 0 | 3 | 24 |
| Longview | St Stephens Episcopal Church | 208 | 208 | 0 | 79 | 100 | 0 | 2 | 3 |
| Lopez Island | Grace Church | 155 | 94 | 0 | 50 | 50 | 0 | 2 | 0 |
| Maple Valley | St Georges Episcopal Church | 215 | 215 | 14 | 99 | 4 | 0 | 1 | 0 |
| Marysville | St Philip Episcopal Church | 86 | 86 | 0 | 46 | 0 | 0 | 2 | 0 |
| Medina | St Thomas Episcopal Church | 1,158 | 1,068 | 0 | 290 | 106 | 0 | 13 | 5 |
| Mercer Island | Emmanuel Episcopal Church | 309 | 309 | 4 | 100 | 84 | 0 | 1 | 7 |
| Monroe | Church of Our Saviour Episcopal | 46 | 46 | 0 | 20 | 47 | 1 | 0 | 0 |
| Montesano | St Marks Episcopal Church | 29 | 20 | 0 | 12 | 53 | 0 | 0 | 0 |
| Mount Vernon | St Pauls Episcopal Church | 96 | 96 | 23 | 46 | 63 | 0 | 1 | 1 |
| Oak Harbor | St Stephens Episcopal Church | 42 | 42 | 6 | 30 | 48 | 0 | 0 | 0 |
| Olympia | St Christopher's Church – a Federated Congregation | 154 | 153 | 22 | 67 | 54 | 1 | 1 | 0 |
| Olympia | St Johns Episcopal Church | 541 | 541 | 0 | 213 | 157 | 0 | 2 | 0 |
| Port Angeles | St Andrews Church | 220 | 181 | 0 | 106 | 145 | 1 | 1 | 8 |
| Port Orchard | St Bede Episcopal Church | 147 | 111 | 8 | 58 | 156 | 1 | 1 | 0 |
| Port Townsend | St Pauls Episcopal Church | 208 | 208 | 8 | 86 | 104 | 1 | 0 | 0 |
| Puyallup | Christ Episcopal Church | 177 | 133 | 5 | 83 | 103 | 0 | 1 | 11 |
| Redmond | Church of the Holy Cross | 830 | 622 | 44 | 152 | 114 | 0 | 5 | 0 |
| Renton | St Luke Episcopal Church | 259 | 128 | 30 | 92 | 107 | 7 | 0 | 7 |
| Sammamish | Good Samaritan Episcopal Church | 202 | 202 | 25 | 90 | 119 | 1 | 0 | 4 |
| Seattle | Christ Episcopal Church | 187 | 157 | 10 | 83 | 94 | 1 | 2 | 0 |
| Seattle | Church of St John the Baptist | 272 | 272 | 2 | 96 | 102 | 1 | 1 | 0 |
| Seattle | Church of the Ascension | 320 | 276 | 0 | 101 | 101 | 0 | 0 | 0 |
| Seattle | Epiphany Parish of Seattle | 783 | 781 | 176 | 296 | 134 | 0 | 10 | 0 |
| Seattle | St Andrews Episcopal Church | 770 | 589 | 0 | 223 | 154 | 1 | 6 | 0 |
| Seattle | St Clements Church | 58 | 47 | 11 | 35 | 52 | 1 | 3 | 0 |
| Seattle | St Lukes Episcopal Church | 45 | 45 | 0 | 30 | 0 | 0 | 0 | 0 |
| Seattle | St Marks Episcopal Cathedral | 2,805 | 1,201 | 0 | 742 | 204 | 4 | 18 | 25 |
| Seattle | St Pauls Episcopal Church | 240 | 240 | 169 | 214 | 203 | 2 | 5 | 6 |

Diocese of Olympia
Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2015

— BAPTISMS —

| City | Congregation | Active Members | Communicants in Good Standing | Others Active | Average Sunday Attendance | Sunday Eucharists | 16 yrs and Older | Under 16 Years | Confirmed or Received |
|---------------|-------------------------------------|----------------|-------------------------------|---------------|---------------------------|-------------------|------------------|----------------|-----------------------|
| Seattle | St Peters Episcopal Church | 114 | 80 | 34 | 41 | 0 | 0 | 0 | 0 |
| Seattle | St Stephens Parish | 492 | 294 | 106 | 105 | 89 | 0 | 3 | 3 |
| Seattle | Trinity Church Episcopal | 406 | 202 | 20 | 145 | 107 | 2 | 2 | 2 |
| Seaview | St Peters Episcopal Church | 17 | 15 | 10 | 19 | 48 | 0 | 0 | 0 |
| Sedro Woolley | St James Church | 28 | 28 | 0 | 18 | 0 | 0 | 0 | 0 |
| Sequim | St Lukes Episcopal Church | 267 | 267 | 0 | 134 | 104 | 1 | 1 | 0 |
| Shelton | Church of St David of Wales | 121 | 107 | 0 | 76 | 103 | 2 | 2 | 0 |
| Shoreline | St David Emmanuel Episcopal Church | 57 | 38 | 0 | 26 | 99 | 0 | 0 | 0 |
| Shoreline | St Dunstons Church | 311 | 190 | 1 | 94 | 108 | 0 | 0 | 0 |
| Silverdale | St Antony of Egypt Episcopal Church | 168 | 156 | 4 | 78 | 103 | 0 | 0 | 0 |
| Snohomish | St Johns Episcopal Church | 257 | 257 | 8 | 98 | 104 | 0 | 3 | 0 |
| Snoqualmie | St Clare of Assisi Episcopal Church | 91 | 77 | 8 | 37 | 3 | 0 | 2 | 0 |
| South Bend | St Johns Episcopal Church | 30 | 30 | 0 | 30 | 54 | 1 | 1 | 0 |
| Tacoma | All Saints Episcopal Church | 107 | 107 | 8 | 45 | 95 | 0 | 0 | 0 |
| Tacoma | Christ Church | 281 | 205 | 6 | 121 | 103 | 0 | 1 | 0 |
| Tacoma | Holy Family of Jesus Epis Church | 8 | 8 | 44 | 33 | 52 | 0 | 2 | 0 |
| Tacoma | St Andrews Episcopal Church | 240 | 239 | 4 | 113 | 106 | 0 | 1 | 6 |
| Tacoma | St Lukes Episcopal Church | 465 | 396 | 3 | 138 | 101 | 0 | 2 | 0 |
| Tacoma | St Matthews Episcopal Church | 171 | 171 | 0 | 75 | 105 | 0 | 6 | 2 |
| Tahuya | St Nicholas Episcopal Church | 43 | 41 | 0 | 27 | 29 | 0 | 0 | 1 |
| Vancouver | All Saints Episcopal Church | 75 | 75 | 11 | 44 | 49 | 0 | 2 | 0 |
| Vancouver | Church of the Good Shepherd | 623 | 609 | 202 | 249 | 104 | 2 | 11 | 26 |
| Vancouver | St Lukes Episcopal Church | 582 | 419 | 58 | 243 | 156 | 2 | 11 | 13 |
| Vashon | Church of the Holy Spirit | 195 | 195 | 0 | 73 | 99 | 0 | 1 | 6 |
| Washougal | St Anne Episcopal Church | 144 | 144 | 35 | 76 | 100 | 2 | 1 | 0 |
| Total | | 25,358 | 19,636 | 1,643 | 9,006 | 8,178 | 63 | 210 | 232 |

Diocese of Olympia
Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2015

| City | Congregation | REVENUE | | | EXPENSE | | | |
|-------------------|--------------------------------------|--------------------------|----------------------|---------------|----------------------|-------------------|---------------------------|-----------|
| | | Plate & Pledge Income | Operating Revenue | Total Revenue | Operating Expense | To the Diocese | Outreach & Development | Total |
| Aberdeen | St Andrews Episcopal Church | 103,574 | 177,902 | 222,426 | 171,579 | 29,945 | 10,692 | 222,426 |
| Allyn | St Hugh of Lincoln Episcopal Church | 59,590 | 64,173 | 89,812 | 75,391 | 7,821 | 28,518 | 85,426 |
| Anacortes | Christ Episcopal Church | 136,247 | 200,514 | 230,587 | 193,761 | 26,258 | 48,675 | 215,641 |
| Auburn | St Matthews Episcopal Church | 57,477 | 70,166 | 70,166 | 59,052 | 10,106 | 5,070 | 64,122 |
| Bainbridge Island | Grace Episcopal Church | 557,333 | 646,145 | 672,094 | 646,145 | 90,736 | 56,771 | 646,145 |
| Bainbridge Island | St Barnabas Episcopal Church | 384,913 | 440,056 | 588,825 | 437,918 | 60,196 | 137,403 | 579,542 |
| Battle Ground | Church of the Holy Spirit | 76,274 | 87,274 | 87,274 | 91,035 | 15,031 | 0 | 91,035 |
| Bellevue | All Saints Episcopal Church | 96,579 | 116,579 | 119,181 | 127,277 | 8,350 | 9,028 | 136,640 |
| Bellevue | Church of the Holy Apostles | 27,928 | 28,578 | 28,578 | 21,713 | 1,343 | 3,406 | 25,119 |
| Bellevue | Church of the Resurrection | 112,919 | 167,059 | 195,368 | 153,844 | 20,668 | 36,582 | 191,872 |
| Bellevue | St Margarets Episcopal Church | 670,502 | 961,184 | 1,070,979 | 1,074,984 | 140,819 | 48,752 | 1,106,874 |
| Bellingham | St Pauls Episcopal Church | 609,022 | 681,512 | 795,746 | 678,516 | 108,564 | 281,187 | 946,881 |
| Blaine | Christ Episcopal Church | 61,954 | 61,954 | 63,999 | 51,764 | 11,115 | 2,958 | 53,809 |
| Bremerton | St Pauls Episcopal Church | 153,622 | 219,929 | 240,763 | 247,740 | 31,651 | 3,482 | 252,680 |
| Burien | St Elizabeths Episcopal Church | 65,689 | 228,529 | 233,074 | 182,097 | 21,255 | 39,432 | 219,760 |
| Camano Island | St Aidans Episcopal Church | 196,821 | 217,627 | 269,869 | 227,347 | 30,248 | 56,082 | 275,874 |
| Castle Rock | St Matthew Church | 6,317 | 6,317 | 6,317 | 5,355 | 464 | 975 | 6,330 |
| Cathlamet | St James Episcopal Church | 14,513 | 14,513 | 14,777 | 14,222 | 2,357 | 0 | 14,486 |
| Chehalis | St Timothy Episcopal Church | 80,237 | 166,885 | 184,225 | 157,948 | 22,259 | 44,471 | 187,695 |
| Darrington | Church of the Transfiguration | 24,009 | 24,309 | 24,309 | 26,059 | 3,356 | 9,301 | 30,013 |
| Eastsound | Emmanuel Episcopal Church | 187,551 | 237,937 | 237,937 | 197,190 | 31,925 | 18,772 | 211,541 |
| Edmonds | St Albans Episcopal Church | 148,005 | 153,845 | 166,402 | 124,203 | 27,419 | 2,289 | 143,020 |
| Edmonds | St Hilda-St Patrick Church | 142,304 | 151,301 | 160,812 | 162,679 | 25,641 | 8,358 | 172,587 |
| Elma | St Lukes Episcopal Church | 3,745 | 22,625 | 22,625 | 7,260 | 727 | 24,220 | 31,160 |
| Everett | Trinity Episcopal Church | 282,972 | 393,093 | 422,189 | 400,300 | 47,418 | 29,571 | 429,167 |
| Federal Way | Church of the Good Shepherd | 234,782 | 262,745 | 275,615 | 243,335 | 38,163 | 9,909 | 253,889 |
| Freeland | St Augustines in-the-Woods Episcopal | 266,963 | 289,895 | 289,895 | 289,895 | 43,510 | 0 | 332,632 |
| Friday Harbor | St Davids Episcopal Church | 165,177 | 177,285 | 194,985 | 170,508 | 16,302 | 26,523 | 197,031 |
| Gig Harbor | St Johns Episcopal Church | 320,499 | 365,021 | 366,529 | 371,398 | 48,692 | 10,907 | 376,506 |

Diocese of Olympia
Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2015

| City | Congregation | REVENUE | | | EXPENSE | | | Total |
|---------------|---|--------------------------|----------------------|---------------|----------------------|-------------------|---------------------------|-----------|
| | | Plate & Pledge Income | Operating Revenue | Total Revenue | Operating Expense | To the Diocese | Outreach & Development | |
| Hoodspoint | St Germain Episcopal Church | 21,147 | 34,794 | 34,794 | 6,858 | 4,948 | 1,910 | 6,858 |
| Issaquah | St Michael & All Angels Church | 271,305 | 291,305 | 312,182 | 291,142 | 43,022 | 32,379 | 331,771 |
| Kenmore | Church of the Redeemer | 226,633 | 236,170 | 236,170 | 288,082 | 36,169 | 6,806 | 288,082 |
| Kent | St Columba's Episcopal Church | 134,269 | 189,916 | 209,916 | 179,237 | 26,112 | 4,961 | 182,043 |
| Kent | St James Episcopal Church | 444,841 | 473,857 | 498,863 | 473,857 | 83,323 | 6,804 | 498,863 |
| Kingston | Faith Episcopal Church | 34,852 | 37,465 | 37,465 | 36,610 | 5,221 | 0 | 36,610 |
| Kirkland | St Johns Episcopal Church | 425,163 | 458,506 | 534,019 | 477,550 | 68,208 | 29,837 | 510,394 |
| Lacey | St Benedicts Episcopal Church | 221,525 | 223,444 | 223,444 | 55,877 | 17,867 | 11,965 | 61,090 |
| Lakewood | St Joseph & St John Church | 131,350 | 160,544 | 167,267 | 164,409 | 21,306 | 4,174 | 164,409 |
| Lakewood | St Marys Episcopal Church | 369,036 | 412,555 | 507,335 | 412,555 | 54,925 | 126,370 | 529,969 |
| Longview | St Stephens Episcopal Church | 226,152 | 301,384 | 330,801 | 285,893 | 48,407 | 26,165 | 335,583 |
| Lopez Island | Grace Church | 92,225 | 92,225 | 96,850 | 103,400 | 14,800 | 7,900 | 108,025 |
| Maple Valley | St Georges Episcopal Church | 142,466 | 146,961 | 241,638 | 181,936 | 22,460 | 86,372 | 264,040 |
| Marysville | St Philip Episcopal Church | 63,074 | 115,651 | 119,756 | 129,030 | 17,975 | 7,184 | 134,045 |
| Medina | St Thomas Episcopal Church | 1,102,998 | 1,308,328 | 1,613,554 | 1,339,991 | 204,094 | 191,370 | 1,453,203 |
| Mercer Island | Emmanuel Episcopal Church | 484,920 | 557,170 | 782,145 | 587,947 | 74,237 | 197,362 | 756,471 |
| Monroe | Church of Our Saviour Episcopal | 29,759 | 31,509 | 31,509 | 44,488 | 5,429 | 4,744 | 46,812 |
| Montesano | St Marks Episcopal Church | 21,182 | 25,033 | 26,161 | 23,674 | 3,193 | 7,195 | 24,744 |
| Mount Vernon | St Pauls Episcopal Church | 126,621 | 154,664 | 154,664 | 139,533 | 24,535 | 3,600 | 143,133 |
| Oak Harbor | St Stephens Episcopal Church | 79,371 | 79,371 | 82,993 | 84,142 | 12,506 | 5,115 | 85,567 |
| Olympia | St Christopher's Church – a Federated Congregation | 141,873 | 142,173 | 146,776 | 174,273 | 11,421 | 0 | 174,273 |
| Olympia | St Johns Episcopal Church | 346,183 | 363,440 | 549,377 | 345,695 | 61,799 | 1,000 | 359,216 |
| Port Angeles | St Andrews Church | 187,170 | 204,783 | 223,653 | 204,784 | 34,278 | 26,248 | 239,304 |
| Port Orchard | St Bede Episcopal Church | 139,878 | 190,571 | 356,748 | 190,571 | 21,733 | 21,634 | 356,748 |
| Port Townsend | St Pauls Episcopal Church | 209,381 | 224,240 | 285,055 | 257,385 | 36,734 | 29,257 | 288,363 |
| Puyallup | Christ Episcopal Church | 178,858 | 178,858 | 273,346 | 174,597 | 28,823 | 11,038 | 187,995 |
| Redmond | Church of the Holy Cross | 512,165 | 512,165 | 1,009,608 | 558,835 | 88,917 | 902,150 | 1,460,985 |
| Renton | St Luke Episcopal Church | 154,123 | 229,948 | 232,283 | 226,994 | 33,941 | 4,756 | 229,163 |

Diocese of Olympia
Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2015

| City | Congregation | R E V E N U E | | | E X P E N S E | | | |
|---------------|-------------------------------------|--------------------------|----------------------|---------------|----------------------|-------------------|---------------------------|-----------|
| | | Plate & Pledge Income | Operating Revenue | Total Revenue | Operating Expense | To the Diocese | Outreach & Development | Total |
| Sammamish | Good Samaritan Episcopal Church | 170,975 | 204,890 | 216,975 | 199,824 | 29,243 | 21,584 | 222,938 |
| Seattle | Christ Episcopal Church | 275,741 | 310,658 | 332,159 | 318,816 | 50,507 | 13,515 | 340,317 |
| Seattle | Church of St John the Baptist | 291,420 | 325,027 | 397,670 | 316,757 | 57,914 | 33,911 | 359,537 |
| Seattle | Church of the Ascension | 337,354 | 360,538 | 377,038 | 321,091 | 45,518 | 27,158 | 353,229 |
| Seattle | Epiphany Parish of Seattle | 1,045,808 | 1,279,053 | 2,725,182 | 1,254,029 | 196,000 | 5,719,443 | 7,013,808 |
| Seattle | St Andrews Episcopal Church | 416,896 | 507,796 | 912,524 | 483,528 | 87,918 | 292,950 | 782,963 |
| Seattle | St Clements Church | 119,593 | 126,599 | 129,744 | 118,456 | 21,532 | 1,142 | 120,512 |
| Seattle | St Lukes Episcopal Church | 81,785 | 236,912 | 261,790 | 147,783 | 14,482 | 36,500 | 167,034 |
| Seattle | St Marks Episcopal Cathedral | 1,323,746 | 1,674,860 | 4,201,984 | 1,796,349 | 238,375 | 892,324 | 2,605,053 |
| Seattle | St Pauls Episcopal Church | 358,518 | 391,662 | 404,589 | 412,736 | 58,585 | 5,712 | 412,736 |
| Seattle | St Peters Episcopal Church | 83,026 | 104,390 | 115,761 | 109,924 | 14,388 | 112,587 | 126,975 |
| Seattle | St Stephens Parish | 558,562 | 661,922 | 661,922 | 670,864 | 116,564 | 1,664 | 670,864 |
| Seattle | Trinity Church Episcopal | 273,918 | 849,707 | 1,029,655 | 208,379 | 78,628 | 712,770 | 915,672 |
| Seaview | St Peters Episcopal Church | 33,418 | 52,121 | 88,791 | 58,983 | 6,911 | 1,600 | 76,538 |
| Sedro Woolley | St James Church | 36,304 | 36,304 | 36,304 | 39,163 | 5,985 | 223 | 39,163 |
| Sequim | St Lukes Episcopal Church | 255,702 | 299,769 | 331,898 | 303,559 | 52,324 | 25,401 | 339,136 |
| Shelton | Church of St David of Wales | 119,039 | 149,940 | 154,175 | 154,098 | 21,117 | 8,354 | 162,537 |
| Shoreline | St David Emmanuel Episcopal Church | 71,187 | 86,624 | 92,104 | 75,504 | 12,478 | 12,430 | 82,124 |
| Shoreline | St Dunstons Church | 270,516 | 289,136 | 330,992 | 272,082 | 26,348 | 54,218 | 330,716 |
| Silverdale | St Antony of Egypt Episcopal Church | 177,795 | 200,741 | 349,232 | 187,117 | 33,377 | 61,823 | 252,434 |
| Snohomish | St Johns Episcopal Church | 195,706 | 231,253 | 311,165 | 215,456 | 37,763 | 33,187 | 264,490 |
| Snoqualmie | St Clare of Assisi Episcopal Church | 90,724 | 101,864 | 111,511 | 95,895 | 15,515 | 1,149 | 97,044 |
| South Bend | St Johns Episcopal Church | 8,502 | 31,273 | 31,273 | 44,960 | 1,249 | 34,245 | 44,960 |
| Tacoma | All Saints Episcopal Church | 84,190 | 87,389 | 99,922 | 89,293 | 13,204 | 1,159 | 90,332 |
| Tacoma | Christ Church | 317,291 | 362,405 | 366,228 | 380,209 | 56,505 | 18,249 | 387,440 |
| Tacoma | Holy Family of Jesus Epis Church | 15,829 | 65,062 | 65,793 | 60,306 | 2,400 | 2,261 | 62,567 |
| Tacoma | St Andrews Episcopal Church | 273,435 | 284,920 | 440,875 | 310,824 | 43,198 | 184,691 | 472,299 |
| Tacoma | St Lukes Episcopal Church | 311,438 | 369,638 | 369,638 | 400,422 | 55,626 | 12,992 | 419,222 |
| Tacoma | St Matthews Episcopal Church | 226,826 | 249,010 | 249,010 | 248,177 | 30,935 | 14,118 | 254,049 |

Diocese of Olympia
Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2015

| | | REVENUE | | | EXPENSE | | | |
|-----------|------------------------------|--------------------------|----------------------|---------------|----------------------|-------------------|---------------------------|------------|
| City | Congregation | Plate & Pledge Income | Operating Revenue | Total Revenue | Operating Expense | To the Diocese | Outreach & Development | Total |
| Tahuya | St Nicholas Episcopal Church | 23,203 | 38,138 | 38,138 | 26,616 | 2,975 | 8,616 | 40,582 |
| Vancouver | All Saints Episcopal Church | 70,866 | 101,417 | 137,033 | 101,171 | 8,997 | 35,537 | 118,671 |
| Vancouver | Church of the Good Shepherd | 612,134 | 673,080 | 784,118 | 730,789 | 77,835 | 81,826 | 751,669 |
| Vancouver | St Lukes Episcopal Church | 405,087 | 503,859 | 595,208 | 503,112 | 76,057 | 119,956 | 611,525 |
| Vashon | Church of the Holy Spirit | 191,678 | 213,678 | 217,753 | 225,675 | 37,586 | 7,697 | 227,345 |
| Washougal | St Anne Episcopal Church | 136,852 | 167,973 | 205,827 | 161,892 | 21,625 | 2,879 | 170,095 |
| Total | | 21,031,102 | 25,641,590 | 33,837,711 | 25,093,699 | 3,678,386 | 11,305,501 | 36,144,238 |

DIOCESE OF OLYMPIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

Diocesan Council
Diocese of Olympia, Inc.
Seattle, Washington

We have audited the accompanying financial statements of the Diocese of Olympia, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As more fully described in Note 1 to the financial statements, buildings and improvements have been capitalized although not depreciated. In our opinion, most capital expenditures should be capitalized and depreciated over their estimated useful lives to conform with accounting principles generally accepted in the United States. Quantification of the effects on the financial statements of the preceding practice is not practicable.

Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Diocese of Olympia, Inc. as of December 31, 2015 and 2014, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink that reads "Peterson Sullivan LLP". The signature is written in a cursive, flowing style.

September 20, 2016

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

| ASSETS | 2015 | 2014 |
|--|----------------------|----------------------|
| Cash and Cash Equivalents | \$ 951,722 | \$ 1,697,654 |
| Certificates of Deposit | 1,404,013 | 748,292 |
| Investments | 61,331,220 | 62,849,000 |
| Related Party Loans Receivable | 822,575 | 972,258 |
| Loans Receivable | 745,360 | 758,090 |
| DIF Income/Principal Receivable | 90,628 | 83,737 |
| Other Assets | 29,030 | 33,994 |
| Property | 32,277,665 | 31,722,375 |
| Property Held for Sale | 229,667 | 872,790 |
| Total assets | <u>\$ 97,881,880</u> | <u>\$ 99,738,190</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Distributions and other payables | \$ 220,217 | \$ 149,780 |
| Cash and investments held in trust for congregations and other institutions | 34,194,074 | 35,497,683 |
| Loans payable | <u>351,266</u> | <u>376,898</u> |
| Total liabilities | 34,765,557 | 36,024,361 |
| Net assets | | |
| Unrestricted | 40,047,426 | 40,258,050 |
| Temporarily restricted | 1,264,991 | 1,688,721 |
| Permanently restricted | <u>21,803,906</u> | <u>21,767,058</u> |
| Total net assets | <u>63,116,323</u> | <u>63,713,829</u> |
| Total liabilities and net assets | <u>\$ 97,881,880</u> | <u>\$ 99,738,190</u> |

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

| | 2015 | | | 2014 | | |
|--|------------------|------------------------|------------------------|------------------|----------------|------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted |
| Support and Revenue | | | | | | |
| Contributions and other | \$ 4,479 | \$ 42,000 | \$ 36,848 | \$ 83,327 | \$ 51,923 | \$ 134,524 |
| Contributed loan payments | 25,632 | | | 25,632 | 45,352 | |
| Loan interest | 39,894 | | | 39,894 | 42,409 | |
| Other investment income | 185,125 | 555,733 | | 740,858 | 177,238 | 525,468 |
| Net assets released from program restrictions | 463,397 | (463,397) | | | 508,017 | (508,017) |
| Total support and revenue | 718,527 | 134,336 | 36,848 | 889,711 | 824,939 | 151,975 |
| Expenses and Disbursements | | | | | | |
| Ministry and transfers | 165,272 | | | 165,272 | 70,568 | |
| Trustee obligations | 74,026 | | | 74,026 | 72,882 | |
| Bad debt expense | | | | | 49,686 | |
| Contribution to Operating Fund | 507,526 | | | 507,526 | 587,645 | |
| Total expenses and disbursements | 746,824 | | | 746,824 | 780,781 | |
| Change in net assets before realized and unrealized gains and losses and contributions and transfers of property and loans | (28,297) | 134,336 | 36,848 | 142,887 | 44,158 | 151,975 |
| Realized and unrealized gain (loss) on investments | | | | | | |
| Assumption of real estate | (94,494) | (558,066) | | (652,560) | 195,657 | 1,003,697 |
| Contributions of real estate to parish | | | | | 2,357,459 | 52,811 |
| Transfer of loan receivable to the Diocese | | | | | (2,885,093) | |
| Loss on impairment | (73,333) | | | (73,333) | 550,063 | |
| Loss on demolition of building | (14,500) | | | (14,500) | | |
| Change in net assets | (210,624) | (423,730) | 36,848 | (597,506) | 262,244 | 1,155,672 |
| Net Assets, beginning of year | 40,258,050 | 1,688,721 | 21,767,058 | 63,713,829 | 39,995,806 | 533,049 |
| Net Assets, end of year | \$ 40,047,426 | \$ 1,264,991 | \$ 21,803,906 | \$ 63,116,323 | \$ 40,258,050 | \$ 1,688,721 |
| | | | | | | \$ 21,767,058 |
| | | | | | | \$ 63,713,829 |

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|---|------------------|----------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (597,506) | \$ 1,470,727 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Losses (gains) on investments | 652,560 | (1,252,165) |
| Bad debt expense | | 49,686 |
| Contributed loan payments | (25,632) | (45,352) |
| Assumption of real estate | | (2,357,459) |
| Contributions of real estate to parish | | 2,885,093 |
| Transfer of loan receivable to the Diocese | | (550,063) |
| Loss on impairment | 73,333 | |
| Loss on demolition of building | 14,500 | |
| Change in operating assets and liabilities | | |
| Interest receivable | (6,891) | (1,936) |
| Other assets | 20,036 | (1,241) |
| Distributions and other payables | 55,365 | (194,861) |
| Net cash flows from operating activities | 185,765 | 2,429 |
| Cash Flows From Investing Activities | | |
| Proceeds from sale (purchases) of investments, net | 43,630 | 2,643,925 |
| Proceeds from sale (purchases) of certificates of deposit, net | (655,721) | 499,802 |
| Loan repayments (advances), net | 162,413 | (121,995) |
| Payment of settlement costs for new bishop's residence | | (8,086) |
| Net cash flows from investing activities | (449,678) | 3,013,646 |
| Cash Flows From Financing Activity | | |
| Change in cash and investments held in trust for congregations and other institutions | (482,019) | (2,682,965) |
| Change in cash and cash equivalents | (745,932) | 333,110 |
| Cash and Cash Equivalents, beginning of year | 1,697,654 | 1,364,544 |
| Cash and Cash Equivalents, end of year | \$ 951,722 | \$ 1,697,654 |

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 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 Combined Building Loan, Mission Development, and Real Estate Funds ("the Combined Funds") consist of three individual funds as follows:

- **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 11 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 where interest is currently being waived 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%. There are certain limitations imposed on this voluntary program.

- **The Mission Development Fund ("the MDF")** was set up to assist in the purchase of properties in areas where population growth would necessitate the establishment of a new congregation. Advances made by the MDF are generally exempt from interest and current principal repayment can be deferred 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 a church's exempt purposes is exempt from real estate taxes.

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

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.

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 and investment losses, there can be releases of permanently restricted net assets, but there were none in 2015 or 2014. 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 that 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, \$233,931 serves as collateral for a loan to a bank (see Note 6) at December 31, 2015. The certificates of deposit are stated at cost plus accrued interest.

Investments

Investments are reported at their fair value using Level 1 observable inputs (quoted prices in active markets for identical assets) within the fair value hierarchy using quoted market rates. Gains and losses are included in the change in net assets.

Investments consisted of the following at December 31:

| | 2015 | 2014 |
|---|----------------------|----------------------|
| Common stocks (including equity mutual funds) | \$ 41,797,745 | \$ 44,905,348 |
| U.S. Government debt securities | 6,363,051 | 5,729,432 |
| Short-term bond mutual fund | 5,856,678 | 5,912,139 |
| Intermediate-term bond mutual fund | 4,984,779 | 4,563,672 |
| Money market funds | 2,328,967 | 1,738,409 |
| | <u>\$ 61,331,220</u> | <u>\$ 62,849,000</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. Management determined no allowance was necessary at December 31, 2015 or 2014.

Interest receivable has been accrued to December 31, 2015 and 2014. At the Diocesan Finance Council'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 generally not be material.

Real Estate

Real estate is to be carried at historical cost or fair value at date of donation. Although required by accounting standards generally accepted in the United States, the Diocese has elected not to record depreciation on buildings and improvements. The Diocese does not believe this election results in misleading financial statements. The effect of not depreciating buildings and improvements has not been quantified.

When a mission becomes a parish, the value of its real estate and any related loans are removed from the Real Estate Fund. In 2014, the Sammamish Good Samaritan Church mission ("Good Samaritan") became a parish and, accordingly, all real estate related to Good Samaritan, with a carrying value of \$3,188,895, was removed from the Real Estate Fund. Good Samaritan had two loans held at the Real Estate Fund. One loan has been added to the Building Loan Fund, with a carrying value of \$303,802. The other loan has been assumed by the Building Loan Fund as described in Note 4. No missions became parishes in 2015.

Occasionally, the Diocese and a parish may decide it is for the mutual benefit of all parties for the parish to revert to mission status. When this happens, the fair value of its real estate is recognized as a contribution to the Real Estate Fund. In 2014, the St. Stephen Oak Harbor parish became a mission and, accordingly, the related real estate, with a carrying value of \$1,484,669, was recorded as a contribution assumed by the Combined Funds. No parishes reverted to mission status in 2015.

In 2015, it was discovered that two-thirds of land held in Poulsbo, Washington, was on wetlands and was not considered to have any value, resulting in an impairment loss of \$73,333.

Additionally, in 2015, the St. James Sedro Woolley building was demolished, resulting in a loss of \$14,500.

Real Estate Held for Sale

In 2014, the Diocese gained control of property in Poulsbo, Washington, with a carrying value of \$872,790. The Poulsbo property was held for sale at December 31, 2014. At December 31, 2015, the Poulsbo building and two-thirds of the Poulsbo land was no longer listed for sale, and one-third of the Poulsbo land, with a carrying value of \$36,667, was held for sale.

In 2015, land in Silverdale and Tacoma with carrying values of \$148,000 and \$45,000, respectively, were also held for sale at December 31, 2015.

Cash and Investments Held in Trust for Congregations and Other Institutions

Cash and investments held in trust for congregations and other institutions consist of amounts held by the Diocese, where the Diocese acts as an agent of the funds. Accordingly, earnings and losses related to these investments are not recognized in the statements of activities.

Cash and investments held in trust for congregations and other institutions consist of the following at December 31:

| | 2015 | 2014 |
|------------------------|----------------------|----------------------|
| DIF balances | \$ 30,219,211 | \$ 31,482,686 |
| Trust account balances | 3,974,863 | 4,014,997 |
| | <u>\$ 34,194,074</u> | <u>\$ 35,497,683</u> |

Taxes

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Diocese is not required to 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 September 20, 2016.

Note 2. Interfund Loans

Inter-entity loans are eliminated in combination. Loans eliminated (listed by creditor) are summarized as follows at December 31:

| | 2015 | 2014 |
|--------------------------|---------------------|---------------------|
| Building Loan Fund | \$ 2,171,885 | \$ 2,167,918 |
| Mission Development Fund | 168,440 | 109,241 |
| Trust Accounts | 69,000 | 537,847 |
| | <u>\$ 2,409,325</u> | <u>\$ 2,815,006</u> |

Note 3. Endowment

The endowments are held in the Trust Accounts and consist of 48 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) prior to January 1, 2015, 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 (in 2014 only, permanently restricted net assets included 5% of unrealized gains and losses within the permanent endowment and prior to January 1, 2014, all 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, 2015 | | | | |
|--|---------------------|------------------------|------------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor-restricted endowment funds | \$ - | \$ 1,264,991 | \$ 21,803,906 | \$ 23,068,897 |
| Board-designated quasi-endowment funds | 4,068,249 | | | 4,068,249 |
| Total funds | <u>\$ 4,068,249</u> | <u>\$ 1,264,991</u> | <u>\$ 21,803,906</u> | <u>\$ 27,137,146</u> |
| December 31, 2014 | | | | |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor-restricted endowment funds | \$ - | \$ 1,688,721 | \$ 21,767,058 | \$ 23,455,779 |
| Board-designated quasi-endowment funds | 3,895,538 | | | 3,895,538 |
| Total funds | <u>\$ 3,895,538</u> | <u>\$ 1,688,721</u> | <u>\$ 21,767,058</u> | <u>\$ 27,351,317</u> |

Changes in endowment net assets are as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|---------------------|---------------------------|---------------------------|----------------------|
| Endowment net assets, December 31, 2013 | \$ 3,812,816 | \$ 533,049 | \$ 21,714,247 | \$ 26,060,112 |
| Investment return | 296,941 | 1,529,165 | 52,811 | 1,878,917 |
| Contributions | | 134,524 | | 134,524 |
| Transfers into endowment | 3,534 | | | 3,534 |
| Appropriation of endowment assets for expenditure and transfers out of endowment | (217,753) | (508,017) | | (725,770) |
| Endowment net assets, December 31, 2014 | 3,895,538 | 1,688,721 | 21,767,058 | 27,351,317 |
| Investment return | 7,334 | (2,333) | | 5,001 |
| Contributions | | 42,000 | 36,848 | 78,848 |
| Transfers into endowment | 250,000 | | | 250,000 |
| Appropriation of endowment assets for expenditure and transfers out of endowment | (84,623) | (463,397) | | (548,020) |
| Endowment net assets, December 31, 2015 | <u>\$ 4,068,249</u> | <u>\$ 1,264,991</u> | <u>\$ 21,803,906</u> | <u>\$ 27,137,146</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 relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The 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

Funds available for distribution during any one year will be limited to a percentage of the market value of the fund (net of the fees for investment management, if any) that is based on a three-year rolling average, with measures taken at the end of each of the preceding 12 quarters. The amount shall be determined each year by the Board of Directors and limited to an amount no greater than the total return on the endowment funds averaged over the previous 12 quarters reduced by: (1) the amount of inflation based on the three-year rolling Consumer Price Index for All Urban Consumers, (2) any costs of managing the funds, and (3) 25% of the total return set aside for a reserve fund.

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 require 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 at 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. Deficiencies of this nature that are reported in unrestricted net assets were \$8,743 as of December 31, 2015. These deficiencies resulted from unfavorable market fluctuations that occurred in 2015. There were no such deficiencies as of December 31, 2014.

Note 4. Loans Receivable

Loans receivable consist of the following at December 31:

| | 2015 | 2014 |
|---------------------------|-------------------|-------------------|
| Parishes | | |
| Sammamish, Good Samaritan | \$ 287,383 | \$ 303,802 |
| Tacoma, St. Mary | 225,252 | 225,252 |
| Tacoma, St. Andrew | 80,000 | 174,941 |
| Port Townsend, St. Paul | 68,613 | 86,076 |
| Shelton, St. David | 68,362 | 76,790 |
| Vancouver, Good Shepherd | 49,382 | 49,382 |
| Vancouver, Good Shepherd | 37,863 | 51,225 |
| Interest receivable | 5,720 | 4,790 |
| | <u>\$ 822,575</u> | <u>\$ 972,258</u> |

In addition, the Trust Accounts have a loan receivable from an unrelated party. This loan bears interest at a fixed rate of 5.0%, is secured by real property, 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. The remaining balance on the loan receivable at December 31, 2015 and 2014, was \$195,297 and \$208,027, respectively.

In 2014, the Building Loan Fund assumed a loan from the Sammamish Good Samaritan Church mission due from the Sammamish Water District. The loan has a carrying value of \$550,063. The loan is unsecured and does not bear interest, and the principal is payable as permits for the Sammamish lift pump are obtained by the Sammamish Water District.

Note 5. Real Estate

Property reflected in the statements of financial position is categorized as follows at December 31:

| | 2015 | 2014 |
|-----------------------|----------------------|----------------------|
| Land | \$ 7,635,937 | \$ 7,828,937 |
| Building/improvements | 24,051,728 | 23,303,438 |
| Bishop residence | 590,000 | 590,000 |
| | <u>\$ 32,277,665</u> | <u>\$ 31,722,375</u> |

Note 6. Loans Payable

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Loan from a bank that funded the construction of the Cathlamet St. James Family Center bearing interest at 4.0%. Paid in full in 2016. | \$ 233,931 | \$ 244,563 |
| Loan from a family trust to purchase property. The loan is not secured. Interest only payments are due monthly bearing interest at 5.0% with the balance due in July 2020. | 117,335 | 117,335 |
| Battle Ground Bond Loans bearing interest at 6.5%. Paid in full in 2015. | | 15,000 |
| | <u>\$ 351,266</u> | <u>\$ 376,898</u> |

Principal payments on loans payable are as follows for the years ending December 31:

| | Bank Loan | Family Trust Loan | Total |
|------|-------------------|-------------------|-------------------|
| 2016 | \$ 233,931 | \$ - | \$ 233,931 |
| 2017 | | | |
| 2018 | | | |
| 2019 | | | |
| 2020 | | 117,335 | 117,335 |
| | <u>\$ 233,931</u> | <u>\$ 117,335</u> | <u>\$ 351,266</u> |

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

Note 7. Seattle Habitat for Humanity

On June 28, 2001, the Diocese sold 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, West Seattle.

Note 8. 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.

DIOCESE OF OLYMPIA – OPERATING FUND

FINANCIAL REPORT

DECEMBER 31, 2015

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

Diocesan Council
Diocese of Olympia – Operating Fund
Seattle, Washington

We have audited the accompanying financial statements of the Diocese of Olympia – Operating Fund ("the Operating Fund"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Operating Fund as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matter – Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (for 2015), is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

The accompanying 2015 supplemental 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 or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016, on our consideration of the Operating Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Operating Fund's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Peterson Sullivan LLP". The signature is written in a cursive, flowing style.

September 20, 2016

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

| ASSETS | 2015 | 2014 |
|---|---------------------|---------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 2,675,387 | \$ 2,403,684 |
| Certificates of deposit | | 249,925 |
| Diocesan Investment Fund receivable | 113,177 | 63,327 |
| Accounts receivable | 39,518 | 56,157 |
| Grants receivable | 62,784 | |
| Loans receivable, current portion, net of loan loss reserve of \$12,692 in 2015 (none in 2014) | 86,889 | 163,505 |
| Funds held for others | 64,470 | 142,156 |
| Prepaid expenses | 53,832 | 37,433 |
| Total current assets | 3,096,057 | 3,116,187 |
| Loans Receivable, net of current portion | 53,854 | 82,409 |
| Advances to Related Party | 114,797 | 114,797 |
| Prepaid Rent | 180,157 | 183,110 |
| Total assets | <u>\$ 3,444,865</u> | <u>\$ 3,496,503</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 134,799 | \$ 95,902 |
| Accrued payroll expenses | 73,580 | 67,663 |
| Camp Huston/St. Andrew's House deposits | 73,768 | 69,467 |
| Grants payable | 121,894 | 182,309 |
| Funds held for others | 64,470 | 142,156 |
| Other payables | 7,085 | 21,683 |
| Total current liabilities | 475,596 | 579,180 |
| Post-Retirement Payable | 565,000 | 565,000 |
| Total liabilities | 1,040,596 | 1,144,180 |
| Net Assets | | |
| Unrestricted | 1,566,475 | 1,447,797 |
| Temporarily restricted | 837,794 | 904,526 |
| Total net assets | 2,404,269 | 2,352,323 |
| Total liabilities and net assets | <u>\$ 3,444,865</u> | <u>\$ 3,496,503</u> |

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

| | 2015 | | | 2014 | | |
|---------------------------------------|----------------|---------------------------|---------------|----------------|---------------------------|----------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Revenue | | | | | | |
| Assessments | \$ 3,513,306 | \$ - | \$ 3,513,306 | \$ 3,636,465 | \$ - | \$ 3,636,465 |
| Contributions | 41,323 | 110,843 | 152,166 | 44,455 | 175,030 | 219,485 |
| Fees and tuition | 1,002,126 | | 1,002,126 | 983,725 | | 983,725 |
| Grants | 1,164,793 | 34,000 | 1,198,793 | 898,947 | 151,000 | 1,049,947 |
| Investment income from | | | | | | |
| Diocesan Investment Fund | 301,397 | 206,129 | 507,526 | 434,841 | 152,804 | 587,645 |
| Contribution from Trust Accounts | 26,475 | | 26,475 | | | |
| In-kind contribution of facility use | 316,335 | | 316,335 | 316,335 | | 316,335 |
| Interest income | 13,840 | | 13,840 | 27,221 | | 27,221 |
| Rental and other income | 127,467 | | 127,467 | 141,133 | | 141,133 |
| Net assets released from restrictions | 417,704 | (417,704) | | 344,294 | (344,294) | |
| Total support and revenue | 6,924,766 | (66,732) | 6,858,034 | 6,827,416 | 134,540 | 6,961,956 |
| Expenses | | | | | | |
| Program services | 6,292,798 | | 6,292,798 | 6,179,836 | | 6,179,836 |
| Management and general | 470,087 | | 470,087 | 455,185 | | 455,185 |
| Fundraising | 43,203 | | 43,203 | 57,844 | | 57,844 |
| Total expenses | 6,806,088 | | 6,806,088 | 6,692,865 | | 6,692,865 |
| Change in net assets | 118,678 | (66,732) | 51,946 | 134,551 | 134,540 | 269,091 |
| Net Assets, beginning of year | 1,447,797 | 904,526 | 2,352,323 | 1,313,246 | 769,986 | 2,083,232 |
| Net Assets, end of year | \$ 1,566,475 | \$ 837,794 | \$ 2,404,269 | \$ 1,447,797 | \$ 904,526 | \$ 2,352,323 |

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|---|----------------|------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 51,946 | \$ 269,091 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Bad debt expense | 30,963 | 29,275 |
| Contributed loans receivable | 35,036 | |
| Change in operating assets | | |
| Diocesan Investment Fund receivable | (49,850) | 15,647 |
| Accounts receivable | 16,639 | (41,344) |
| Grants receivable | (62,784) | |
| Prepaid expenses | (16,399) | (10,559) |
| Prepaid rent | 2,953 | 2,953 |
| Change in operating liabilities | | |
| Accounts payable | 38,897 | 88,401 |
| Accrued payroll expenses | 5,917 | (6,006) |
| Camp Huston/St. Andrew's House deposits | 4,301 | (10,728) |
| Grants payable | (60,415) | 59,924 |
| Other payables | (14,598) | 1,242 |
| Post-retirement payable | | 15,000 |
| Net cash flows from operating activities | (17,394) | 412,896 |
| Cash Flows from Investing Activities | | |
| Sales of certificates of deposit, net | 249,925 | 1,272,364 |
| Advances to related party | | (50,606) |
| Issuance of loans receivable | (106,670) | (129,200) |
| Payments received on loans receivable | 145,842 | 168,590 |
| Net cash flows from investing activities | 289,097 | 1,261,148 |
| Net change in cash | 271,703 | 1,674,044 |
| Cash, beginning of year | 2,403,684 | 729,640 |
| Cash, end of year | \$ 2,675,387 | \$ 2,403,684 |

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 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 three percent. The Operating Fund also runs a large refugee resettlement, assistance, and work-training program, which is primarily funded by state and federal grants.

The fund groupings known as the James F. Hodges Diocesan Investment Fund, the Trust Accounts, the Building Loan Fund, the Mission Development Fund, and the Real Estate 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 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 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 Combined Building Loan, Mission Development, and Real Estate Funds ("the Combined Funds") consist of three individual funds as follows:

- **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.
- **The Mission Development Fund ("the MDF")** was set up to assist in the purchase of properties in areas where population growth would necessitate the establishment of a new congregation. Advances made by the MDF are generally exempt from interest, and current principal repayment can be deferred for a period of time even after congregations have been organized.
- **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 4). 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 a church's exempt purposes is exempt from real estate taxes.

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 ("the Convention") 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 \$1,301,615 and \$1,332,255 at December 31, 2015 and 2014, 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:

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Refugee loans | \$ 393,287 | \$ 393,287 |
| Huston Center/The Operating Fund care, maintenance, and development | 145,536 | 117,969 |
| Our Lady of Guadalupe | 54,067 | 65,361 |
| Scholarships | 50,249 | 52,523 |
| Theological education | 34,648 | 38,222 |
| Ethnic ministries | 26,644 | 31,979 |
| Episcopal Charities Appeal | 17,177 | 62,197 |
| Native American (ERD) program | 7,101 | 7,101 |
| Other programs | 109,085 | 135,887 |
| | <u>\$ 837,794</u> | <u>\$ 904,526</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

Certificates of deposit held as of December 31, 2014, had original maturities exceeding three months. No certificates of deposit were held as of December 31, 2015. The certificates of deposit are recorded at cost plus accrued interest.

Accounts and Grants Receivable/Grant Revenue

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances.

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.

All grant revenue was earned from four organizations during both 2015 and 2014.

The entire balance of grants receivable is due from four organizations as of the year ended December 31, 2015. There were no grants receivable as of December 31, 2014.

Loans Receivable and Allowance for Credit Losses

The Operating Fund's loans receivable are stated at their outstanding principal balances, less an allowance for credit losses. The Operating Fund's loans receivable are generally collateralized by homes, vehicles, business equipment, household items, or anything of value. The Operating Fund attempts to maintain collateral that has a value at a level equal to or in excess of the loan receivable balance, but may accept collateral that does not fully secure the loan receivable balance.

The allowance for credit losses is established to provide for loans that may be uncollectible. The allowance is specifically associated with certain loans that may be impaired. The specific allowance is assessed by individual loans within a portfolio group. Loans are charged against the allowance for credit losses when management believes that the collectibility of the principal is unlikely. The allowance represents an amount that, in management's judgment, will be adequate to absorb losses from existing loans that may become uncollectible. Because of inherent uncertainties in estimating an allowance for credit losses, it is at least reasonably possible that the estimates will change in the near term.

When the Operating Fund forecloses on a loan, the collateral assumed is recorded at the lower of the outstanding loan balance (plus unpaid interest, late fees, and other foreclosure costs) or the fair value of the collateral assumed less costs to sell. If the fair value of the collateral assumed less costs to sell is less than the outstanding loan balance, a loss is recognized.

Loans are considered non-performing when a payment is not received as of its due date.

Credit Quality

The key to the Operating Fund's credit risk management is its loan approval process and subsequent monitoring of outstanding loans. Loan applicants are reviewed for credit quality and risk rating through a thorough analysis of each borrower's personal and business credit history, character, entrepreneurial initiative of the applicant, the ability of the business to repay the loan, and management assessment. Approvals are made based upon the amount of inherent credit risk specific to the transaction and are reviewed for appropriateness by the Refugee Resettlement Office and management of the Operating Fund. Loans are monitored by management for deterioration in a borrower's financial condition, which would impact the ability of the borrower to perform under the contract. The Operating Fund's internal risk rating is determined based upon performing (payments are current – lesser risk of loss) and nonperforming (payments are not current – higher risk of loss) loans. The Operating Fund's loan impairment indicators include untimely or missed payments, or restructuring requests and modifications.

Interest and service fees on loans are recognized when earned over the loan term. The Operating Fund does not place loans on non-accrued status. Interest and service fees on outstanding loans receivable are charged until the loan balance is fully paid, or the loan that has been written off as bad debt.

Advances to Related Party

The Operating Fund advances funds to St. Luke's Episcopal Church, Ballard, a Washington nonprofit corporation ("St. Luke's"). St. Luke's is controlled by the Diocese. The advances are non-interest bearing, unsecured, and due on demand. The Operating Fund does not expect to collect the advances within the next fiscal year and, therefore, has classified the amount outstanding as a noncurrent asset on the statements of financial position. Advances to St. Luke's amounted to \$114,797 as of December 31, 2015 and 2014.

Grants Payable

Grants payable consist of amounts awarded to churches for approved projects. Grants are recognized when the unconditional award is made.

Funds Held For Others

Occasionally, the Operating Fund will receive stock donations designated by the donor for a specific mission or parish. The Operating Fund recognizes these donations as an asset and liability, as they act as an agent of the donation. It is the Operating Fund's policy to liquidate donated assets immediately; however, at December 31, 2015 and 2014, \$64,470 and \$142,156, respectively, of funds held for others were not yet distributed.

Revenue

Assessments

Assessments receivable are not recorded. Assessment revenue is recognized on the cash basis, because the Diocesan Council regularly grants assessment relief for unpaid amounts from prior years. No parish had assessments greater than 10% of total assessments received in 2015 or 2014.

Contribution Revenue

The Operating Fund recognizes unrestricted, temporarily restricted, and permanently restricted contributions when a gift is received or pledged.

Fee and Tuition Revenue

The Operating Fund operates numerous camps, conferences, and events throughout the year that 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.

Grants

As previously noted, grant revenue is recognized when a qualified reimbursable expenditure is incurred.

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. As a religious entity, it is not required to 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.

Reclassifications

Certain items from the December 31, 2014, financial statements have been reclassified to conform to the current presentation. These reclassifications had no impact on net assets or changes in net assets as previously reported.

Subsequent Events

The Operating Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was September 20, 2016.

Note 2. Loans Receivable

Loans receivable represent loans to small businesses located in the Seattle area. At December 31, 2015, outstanding loans had remaining principal balances up to \$15,000 yielding interest rates of 5% to 12% per year. The following table represents the loans outstanding to specific categories:

| | 2015 Balance | Number of Loans | Percentage of Total | 2014 Balance | Number of Loans | Percentage of Total |
|-----------------------------|-------------------|--------------------|------------------------|-------------------|--------------------|------------------------|
| Office of Refugee | | | | | | |
| Resettlement Loans | \$ 118,511 | 38 | 77% | \$ 179,411 | 55 | 73% |
| Diocese of Olympia Loans | 24,985 | 10 | 16% | 17,750 | 8 | 7% |
| Clergy/Employee Loan | 9,939 | 1 | 7% | 13,717 | 1 | 6% |
| City of SeaTac Loans | | | | 12,823 | 5 | 5% |
| Washington State | | | | | | |
| Micro Enterprise Loans | | | | 12,821 | 5 | 5% |
| BuRSST for Prosperity Loans | | | | 7,861 | 4 | 3% |
| City of Tukwila Loan | | | | 806 | 1 | 1% |
| General Private Loans | | | | 725 | 2 | 0% |
| Totals | 153,435 | 49 | 100% | 245,914 | 81 | 100% |
| Less: loan loss reserve | (12,692) | | | | | |
| | <u>\$ 140,743</u> | | | <u>\$ 245,914</u> | | |

Loan balances are included in the statements of financial position at December 31, as follows:

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Loans receivable, current portion, net of loan loss reserve | \$ 86,889 | \$ 163,505 |
| Loans receivable, long-term portion | 53,854 | 82,409 |
| | <u>\$ 140,743</u> | <u>\$ 245,914</u> |

Future principal payments to be received on loans receivable for years ending December 31 are as follows:

| | |
|--|-------------------|
| 2016, net of loan loss reserve of \$12,692 | \$ 86,889 |
| 2017 | 39,611 |
| 2018 | 10,583 |
| 2019 | 300 |
| 2020 | 300 |
| Thereafter | 3,060 |
| | <u>\$ 140,743</u> |

In 2015, the Operating Fund transferred \$35,036 of loans outstanding to a separate organization. See Note 4.

The components of the loan loss reserve and the activity in the loan loss reserve are as follows for the year ended December 31:

| | Office of Refugee Resettlement Loans | Diocese of Olympia Loans | Clergy/ Employee Loan | City of SeaTac Loans | Washington State Micro Enterprise Loans | BuRRST for Prosperity Loans | City of Tukwila Loan | General Private Loans | Total Loans Receivable |
|--|---|--------------------------------|-----------------------------|----------------------------|--|-----------------------------------|----------------------------|-----------------------------|------------------------------|
| 2014 Loan loss reserve (specific allowance) | | | | | | | | | |
| Beginning of year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net charge-offs | (29,275) | | | | | | | | (29,275) |
| Provision | 29,275 | | | | | | | | 29,275 |
| 2014 Loan loss reserve, end of year (specific allowance) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| 2015 Loan loss reserve (specific allowance) | | | | | | | | | |
| Beginning of year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net charge-offs | (18,271) | | | | | | | | (18,271) |
| Provision | 24,410 | 6,553 | | | | | | | 30,963 |
| 2015 Loan loss reserve, end of year (specific allowance) | <u>\$ 6,139</u> | <u>\$ 6,553</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,692</u> |

Loans receivable are individually evaluated for impairment using a specific allowance. The Operating Fund does not use a general allowance to collectively evaluate loans receivable for impairment.

Note 3. Credit Quality and Allowance for Credit Losses

The following table shows the loan portfolio allocation by the Operating Fund's internal risk ratings as of December 31:

| | 2015 | | | 2014 | | |
|--|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Performing | Nonperforming | Total | Performing | Nonperforming | Total |
| Office of Refugee Resettlement Loans | \$ 105,309 | \$ 13,202 | \$ 118,511 | \$ 133,823 | \$ 45,588 | \$ 179,411 |
| Diocese of Olympia Loans | 15,239 | 9,746 | 24,985 | 10,532 | 7,218 | 17,750 |
| Clergy/Employee Loan | 9,939 | | 9,939 | 13,717 | | 13,717 |
| City of SeaTac Loans | | | | 12,398 | 425 | 12,823 |
| Washington State Micro Enterprise Loans | | | | 12,562 | 259 | 12,821 |
| BuRSST for Prosperity Loans | | | | 6,630 | 1,231 | 7,861 |
| City of Tukwila Loan | | | | 806 | | 806 |
| General Private Loans | | | | 509 | 216 | 725 |
| | <u>\$ 130,487</u> | <u>\$ 22,948</u> | <u>\$ 153,435</u> | <u>\$ 190,977</u> | <u>\$ 54,937</u> | <u>\$ 245,914</u> |

The following table shows an aging analysis of the loan portfolio by the time past due at December 31:

| 2015 | | | | | | |
|--|-----------------------|------------------------|----------------------------|-----------------------|-------------------|---------------------------|
| | 1-59 Days Past Due | 60-89 Days Past due | 90-119 Days Past due | 120+ Days Past Due | Total Past Due | Total Loans Receivable |
| Office of Refugee Resettlement Loans | \$ 4,612 | \$ 2,327 | \$ 1,771 | \$ 4,492 | \$ 13,202 | \$ 118,511 |
| Diocese of Olympia Loans | 1,275 | 454 | 345 | 7,672 | 9,746 | 24,985 |
| Clergy/Employee Loan | | | | | 9,939 | 9,939 |
| | <u>\$ 5,887</u> | <u>\$ 2,781</u> | <u>\$ 2,116</u> | <u>\$ 12,164</u> | <u>\$ 22,948</u> | <u>\$ 153,435</u> |
| 2014 | | | | | | |
| | 1-59 Days Past Due | 60-89 Days Past due | 90-119 Days Past due | 120+ Days Past Due | Total Past Due | Total Loans Receivable |
| Office of Refugee Resettlement Loans | \$ 3,859 | \$ 2,606 | \$ 2,311 | \$ 36,812 | \$ 45,588 | \$ 179,411 |
| Diocese of Olympia Loans | 1,390 | 509 | 450 | 4,869 | 7,218 | 17,750 |
| Clergy/Employee Loan | | | | | 13,717 | 13,717 |
| City of SeaTac Loans | 284 | 90 | 51 | | 425 | 12,823 |
| Washington State Micro Enterprise Loans | 180 | 79 | | | 259 | 12,821 |
| BuRSST for Prosperity Loans | 168 | 84 | 84 | 895 | 1,231 | 7,861 |
| City of Tukwila Loan | | | | | 806 | 806 |
| General Private Loans | 85 | 43 | 1 | 87 | 216 | 725 |
| | <u>\$ 5,966</u> | <u>\$ 3,411</u> | <u>\$ 2,897</u> | <u>\$ 42,663</u> | <u>\$ 54,937</u> | <u>\$ 245,914</u> |

Note 4. 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 \$586,434 and \$652,278 in support of the Episcopal Church for the years ended December 31, 2015 and 2014, 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 \$316,335 for both the years ended December 31, 2015 and 2014.

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, 2015 and 2014, was \$26,475 and \$28,241, respectively, and is called Contribution from Trust Accounts in the statements of activities.

In 2015, the Operating Fund transferred \$35,036 and \$94,822 of loans outstanding and cash, respectively, to the New Roots Fund (a separate 501(c)(3) organization under the Diocese umbrella) to be managed with the New Roots Fund's existing loans. Transfers from the Operating Fund totaled \$129,858 in 2015. There were no transfers of loans or cash to the New Roots Fund in 2014.

Note 5. 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, 2015 and 2014, the prepaid rent balance was \$183,110 and \$186,063, respectively. As of December 31, 2015 and 2014, \$2,953 of the prepaid rent balance (the current portion) is included in prepaid expenses on the statements of financial position. Rent expense recognized for 2015 and 2014 was \$2,953 each year.

Note 6. Pensions/Post-Retirement Benefits

Pension Plans

All full-time 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 2015 and 2014 were made as follows:

| | 2015 | 2014 |
|---------------|-------------------|-------------------|
| Clergy | \$ 102,001 | \$ 123,712 |
| Lay employees | 74,124 | 77,277 |
| | <u>\$ 176,125</u> | <u>\$ 200,989</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 Employee Retirement Income Security Act of 1974 requirements.

Post-Retirement Health Benefits

A policy established by the Operating Fund in a prior year was to pay for medical 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. The post-retirement benefit obligation represents the actuarial present value of these estimated future benefits.

In 2003, the Church Pension Fund began providing medical health insurance for retired clergy and their spouses (at attainment of age 65). This has reduced the Operating Fund's future obligations.

The actuarial present value of the expected post-retirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims cost per participant (including administrative costs) and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment between the valuation date and the expected date of payment. The most recent valuation was performed as of December 31, 2015. Mortality is estimated using the RP-2000 Mortality Tables for 2015 and 2014.

Health insurance expense and related contribution information is summarized as follows:

| | 2015 | 2014 |
|---|------------------|------------------|
| Benefit cost | \$ 54,612 | \$ 49,706 |
| Change in expense resulting from a change in the minimum liability | | 15,000 |
| Total expense | <u>\$ 54,612</u> | <u>\$ 64,706</u> |
| Diocese contribution to the plan and benefits paid | <u>\$ 54,612</u> | <u>\$ 49,706</u> |

The Diocese expects to contribute between \$40,000 and \$60,000 per year to the plan in future years to pay benefits. This is the same as the expected future benefit payments.

The Operating Fund has an actuarial valuation for future health insurance coverage, which results in a liability for the benefit obligations of \$565,000 at both December 31, 2015 and 2014, using a discount rate of 5% (as there are no plan assets).

Note 7. Contingent Liabilities

No liabilities that relate to the mission congregations of the Diocese are reflected in these financial statements. The Operating Fund could be held to be a responsible party until a mission becomes a parish.

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.

S U P P L E M E N T A L S T A T E M E N T

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENT OF BUDGETED REVENUE AND EXPENDITURES COMPARED TO ACTUAL (Including the Unrestricted Operating, Restricted Operating, and Huston Center/The Operating Fund) For the Year Ended December 31, 2015 (Unaudited)

| | 2015 Budget | 2015 Actual | Total Budget Variance |
|--|----------------|----------------|--------------------------|
| Revenue | | | |
| Contributions | \$ 13,000 | \$ 392 | \$ (12,608) |
| Assessments (Received) | 3,672,420 | 3,474,716 | (197,704) |
| Assessments (Prior Years) | 35,000 | 36,368 | 1,368 |
| Investment (Dividend / Unrestricted) | 318,224 | 317,154 | (1,070) |
| Investment (Dividend / Board Designated) | 82,657 | 80,829 | (1,828) |
| Investment (Dividend / Restricted) | 54,076 | 88,917 | 34,841 |
| Interest (Banks) | | 2,111 | 2,111 |
| Youth and Young Adult Events | 26,969 | 8,117 | (18,852) |
| Fees (Diocesan House) | 5,000 | 5,000 | |
| Tuition | 61,080 | 41,882 | (19,198) |
| Fees (Miscellaneous) | | 12,755 | 12,755 |
| Revenue (Miscellaneous) | 20,500 | 20,029 | (471) |
| Transfers From DIF | 35,000 | 26,475 | (8,525) |
| Revenue (Transfer) | 95,000 | 14,794 | (80,206) |
| Total revenue | 4,418,926 | 4,129,539 | (289,387) |
| Expenses | | | |
| Office of the Bishop | 449,073 | 440,188 | 8,885 |
| Communications | 332,839 | 308,624 | 24,215 |
| Governing Bodies | 293,227 | 253,221 | 40,006 |
| Diocesan House | 187,283 | 172,293 | 14,990 |
| Archives | 61,912 | 62,705 | (793) |
| St. Mark's Cathedral | 27,500 | 27,500 | |
| Huston Center | | 8,971 | (8,971) |
| Campus and Young Adults | 187,244 | 181,929 | 5,315 |
| Evangelism Training | 11,651 | 13,193 | (1,542) |
| Ethnic Ministries | 134,238 | 141,983 | (7,745) |
| Congregation/Ministry Development | 212,371 | 192,858 | 19,513 |
| Faith Development | 87,732 | 78,502 | 9,230 |
| DSOMAT / Resource Center | 66,337 | 66,368 | (31) |
| Medicare / Compensation Reserve | 89,316 | 64,641 | 24,675 |
| Stewardship & Development | 156,975 | 121,750 | 35,225 |
| Treasurer's Office | 369,876 | 318,673 | 51,203 |
| National Church Apportionment | 583,434 | 583,434 | |
| General Convention Deputies | 14,000 | 14,000 | |
| Province VIII | 8,000 | 8,000 | |
| Ecumenical & Interfaith | 9,000 | 9,000 | |
| Multi-Cultural Concerns | 117,695 | 104,482 | 13,213 |
| Missioners | 21,990 | 8,565 | 13,425 |
| Canon to Ordinary | 997,233 | 885,615 | 111,618 |
| Total expense | 4,418,926 | 4,066,495 | 352,431 |
| Change in net assets | \$ - | \$ 63,044 | \$ 63,044 |

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 2015 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 composed 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.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Diocesan Council
Diocese of Olympia – Operating Fund
Seattle, Washington

We have audited, in accordance with the 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, the financial statements of the Diocese of Olympia – Operating Fund ("the Operating Fund"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Operating Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Operating Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Operating Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies: 2015-001 to 2015-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Operating Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Operating Fund's Response to Findings

The Operating Fund's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Operating Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Operating Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Operating Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Petersen Sullivan LLP". The signature is written in a cursive, flowing style.

September 20, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Diocesan Council
Diocese of Olympia – Operating Fund
Seattle, Washington

Report on Compliance for Each Major Federal Program

We have audited the Diocese of Olympia – Operating Fund's ("the Operating Fund") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Operating Fund's major federal programs for the year ended December 31, 2015. The Operating Fund's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Operating Fund's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Operating Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Operating Fund's compliance.

Opinion on Each Major Federal Program

In our opinion, the Operating Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the Operating Fund is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Operating Fund's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Operating Fund's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Peterson Sullivan LLP

September 20, 2016

DIOCESE OF OLYMPIA – OPERATING FUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2015

| Award Description | Federal CFDA Number | Contract Number | General Expenditures | Notes Receivable Outstanding | Total Expenditures |
|---|---------------------------|--------------------|-------------------------|------------------------------------|-----------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | |
| Refugee and Entrant Assistance Voluntary Agency Programs Grants: | | | | | |
| Pass-through from: | | | | | |
| Episcopal Migration Ministries | | | | | |
| Matching Grant Program | 93.567 | 90RV0060/03-01 | \$ 2,512 | \$ - | \$ 2,512 |
| Matching Grant Program | 93.567 | 90RV0065-01-00 | 1,668 | | 1,668 |
| Matching Grant Program | 93.567 | 90RV0065-01-00 | <u>25,517</u> | | <u>25,517</u> |
| | | | 29,697 | | 29,697 |
| Refugee and Entrant Assistance Discretionary Grants: | | | | | |
| Business Technical Training and Loans For Refugees | 93.576 * | 90RG0152-02-01 | 130,052 | 28,291 | 158,343 |
| Business Technical Training and Loans For Refugees | 93.576 * | 90RG0152-03-00 | 36,050 | 15,627 | 51,677 |
| Childcare Businesses for Refugees | 93.576 * | 90RG0168-01-01 | 23,823 | | 23,823 |
| Individual Development Account Project | 93.576 * | 90ZI0089-01-02 | 19,434 | | 19,434 |
| Individual Development Account Project | 93.576 * | 90ZI0089-02-01 | 67,160 | | 67,160 |
| Individual Development Account Project | 93.576 * | 90ZI0089-03-02 | 131,771 | | 131,771 |
| Individual Development Account Project | 93.576 * | 90ZI0110-01-02 | <u>19,431</u> | | <u>19,431</u> |
| | | | 427,721 | 43,918 | 471,639 |
| Refugee and Entrant Assistance Discretionary Grants: | | | | | |
| Assets for Independence Demonstration Program | 93.602 | 90E107501 | <u>1,063</u> | | <u>1,063</u> |
| Total Department of Health and Human Services | | | 458,481 | 43,918 | 502,399 |
| U.S. DEPARTMENT OF STATE - BUREAU OF POPULATION, REFUGEES, AND MIGRATION | | | | | |
| Pass-through from: | | | | | |
| Episcopal Migration Ministries | | | | | |
| U.S. Refugee Admissions Program - Reception and Placement (R & P) Program | 19.510 | S-PRMCO-16-CA-1008 | 89,798 | | 89,798 |
| U.S. Refugee Admissions Program - Reception and Placement (R & P) Program | 19.510 | S-PRMCO-15-CA-1008 | <u>247,970</u> | | <u>247,970</u> |
| Total Department of State - Bureau of Population, Refugees, and Migration | | | <u>337,768</u> | | <u>337,768</u> |
| Total | | | <u>\$ 796,249</u> | <u>\$ 43,918</u> | <u>\$ 840,167</u> |

* Major program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("the Schedule") includes the federal grant activity of the Diocese of Olympia – Operating Fund ("the Operating Fund") under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Operating Fund, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Operating Fund.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

The Operating Fund has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note 3. Notes Receivable

Loans due from participants of the program to the Operating Fund in the amount of \$43,919 are considered expenditures on the accompanying schedule, included in CFDA 93.576. The balance consists of funds disbursed directly from primary funds received from the U.S. Department of Health and Human Services.

In addition to the activity represented on the Schedule, the Operating Fund has \$74,593 of notes receivable outstanding as of December 31, 2015, which were disbursed from the repayment of federal funds granted in prior years from the Department of Health and Human Services (CFDA 93.576). When loans to participants are paid back to the Operating Fund, management adds these funds to a revolving loan fund, which is tracked separately in the general ledger and retained in a separate account. These funds are then redistributed to eligible participants in the form of microloans. There is no fund balance in the revolving loan fund as of December 31, 2015, that has not been disbursed to participants.

DIOCESE OF OLYMPIA – OPERATING FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2015

A. Summary of Audit Results

Financial Statements:

Type of auditors' report issued: Unmodified

Internal Control Over Financial Reporting:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: Yes

Noncompliance material to financial statements noted: No

Federal Awards:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported: No

Identification of Major Programs:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|--|
| 93.576 | Refugee and Entrant Assistance Discretionary Grants |

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000

Auditee qualified as low-risk auditee: Yes

B. Findings – Financial Statement Audit

Significant Deficiencies

2015-001: Grant Revenue Recognition

Condition: Management does not have sufficient policies and procedures in place to record grants that are on a reimbursement basis in the proper accounting period.

Criteria: Internal controls should be in place to track and record grant revenue in the proper accounting period.

Effect: There is a reasonable possibility that revenue is not properly presented on the financial statements.

Cause: Decentralized functions at various Diocese offices.

Context: This finding was noted during testing of revenue as part of the financial statement audit.

Questioned Costs: N/A

Recommendation: Formal policies and procedures should be designed, documented, and implemented regarding the tracking and recording of reimbursement-basis grants in the proper accounting period.

Views of Responsible Officials and Planned Corrective Action: The Diocese agrees with this finding. The Diocese office will set up a policy whereby there is communication with the Office of Refugee Resettlement to ensure all reimbursement-basis grants are being tracked and cash receipts are being recorded in the proper accounting period to ensure revenue is being recorded on the accrual basis of accounting.

2015-002: Transfer of Loans and Cash to affiliated Organization

Condition: Certain loans and cash were transferred over to New Roots (an affiliated organization) to manage. Amounts transferred were incorrectly recorded directly to net assets instead of a transfer account on the income statement.

We recommend that any funds that are transferred over to New Roots be recorded as a transfer so that it is recognized through the income statement rather than recorded in net assets.

Criteria: Internal controls should be in place to correctly record transfers of assets in an appropriate income statement account.

Effect: Net assets and income statement activity were understated by \$129,858. An adjustment was recorded to properly include these amounts in the financial statements.

Cause: Decentralized functions at various Diocese offices.

Context: This finding was noted during testing of net assets as part of the financial statement audit.

Questioned Costs: N/A

Recommendation: Procedures should be in place to ensure that funds or other assets that are transferred over to affiliated organizations be recorded as a transfer that is recognized through the income statement rather than recorded in net assets.

Views of Responsible Officials and Planned Corrective Action: The Diocese agrees with this finding. The Diocese office will set up a policy whereby any transfers of funds or other assets will be reviewed and approved by an appropriate official to ensure that amounts are recorded appropriately in accordance with accounting principles generally accepted in the United States.

2015-003: Bank Reconciliations

Condition: Bank reconciliations were not performed for several months during the year.

Criteria: Procedures should be in place to perform timely bank reconciliations to reduce opportunities for misappropriation of cash and errors in financial reporting.

Cause: Significant turnover of accounting personnel.

Effect: There is a reasonable possibility that cash accounts could be misstated.

Context: This finding was noted during testing of cash as part of the financial statement audit.

Questioned Costs: N/A

Recommendation: Control processes should be implemented to ensure that the preparation and timely review of bank reconciliations is performed on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: This condition was not resolved in 2015. There are several active bank accounts currently within the Diocese of Olympia's tax identification, but not part of the core operational activity. These accounts represent various guilds, programs, or offices that support the mission of the Diocese. The Diocesan office will be working with the individuals who maintain these bank accounts to ensure that they adopt procedures to ensure that bank accounts are reconciled in a timely fashion and that appropriate reporting is received by the controller offices necessary to verify that proper accounting procedures are maintained. The accountant reconciles the operating accounts and the finance assistant reconciles non-operating accounts. The controller reviews reconciliations and signs off. The finance assistant working with various guilds and programs will have a reconciliation process in place by year-end.

2015-004: Funds Held for Others

Condition: Stock held by the Operating Fund on behalf of another entity at year-end was not recorded on the statement of financial position at December 31, 2015.

Criteria: Procedures should be in place to record investments held by the Operating Fund and any corresponding liabilities as of year-end.

Cause: Significant turnover of accounting personnel.

Effect: Assets and liabilities as of year-end were understated by \$14,470. An adjustment was recorded to include these amounts properly in the financial statements.

Context: This finding was noted during testing of investments as part of the financial statement audit.

Questioned Costs: N/A

Recommendation: Control processes should be implemented to reconcile financial statement accounts to ensure completeness of the statement of financial position.

Views of Responsible Officials and Planned Corrective Action: This condition was not resolved in 2015. This resulted in assets and liabilities as of December 31, 2015, being understated by \$14,470. The Diocese has appropriate policies in place to ensure that funds are received, captured, and deposited in a timely process. Staff has been informed of the proper procedures at year-end for making and recording receipt of funds to ensure that the financial statements are accurate. The Coordinator for Stewardship and Development is responsible for identifying pending receipts and notifying the Canon for Stewardship and Development and the accountant to ensure that all pending transactions will be captured for timely processing and recording into the accounting system to ensure capture and further action. This procedure is already in place.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None reported.

DIOCESE OF OLYMPIA – OPERATING FUND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2015

2014-001: Bank Reconciliations

Condition: Bank reconciliations were not performed for several months during the year.

Criteria: Procedures should be in place to perform timely bank reconciliations to reduce opportunities for misappropriation of cash and errors in financial reporting.

Cause: Significant turnover of accounting personnel.

Effect: There is a reasonable possibility that cash accounts could be misstated.

Context: This finding was noted during testing of cash as part of the financial statement audit.

Questioned Costs: N/A

Status: This finding is repeated for the year ended December 31, 2015. See Finding 2015-003 for discussion.

2014-002: Funds Held for Others

Condition: Stock held by the Operating Fund on behalf of another entity at year-end was not recorded on the Statement of Financial Position at December 31, 2014.

Criteria: Procedures should be in place to record investments held by the Operating Fund and any corresponding liabilities as of year-end.

Cause: Significant turnover of accounting personnel.

Effect: Assets and liabilities as of year-end were understated by \$92,156. An adjustment was recorded to properly include these amounts in the financial statements.

Context: This finding was noted during testing of investments as part of the financial statement audit.

Questioned Costs: N/A

Status: This finding is repeated for the year ended December 31, 2015. See Finding 2015-004 for discussion.

**DIOCESE OF OLYMPIA, INC. –
TRUST ACCOUNTS**

FINANCIAL REPORT

DECEMBER 31, 2015

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

Diocesan Council
Diocese of Olympia, Inc. – Trust Accounts
Seattle, Washington

We have audited the accompanying financial statements of the Diocese of Olympia, Inc. – Trust Accounts ("the Trust Accounts"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust Accounts as of December 31, 2015 and 2014, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Peterson Sullivan LLP

September 20, 2016

**DIOCESE OF OLYMPIA, INC. -
TRUST ACCOUNTS**

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

| ASSETS | 2015 | 2014 |
|---|---------------|---------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 224,180 | \$ 162,411 |
| Certificate of deposit | 250,000 | 500,000 |
| Investments | 31,001,376 | 31,287,698 |
| Current portion of loan receivable | 4,817 | 4,583 |
| Total current assets | 31,480,373 | 31,954,692 |
| Non-Current Assets | | |
| Bishop residence | 590,000 | 590,000 |
| Related party loans receivable | 118,382 | 587,229 |
| Loan receivable, net of current portion | 190,480 | 203,444 |
| Other assets | 37,074 | 46,913 |
| Total non-current assets | 935,936 | 1,427,586 |
| Total assets | \$ 32,416,309 | \$ 33,382,278 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 27,000 | \$ 2,499 |
| Cash held in trust for congregations | 137 | 10,125 |
| Investments held in trust for congregations and other institutions | 3,974,726 | 4,004,872 |
| Total current liabilities | 4,001,863 | 4,017,496 |
| Net Assets | | |
| Unrestricted | 5,345,549 | 5,909,003 |
| Temporarily restricted | 1,264,991 | 1,688,721 |
| Permanently restricted | 21,803,906 | 21,767,058 |
| Total net assets | 28,414,446 | 29,364,782 |
| Total liabilities and net assets | \$ 32,416,309 | \$ 33,382,278 |

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC. -
TRUST ACCOUNTS**

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

| | 2015 | | | | 2014 | | | |
|---|--------------|------------------------|------------------------|---------------|--------------|------------------------|------------------------|---------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Support and Revenue | | | | | | | | |
| Contributions | \$ 2,500 | \$ 42,000 | \$ 36,848 | \$ 81,348 | \$ 3,534 | \$ 134,524 | \$ - | \$ 138,058 |
| Realized and unrealized gains (losses) on investments | (94,494) | (558,066) | | (652,560) | 195,657 | 1,003,697 | 52,811 | 1,252,165 |
| Other investment income | 111,099 | 555,733 | | 666,832 | 104,356 | 525,468 | | 629,824 |
| Net assets released from program restrictions | 463,397 | (463,397) | | | 508,017 | (508,017) | | |
| Total support and revenue | 482,502 | (423,730) | 36,848 | 95,620 | 811,564 | 1,155,672 | 52,811 | 2,020,047 |
| Expenses | | | | | | | | |
| Operating expenses | 69,583 | | | 69,583 | 33,691 | | | 33,691 |
| Contributions to Operating Fund | 507,526 | | | 507,526 | 587,645 | | | 587,645 |
| Loss on bad debt | 468,847 | | | 468,847 | 49,686 | | | 49,686 |
| Total expenses | 1,045,956 | | | 1,045,956 | 671,022 | | | 671,022 |
| Change in net assets | (563,454) | (423,730) | 36,848 | (950,336) | 140,542 | 1,155,672 | 52,811 | 1,349,025 |
| Net Assets, beginning of year | 5,909,003 | 1,688,721 | 21,767,058 | 29,364,782 | 5,768,461 | 533,049 | 21,714,247 | 28,015,757 |
| Net Assets, end of year | \$ 5,345,549 | \$ 1,264,991 | \$ 21,803,906 | \$ 28,414,446 | \$ 5,909,003 | \$ 1,688,721 | \$ 21,767,058 | \$ 29,364,782 |

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC. -
TRUST ACCOUNTS**

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|--------------------------|--------------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ (950,336) | \$ 1,349,025 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Loss on bad debt | 468,847 | 49,686 |
| Net realized and unrealized (gains) losses on investments | 652,560 | (1,252,165) |
| Change in operating assets and liabilities | | |
| Other assets | 9,839 | (14,160) |
| Accounts payable | 24,501 | 2,499 |
| Payable to Diocesan Investment Fund | | (7,291) |
| | <u>205,411</u> | <u>127,594</u> |
| Net cash flows from operating activities | 205,411 | 127,594 |
| Cash Flows from Investing Activities | | |
| Proceeds from redemption of certificate of deposit | 250,000 | |
| Proceeds from sale of investments | 15,200 | 58,808 |
| Purchase of investments (including reinvested dividends) | (475,751) | (676,356) |
| Principal payments received on loans receivable | 12,730 | 13,239 |
| Payment of settlement costs for new bishop's residence | | (8,086) |
| | <u>(197,821)</u> | <u>(612,395)</u> |
| Net cash flows from investing activities | (197,821) | (612,395) |
| Cash Flows from Financing Activities | | |
| Change in cash held in trust for congregations | (9,988) | 9,437 |
| Change in investments held in trust for congregations and other institutions | 64,167 | 491,918 |
| | <u>54,179</u> | <u>501,355</u> |
| Net cash flows from financing activities | 54,179 | 501,355 |
| Change in cash and cash equivalents | 61,769 | 16,554 |
| Cash and Cash Equivalents, beginning of year | <u>162,411</u> | <u>145,857</u> |
| Cash and Cash Equivalents, end of year | <u><u>\$ 224,180</u></u> | <u><u>\$ 162,411</u></u> |

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, the 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.

Financial Statement Presentation

The Trust Accounts 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.

Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for various ministerial purposes. See Note 6.

Permanently Restricted Net Assets

Permanently restricted net assets consist of funds held for various endowed purposes. Occasionally, due to loan and investment losses, there can be releases of permanently restricted net assets, but there were none in 2015 or 2014.

Revenue

The Trust Accounts recognize unrestricted, temporarily restricted, and permanently restricted contributions when a gift is received or pledged.

Estimates

The preparation of financial statements in accordance 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 those estimates.

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 their bank.

Certificate of Deposit

The Trust Accounts held a certificate of deposit at December 31, 2014, that expired in July 2015. The Trust Accounts purchased a new certificate of deposit amounting to \$250,000 held at December 31, 2015. The certificate of deposit has an original maturity that exceeded three months. Of the total balance, \$233,931 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 plus accrued interest.

Investments Held in Trust for Congregations and Other Institutions

Investments held in trust for congregations and other institutions consist of amounts held by the Trust Accounts, where the Trust Accounts act as an agent of the funds. Accordingly, earnings and losses related to these investments are not recognized in the statements of activities of the Trust Accounts.

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. No allowance for uncollectible loans receivable was required at December 31, 2015 or 2014.

Interest receivable has been accrued to December 31, 2015 and 2014. At the Diocesan Finance Council's discretion, in some instances, interest is not charged on construction loans.

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.

Bishop's Residence

Real estate (the Bishop's residence) is carried at historical cost. The Diocese has elected not to record depreciation on the Bishop's residence, as the estimated salvage value is in excess of the carrying value.

Taxes

The Trust Accounts are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Trust Accounts are not required to 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 September 20, 2016.

Note 2. Investments

Investments are reported at net asset value ("NAV") provided by the administrators of the funds, which is a practical expedient to fair value. The NAV is based on the value of the underlying assets, less any liabilities, and then divided by the number of shares outstanding. Unrealized gains and losses on these investments are included in the change in net assets. The majority of the Trust Accounts' investments are in the Diocesan-managed DIF.

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, 2015, the DIF was approximately 4% cash equivalents, 18% bond mutual funds, 10% U.S. Government debt securities, and 68% 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. There are no additional funding requirements and no restrictions on redemptions.

During the year ended December 31, 2015, the Trust Accounts adopted the provisions of Accounting Standards Update ("ASU") No. 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." ASU 2015-07 was issued to address diversity in practice related to how certain investments measured at NAV are categorized in the fair value hierarchy. ASU 2015-07 provided that investments which are measured at fair value using net asset value per share as a practical expedient are no longer required to be categorized within the fair value hierarchy.

The provisions of the ASU have been applied retrospectively to all periods presented in these financial statements. The adoption of this ASU did not have a material effect on the Trust Accounts' financial statements.

Note 3. Loans Receivable

The Diocese (through the Trust Accounts) has loaned funds to parishes and missions (related parties) within the Diocese as follows:

| Loan to | Comment/Payment/Maturity | Rate | 2015 | 2014 |
|------------------------------|---|------|-------------------|-------------------|
| St. Columba's, Des Moines | Written off in 2015 | 0% | \$ - | \$ 318,847 |
| Cathlamet | Written off in 2015 | 0% | | 150,000 |
| Battle Ground | 15-year amortization at BLF mission rate, due 2017 | 0% | 69,000 | 69,000 |
| Good Shepherd, Vancouver | On interest waiver; to be repaid after BLF loan repaid | 0% | 49,382 | 49,382 |
| | | | <u>\$ 118,382</u> | <u>\$ 587,229</u> |

In addition, the Trust Accounts have a loan receivable from an unrelated party. This loan bears interest at a fixed rate of 5.0%, is secured by real property, 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.

Note 4. Investments Held in Trust for Congregations and Other Institutions

Investments held in trust for congregations and other institutions at December 31, 2015 and 2014, consist of:

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Cash held in trust for congregations Bond Trustee accounts | \$ 137 | \$ 10,125 |
| Securities and investments held in trust for congregations and other institutions | | |
| Annie Wright School | 460,948 | 471,992 |
| Bainbridge, St. Barnabas' - Hodges Endowment | 964,536 | 938,503 |
| Bellingham, Mabel Wilson Trust | 423,356 | 423,500 |
| FBO Oak Harbor - St. Stephen | 50,697 | 50,712 |
| Hoodsport, St. Germaine | 61,631 | 63,108 |
| Kent, St. James' - Arney Memorial | 71,166 | 72,871 |
| Kent, St. James' - Endowment | 56,347 | 57,697 |
| Lord Scholarship Fund | 36,792 | 36,802 |
| Seattle, St. Mark's - Hodges Endowment | 658,440 | 674,216 |
| Seaview, St. Peter's - Ferguson | 412,939 | 420,002 |
| Seaview, St. Peter's - Johnson Bequest | 495,633 | 507,508 |
| St. Paul's, Palm Desert, CA - Hodges Endowment | 210,978 | 216,033 |
| Tod Prichard, Allyn | 11,307 | 11,958 |
| TTE Little Sisters | 59,956 | 59,970 |
| Total securities for congregations and institutions | <u>3,974,726</u> | <u>4,004,872</u> |
| Total liabilities to congregations and other institutions | <u>\$ 3,974,863</u> | <u>\$ 4,014,997</u> |

Note 5. Endowments

The Trust Accounts' endowment consists of 48 individual funds established for a variety of purposes. The 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 and/or nature of any 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) prior to January 1, 2015, 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 (in 2014 only, permanently restricted net assets included 5% of unrealized gains and losses within the permanent endowment and prior to January 1, 2014, all 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, 2015 | | | | |
|--|---------------------|------------------------|------------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor-restricted endowment funds | \$ - | \$ 1,264,991 | \$ 21,803,906 | \$ 23,068,897 |
| Board-designated quasi-endowment funds | 3,957,753 | | | 3,957,753 |
| Total funds | <u>\$ 3,957,753</u> | <u>\$ 1,264,991</u> | <u>\$ 21,803,906</u> | <u>\$ 27,026,650</u> |

| December 31, 2014 | | | | |
|--|---------------------|------------------------|------------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor-restricted endowment funds | \$ - | \$ 1,688,721 | \$ 21,767,058 | \$ 23,455,779 |
| Board-designated quasi-endowment funds | 3,827,047 | | | 3,827,047 |
| Total funds | <u>\$ 3,827,047</u> | <u>\$ 1,688,721</u> | <u>\$ 21,767,058</u> | <u>\$ 27,282,826</u> |

Changes in endowment net assets are as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|---------------------|------------------------|------------------------|----------------------|
| Endowment net assets, December 31, 2013 | \$ 3,657,735 | \$ 533,049 | \$ 21,714,247 | \$ 25,905,031 |
| Investment return | 296,941 | 1,529,165 | 52,811 | 1,878,917 |
| Contributions | | 134,524 | | 134,524 |
| Transfers into endowment | 3,534 | | | 3,534 |
| Appropriation of endowment assets for expenditure and transfers out of endowment | (131,163) | (508,017) | | (639,180) |
| Endowment net assets, December 31, 2014 | 3,827,047 | 1,688,721 | 21,767,058 | 27,282,826 |
| Investment return | 7,334 | (2,333) | | 5,001 |
| Contributions | | 42,000 | 36,848 | 78,848 |
| Transfers into endowment | 250,000 | | | 250,000 |
| Appropriation of endowment assets for expenditure and transfers out of endowment | (126,628) | (463,397) | | (590,025) |
| Endowment net assets, December 31, 2015 | <u>\$ 3,957,753</u> | <u>\$ 1,264,991</u> | <u>\$ 21,803,906</u> | <u>\$ 27,026,650</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

Funds available for distribution during any one year will be limited to a percentage of the market value of the fund (net of the fees for investment management, if any) that is based on a three-year rolling average, with measures taken at the end of each of the preceding 12 quarters. The amount shall be determined each year by the Board of Directors and limited to an amount no greater than the total return on the endowment funds averaged over the previous 12 quarters reduced by: (1) the amount of inflation based on the three-year rolling Consumer Price Index for All Urban Consumers, (2) any costs of managing the funds, and (3) 25% of the total return set aside for a reserve fund.

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 at 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. Deficiencies of this nature that are reported in unrestricted net assets were \$8,743 as of December 31, 2015. These deficiencies resulted from unfavorable market fluctuations that occurred in 2015. There were no such deficiencies as of December 31, 2014.

Note 6. Schedule of Net Assets

| | December 31, 2015 | | | |
|---|-------------------|---------------------------|---------------------------|---------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Other assets held in trust for Diocese | | | | |
| Bishop's Residence | \$ 590,000 | \$ - | \$ - | \$ 590,000 |
| Campaign - unrestricted | 107,031 | | | 107,031 |
| Diocesan School of Theology | | 15,833 | | 15,833 |
| Hodges Income Account | | 164,577 | | 164,577 |
| Huston Discretionary Account, Horn Trust | | 11,696 | | 11,696 |
| Planned Giving Gifts | | 1,204 | | 1,204 |
| Ruth and Jacques Hayes Memorial Trust | | 439 | | 439 |
| Snoqualmie, St. Bernard's Chapel | 2,134 | | | 2,134 |
| Total other assets held in trust for Diocese | 699,165 | 193,749 | | 892,914 |
| Primarily securities and investments held in trust for Diocese | | | | |
| Bishop Curtis Camp Scholarship | | 3,344 | 159,341 | 162,685 |
| Carl Knirk Memorial Scholarship | | 44,888 | 2,802 | 47,690 |
| Christenson Bequest | | 7,403 | 352,722 | 360,125 |
| Clapp Trust | | 30,801 | 1,467,583 | 1,498,384 |
| Clergy Emergency Fund | (7,943) | | 587,704 | 579,761 |
| College for Congregational Development | | 3,994 | 56,404 | 60,398 |
| College Work Endowment | | 9,594 | 457,144 | 466,738 |
| Dean Search Reserve | 8,205 | | | 8,205 |
| Diocesan Working Capital Trust Fund | | 14,563 | 693,886 | 708,449 |
| Episcopal Charities Appeal | | 229,019 | 70 | 229,089 |
| Episcopal House Fund | 217,091 | | | 217,091 |
| Episcopal Search Reserve | 364,648 | | | 364,648 |
| Episcopate Endowment Fund #1 | | 119,423 | 6,459,931 | 6,579,354 |
| Episcopate Endowment Fund #2 | 2,673,245 | | | 2,673,245 |
| Grace L. Philips Memorial Fund | 732,318 | | | 732,318 |
| Hansen Fund | | 390 | 5,504 | 5,894 |
| Hayes Trust (Held by Wells Fargo Bank) | | | 30,890 | 30,890 |
| Hispanic Ministry BP Rivera | | 146,579 | 334 | 146,913 |
| Hodges Endowment for Diocese | | 62,936 | 2,997,858 | 3,060,794 |
| Horn Memorial for Camp Huston | | 31,451 | 1,498,579 | 1,530,030 |
| Human Need Endowment | | 16,410 | 348,860 | 365,270 |
| James McConnell Scholarship Fund | | 618 | 29,438 | 30,056 |
| Jean Young Memorial | | 22,622 | 53 | 22,675 |
| KY Print Shop | | 153 | 2,207 | 2,360 |
| Mission Ministry Endowment | | 60,376 | 1,322,251 | 1,382,627 |
| Peter R Hallock Institute | (800) | | 36,654 | 35,854 |
| Refugee Program Reserves | | 53,292 | 121 | 53,413 |
| S. Eston Collins Memorial Scholarship | | 455 | 18,276 | 18,731 |
| Seminarian Scholarship | | 8,187 | 390,080 | 398,267 |
| Sophie Henry Trust | | 76,755 | 3,657,176 | 3,733,931 |
| St. Andrew's House Endowment | | 102,221 | 240 | 102,461 |
| Thanksgiving and Memorial Fund | 659,620 | | | 659,620 |
| Theological Education Fund | | 25,768 | 1,227,798 | 1,253,566 |
| Total securities and investments held for Diocese | 4,646,384 | 1,071,242 | 21,803,906 | 27,521,532 |
| Total net assets | \$ 5,345,549 | \$ 1,264,991 | \$ 21,803,906 | \$ 28,414,446 |

| | December 31, 2014 | | | |
|---|-------------------|---------------------------|---------------------------|---------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Other assets held in trust for Diocese | | | | |
| Bishop's Residence | \$ 590,000 | \$ - | \$ - | \$ 590,000 |
| Campaign - unrestricted | 587,229 | | | 587,229 |
| Diocesan School of Theology | | 15,833 | | 15,833 |
| Hodges Income Account | | 127,662 | | 127,662 |
| Huston Discretionary Account, Horn Trust | | 5,687 | | 5,687 |
| Planned Giving Gifts | | 1,204 | | 1,204 |
| Ruth and Jacques Hayes Memorial Trust | | 7,325 | | 7,325 |
| Snoqualmie, St. Bernard's Chapel | 2,134 | | | 2,134 |
| Total other assets held in trust for Diocese | 1,179,363 | 157,711 | | 1,337,074 |
| Primarily securities and investments held in trust for Diocese | | | | |
| Bishop Curtis Camp Scholarship | | 7,241 | 159,341 | 166,582 |
| Carl Knirk Memorial Scholarship | | 44,902 | 2,608 | 47,510 |
| Christenson Bequest | | 16,031 | 352,722 | 368,753 |
| Clapp Trust | | 66,702 | 1,467,583 | 1,534,285 |
| Clergy Emergency Fund | | 5,948 | 587,704 | 593,652 |
| College for Congregational Development | | 4,014 | 56,404 | 60,418 |
| College Work Endowment | | 20,777 | 457,144 | 477,921 |
| Dean Search Reserve | 5,772 | | | 5,772 |
| Diocesan Working Capital Trust Fund | | 31,537 | 693,886 | 725,423 |
| Episcopal Charities Appeal | | 188,172 | 70 | 188,242 |
| Episcopal House Fund | 222,293 | | | 222,293 |
| Episcopal Search Reserve | 364,771 | | | 364,771 |
| Episcopate Endowment Fund #1 | | 293,605 | 6,459,931 | 6,753,536 |
| Episcopate Endowment Fund #2 | 2,716,642 | | | 2,716,642 |
| Grace L. Philips Memorial Fund | 749,864 | | | 749,864 |
| Hansen Fund | | 391 | 5,504 | 5,895 |
| Hayes Trust (Held by Wells Fargo Bank) | | | 30,890 | 30,890 |
| Hispanic Ministry BP Rivera | | 146,628 | 334 | 146,962 |
| Hodges Endowment for Diocese | | 136,272 | 2,997,858 | 3,134,130 |
| Horn Memorial for Camp Huston | | 68,111 | 1,498,579 | 1,566,690 |
| Human Need Endowment | | 16,535 | 348,860 | 365,395 |
| James McConnell Scholarship Fund | | 1,338 | 29,438 | 30,776 |
| Jean Young Memorial | | 23,166 | 53 | 23,219 |
| KY Print Shop | | 153 | 2,207 | 2,360 |
| Mission Ministry Endowment | | 60,846 | 1,322,251 | 1,383,097 |
| Refugee Program Reserves | | 53,310 | 121 | 53,431 |
| S. Eston Collins Memorial Scholarship | | 904 | 18,276 | 19,180 |
| Seminarian Scholarship | | 17,729 | 390,080 | 407,809 |
| Sophie Henry Trust | | 166,219 | 3,657,176 | 3,823,395 |
| St. Andrew's House Endowment | | 104,675 | 240 | 104,915 |
| Thanksgiving and Memorial Fund | 670,298 | | | 670,298 |
| Theological Education Fund | | 55,804 | 1,227,798 | 1,283,602 |
| Total securities and investments held for Diocese | 4,729,640 | 1,531,010 | 21,767,058 | 28,027,708 |
| Total net assets | \$ 5,909,003 | \$ 1,688,721 | \$ 21,767,058 | \$ 29,364,782 |

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND
MISSION DEVELOPMENT FUND AND
REAL ESTATE FUND**

FINANCIAL REPORT

DECEMBER 31, 2015

C O N T E N T S

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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 financial statements of the Diocese of Olympia, Inc. – Building Loan Fund, Mission Development Fund, and Real Estate Fund ("the Funds"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As more fully described in Note 1 to the financial statements, buildings and improvements have been capitalized although not depreciated. In our opinion, most capital expenditures should be capitalized and depreciated over their estimated useful lives to conform with accounting principles generally accepted in the United States. Quantification of the effects on the financial statements of the preceding practice is not practicable.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Funds as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Peterson Sullivan LLP

September 20, 2016

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,
AND REAL ESTATE FUND**

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

| ASSETS | 2015 | 2014 |
|-------------------------------------|----------------------|----------------------|
| Cash and Cash Equivalents | \$ 727,542 | \$ 1,535,243 |
| Certificates of Deposit | 1,154,013 | 248,292 |
| Parish Loans Receivable, net | 773,193 | 922,876 |
| Sammamish Water District Receivable | 550,063 | 550,063 |
| Other Assets | | 2,153 |
| Property | | |
| Real estate | 31,687,665 | 31,132,375 |
| Real estate held for sale | 229,667 | 872,790 |
| Total assets | <u>\$ 35,122,143</u> | <u>\$ 35,263,792</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Related party loans | \$ 69,000 | \$ 537,847 |
| Loans - unrelated parties | 351,266 | 376,898 |
| Total liabilities | 420,266 | 914,745 |
| Unrestricted Net Assets | 34,701,877 | 34,349,047 |
| Total liabilities and net assets | <u>\$ 35,122,143</u> | <u>\$ 35,263,792</u> |

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,
AND REAL ESTATE FUND**

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|--|----------------------|----------------------|
| Support and Revenue | | |
| Interest (building loans) | \$ 32,366 | \$ 34,094 |
| Interest (Bolling loans) | 7,528 | 8,315 |
| Contributions and other | 1,979 | 48,389 |
| Contributed loan payments | 25,632 | 45,352 |
| Total support and revenue | 67,505 | 136,150 |
| Expenses | | |
| Grant expense | 66,166 | |
| Corporate/canonically required | 29,523 | 36,877 |
| Total expenses | 95,689 | 36,877 |
| Change in unrestricted net assets before contributions and transfers of real estate and loans, losses, and forgiveness of related party loan payable | (28,184) | 99,273 |
| Contributions and Transfers of Real Estate and Loans, Losses, and Forgiveness of Related Party Loan Payable | | |
| Assumption of real estate | | 2,357,459 |
| Contributions of real estate to parish | | (2,885,093) |
| Transfer of loan receivable to the Funds | | 550,063 |
| Forgiveness of related party loan payable | 468,847 | |
| Impairment loss on property | (73,333) | |
| Loss on demolition of building | (14,500) | |
| Total contributions and transfers of real estate and loans, losses, and forgiveness of related party loan payable | 381,014 | 22,429 |
| Change in unrestricted net assets | 352,830 | 121,702 |
| Unrestricted Net Assets, beginning of year | 34,349,047 | 34,227,345 |
| Unrestricted Net Assets, end of year | <u>\$ 34,701,877</u> | <u>\$ 34,349,047</u> |

See Notes to Financial Statements

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,
AND REAL ESTATE FUND**

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|--|------------------|----------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 352,830 | \$ 121,702 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Contributed loan payments | (25,632) | (45,352) |
| Assumption of real estate | | (2,357,459) |
| Contributions of real estate to parish | | 2,885,093 |
| Transfer of loan receivable to the Funds | | (550,063) |
| Forgiveness of related party loan payable | (468,847) | |
| Impairment loss on property | 73,333 | |
| Loss on demolition of building | 14,500 | |
| Other assets | 2,153 | (2,153) |
| Change in cash held for others | | (99,780) |
| Net cash flows from operating activities | (51,663) | (48,012) |
| Cash Flows From Investing Activities | | |
| Parish loan repayments (advances), net | 149,683 | (135,234) |
| Proceeds from certificates of deposit | 248,292 | 748,094 |
| Purchases of certificates of deposit | (1,154,013) | (248,292) |
| Net cash flows from investing activities | (756,038) | 364,568 |
| Net change in cash and cash equivalents | (807,701) | 316,556 |
| Cash and Cash Equivalents, beginning of year | 1,535,243 | 1,218,687 |
| Cash and Cash Equivalents, end of year | \$ 727,542 | \$ 1,535,243 |

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 11 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 where interest is currently being waived 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%. There are certain limitations imposed on this voluntary program.

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

The Real Estate Fund accounts for the value of 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. Generally, in Washington State, real property used for a 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.

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 Funds consider all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Funds may have cash in excess of federally insured limits with its bank.

Certificates of Deposit

Certificates of deposit have original maturities in excess of three months, and are stated at cost plus accrued interest.

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. Management determined no allowance was necessary at December 31, 2015 or 2014.

Interest receivable on loans has been accrued to December 31, 2015 and 2014. Based on materiality, it has been grouped within loans receivable. At the Board's discretion, in some instances, interest is not charged on construction loans.

In 2014, the Building Loan Fund assumed a loan receivable from the Sammamish Good Samaritan Church mission due from the Sammamish Water District. The loan has a carrying value of \$550,063. The loan is unsecured and does not bear interest, and the principal is payable as permits for the Sammamish lift pump are obtained by the Sammamish Water District.

Real Estate

Real estate is to be carried at historical cost or fair value at date of donation. Although required by accounting standards generally accepted in the United States, the Diocese has elected not to record depreciation on buildings and improvements. The Diocese does not believe this election results in misleading financial statements. The effect of not depreciating buildings and improvements has not been determined.

When a mission becomes a parish, the value of its real estate and any related loans are removed from the Funds and shown as a contribution to the parish. In 2014, the Sammamish Good Samaritan Church mission ("Good Samaritan") became a parish and, accordingly, the related real estate, with a carrying value of \$3,188,895, was recorded as a contribution net of a loan assumed by Good Samaritan payable to the Building Loan Fund, with a carrying value of \$303,802. No missions became parishes in 2015.

Occasionally, the Diocese and a parish may decide it is for the mutual benefit of all parties for the parish to revert to mission status. When this happens, the fair value of its real estate is recognized as a contribution to the Real Estate Fund. In 2014, the St. Stephen Oak Harbor parish became a mission and, accordingly, the related real estate, with a carrying value of \$1,484,669, was recorded as a contribution assumed by the Funds. No parishes reverted to mission status in 2015.

In 2015, it was discovered that two-thirds of the land held in Poulsbo, Washington, was on wetlands and was not considered to have any value, resulting in an impairment loss of \$73,333.

Additionally, in 2015, the St. James Sedro Woolley building was demolished, resulting in a loss of \$14,500.

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

| | 2015 | 2014 |
|------------------------|----------------------|----------------------|
| Land | \$ 7,635,937 | \$ 7,828,937 |
| Buildings/improvements | 24,051,728 | 23,303,438 |
| | <u>\$ 31,687,665</u> | <u>\$ 31,132,375</u> |

Real Estate Held for Sale

In 2014, the Diocese gained control of property in Poulsbo, Washington, with a carrying value of \$872,790. The Poulsbo property was held for sale at December 31, 2014. At December 31, 2015, the Poulsbo building and two-thirds of the Poulsbo land was no longer listed for sale and one-third of the Poulsbo land with a carrying value of \$36,667, was held for sale.

In 2015, land in Silverdale and Tacoma with carrying values of \$148,000 and \$45,000, respectively, were also held for sale at December 31, 2015.

Related Party Loans

The Funds have generally not imputed interest on related party loans that do not bear interest, as the terms are generally undefined, the imputed interest would generally not be material, and the amounts are due 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 is not required to 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 September 20, 2016.

Note 2. Loans Receivable

Loans receivable consist of the following at December 31:

| | 2015 | 2014 |
|---------------------------|-------------------|-------------------|
| Parishes | | |
| Sammamish, Good Samaritan | \$ 287,383 | \$ 303,802 |
| Tacoma, St. Mary | 225,252 | 225,252 |
| Tacoma, St. Andrew | 80,000 | 174,941 |
| Port Townsend, St. Paul | 68,613 | 86,076 |
| Shelton, St. David | 68,362 | 76,790 |
| Vancouver, Good Shepherd | 37,863 | 51,225 |
| Interest receivable | 5,720 | 4,790 |
| | <u>\$ 773,193</u> | <u>\$ 922,876</u> |

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). Although eliminated, mission receivables are as follows at December 31:

| | 2015 | 2014 |
|--------------------------------------|---------------------|---------------------|
| Missions | | |
| Kent, St. Columba's | \$ 931,516 | \$ 932,116 |
| Edmonds, St. Hilda's - St. Patrick's | 431,029 | 432,129 |
| Cathlamet, St. James' | 302,784 | 276,017 |
| Auburn, St. Matthew's | 238,106 | 237,770 |
| Vancouver, All Saints' | 177,395 | 178,922 |
| Snoqualmie, St. Clare's | 52,384 | 55,453 |
| Washougal, St. Anne | 38,671 | 42,698 |
| Lakewood, St. Jos/St. John | | 12,813 |
| | <u>\$ 2,171,885</u> | <u>\$ 2,167,918</u> |

Note 3. Combination

As previously stated, inter-entity loans are eliminated in combination. Loans eliminated are summarized as follows:

| | 2015 | 2014 |
|-------------------------|---------------------|---------------------|
| BLF to Real Estate Fund | \$ 2,171,885 | \$ 2,167,918 |
| MDF to Real Estate Fund | 168,440 | 109,241 |
| | <u>\$ 2,340,325</u> | <u>\$ 2,277,159</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 | 2015 | 2014 |
|------------------------------|---|------|------------------|-------------------|
| St. Columba's, Des Moines | Forgiven in 2015 | 0% | \$ - | \$ 318,847 |
| Cathlamet | Forgiven in 2015 | 0% | | 150,000 |
| Battle Ground | 15-year amortization at BLF mission rate, due 2017 | 0% | 69,000 | 69,000 |
| | | | <u>\$ 69,000</u> | <u>\$ 537,847</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

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Loan from a bank that funded the construction of the Cathlamet St. James Family Center bearing interest at 4.0%. Paid in full in 2016. | \$ 233,931 | \$ 244,563 |
| Loan from a family trust to purchase property. The loan is not secured bearing interest at 5.0% with the balance due in full in July 2020. | 117,335 | 117,335 |
| Battle Ground Bond Loans bearing interest at 6.5%. Paid in full in 2015. | | 15,000 |
| | <u>\$ 351,266</u> | <u>\$ 376,898</u> |

Principal payments on loans payable are as follows for the years ending December 31:

| | Bank Loan | Family Trust Loan | Total |
|------|-------------------|-------------------|-------------------|
| 2016 | \$ 233,931 | \$ - | \$ 233,931 |
| 2017 | | | |
| 2018 | | | |
| 2019 | | | |
| 2020 | | 117,335 | 117,335 |
| | <u>\$ 233,931</u> | <u>\$ 117,335</u> | <u>\$ 351,266</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.

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES
DIOCESAN INVESTMENT FUND**

FINANCIAL REPORT

DECEMBER 31, 2015

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

Diocesan Council
Diocese of Olympia, Inc.
The James F. Hodges Diocesan Investment Fund
Seattle, Washington

We have audited the accompanying financial statements of the Diocese of Olympia, Inc. – The James F. Hodges Diocesan Investment Fund ("the Fund"), which comprise the statements of assets and liabilities as of December 31, 2015 and 2014, the schedules of investments, and the related statements of operations, and changes in net assets for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2015 and 2014, and the results of its operations and changes in its net assets for the years then ended in accordance with accounting principles generally accepted in the United States.

Peterson Sullivan LLP

April 26, 2016

601 Union Street
Suite 2300
Seattle, WA 98101

Diocese of Olympia

(206) 382-7777 MAIN
(206) 382-7700 FAX

psepa.com

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DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

STATEMENTS OF ASSETS AND LIABILITIES
December 31, 2015 and 2014

| ASSETS | 2015 | 2014 |
|------------------------------|---------------|---------------|
| Investment income receivable | \$ 90,628 | \$ 83,737 |
| Investments (at fair value): | | |
| Equity securities | 41,797,746 | 44,905,348 |
| Bonds, notes, and other | 17,204,507 | 16,205,243 |
| Cash equivalents | 2,328,967 | 1,738,409 |
| Total investments | 61,331,220 | 62,849,000 |
| Total assets | 61,421,848 | 62,932,737 |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Participant income payable | 201,261 | 162,353 |
| NET ASSETS | \$ 61,220,587 | \$ 62,770,384 |

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 2015

| EQUITY SECURITIES | Number of Shares | Fair Value |
|---|------------------|----------------------|
| Abbot Laboratories | 9,300 | \$ 417,663 |
| Abbvie Inc. | 9,300 | 550,932 |
| Air Products and Chemicals, Inc. | 5,700 | 741,627 |
| Apple Inc. | 7,700 | 810,502 |
| Automatic Data Processing | 8,600 | 728,592 |
| Becton Dickinson & Co | 5,200 | 801,268 |
| Berkshire Hathaway Inc. Class B | 5,800 | 765,832 |
| Blackrock Inc. | 2,905 | 989,211 |
| Boeing Company | 4,750 | 686,802 |
| Chevron Corp | 9,735 | 875,761 |
| Chubb Corporation | 8,400 | 1,114,176 |
| Coca Cola Company | 12,900 | 554,184 |
| ConAgra Foods, Inc. | 17,100 | 720,936 |
| Costco Wholesale, Inc. | 7,180 | 1,159,570 |
| Emerson Electric | 8,060 | 385,510 |
| Enterprise Products Partners LP | 27,400 | 700,892 |
| Exxon Mobil Corp | 10,992 | 856,826 |
| General Electric | 27,200 | 847,280 |
| Gilead Sciences, Inc. | 5,500 | 556,545 |
| Google Inc. Class A | 555 | 431,795 |
| Google Inc. Class C | 556 | 421,937 |
| Honeywell International, Inc. | 5,800 | 600,706 |
| Intel Corp | 12,700 | 437,515 |
| International Business Machines | 4,865 | 669,521 |
| iShares S&P Mid Cap 400 | 21,350 | 2,974,482 |
| iShares S&P Small Cap 600 | 25,800 | 2,840,838 |
| Johnson & Johnson | 5,200 | 534,144 |
| Johnson Controls, Inc. | 17,220 | 680,018 |
| JP Morgan Chase & Co | 15,165 | 1,001,345 |
| Microsoft | 22,900 | 1,270,492 |
| Nextera Energy Inc. | 5,900 | 612,951 |
| Novartis | 7,200 | 619,488 |
| Omnicom Group Inc. | 10,000 | 756,600 |
| Paccar, Inc. | 12,000 | 568,800 |
| Parametric Tax Managed Emerging Markets | 14,938 | 567,643 |
| Pfizer, Inc. | 20,978 | 677,170 |
| Procter & Gamble Co | 10,600 | 841,746 |
| Qualcomm Inc. | 8,700 | 434,870 |
| Schlumberger Ltd | 7,590 | 529,403 |
| Starbucks Co. | 13,620 | 817,609 |
| Sysco Corp | 14,400 | 590,400 |
| United Technologies | 7,500 | 720,525 |
| Vanguard Developed Markets Index | 272,392 | 3,219,670 |
| V F Corporation | 12,484 | 777,129 |
| Ventas Inc. | 7,315 | 412,785 |
| Verizon Communications, Inc. | 21,500 | 993,730 |
| Walt Disney Co. | 8,300 | 872,164 |
| Wells Fargo & Co | 17,950 | 975,762 |
| 3M Co | 4,530 | 682,399 |
| Total equity securities | | <u>\$ 41,797,746</u> |

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

(Continued)

December 31, 2015

| BONDS, NOTES, AND OTHER | Rate of Interest | Maturity | Shares or Face Value | Fair Value |
|--|---------------------|----------|-------------------------|----------------------|
| Federal Farm Credit Bank Debenture | 3.050 | 7/27/22 | \$ 500,000 | \$ 519,110 |
| Federal Home Loan Bank Debenture | 4.375 | 6/14/19 | 1,000,000 | 1,093,360 |
| Federal Home Loan Bank Debenture | 3.125 | 12/11/20 | 500,000 | 529,070 |
| Federal Home Loan Bank Debenture | 2.875 | 12/10/21 | 500,000 | 520,095 |
| Federal National Mortgage Association | 1.250 | 7/20/18 | 900,000 | 896,328 |
| Federal National Mortgage Association | 2.625 | 9/6/24 | 900,000 | 909,504 |
| Fidelity Conservative Income Bond Fund | Variable | n/a | 99,701 | 999,003 |
| US Treasury Note | 2.250 | 7/31/21 | 1,000,000 | 1,018,750 |
| US Treasury Note | 1.750 | 5/15/23 | 900,000 | 876,834 |
| Vanguard GNMA Admiral Fund | Variable | n/a | 64,220 | 684,587 |
| Vanguard Intermediate Term Grade | | | | |
| Vanguard Short Term Investment Grade | Variable | n/a | 554,610 | 5,856,678 |
| Admiral Share | Variable | n/a | 342,447 | 3,301,188 |
| Total bonds, notes, and other | | | | <u>\$ 17,204,507</u> |
| <u>CASH EQUIVALENTS</u> | | | | |
| First America Prime Obligation Fund | Variable | n/a | \$ 2,328,967 | <u>\$ 2,328,967</u> |
| Total cash equivalents | | | | <u>\$ 2,328,967</u> |

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 2014

| EQUITY SECURITIES | Number of Shares | Fair Value |
|---|------------------|----------------------|
| Abbot Laboratories | 9,300 | \$ 418,686 |
| Abbvie Inc. | 9,300 | 608,592 |
| Air Products and Chemicals, Inc. | 5,700 | 822,111 |
| Apple Inc. | 7,700 | 849,926 |
| Automatic Data Processing | 8,600 | 716,982 |
| Becton Dickinson & Co | 6,200 | 862,792 |
| Berkshire Hathaway Inc. Class B | 5,800 | 870,870 |
| Blackrock Inc. | 2,905 | 1,038,712 |
| Boeing Company | 7,800 | 1,013,844 |
| Cdk Global Inc. | 2,866 | 116,818 |
| Chevron Corp | 9,735 | 1,092,072 |
| Chubb Corporation | 8,400 | 869,148 |
| Coca Cola Company | 6,800 | 287,096 |
| ConAgra Foods, Inc. | 19,100 | 692,948 |
| Costco Wholesale, Inc. | 8,180 | 1,159,515 |
| Emerson Electric | 12,300 | 759,279 |
| Enterprise Products Partners LP | 27,400 | 989,688 |
| Exxon Mobil Corp | 10,992 | 1,016,210 |
| General Electric | 19,800 | 500,346 |
| Google Inc. Class A | 555 | 294,516 |
| Google Inc. Class C | 555 | 292,152 |
| Intel Corp | 12,700 | 460,883 |
| International Business Machines | 4,865 | 780,541 |
| iShares S&P Mid Cap 400 | 21,350 | 3,091,480 |
| iShares S&P Small Cap 600 | 25,800 | 2,942,748 |
| Johnson & Johnson | 8,700 | 909,759 |
| Johnson Controls, Inc. | 21,020 | 1,016,107 |
| JP Morgan Chase & Co | 15,165 | 949,026 |
| Microsoft | 22,900 | 1,063,705 |
| Nextera Energy Inc. | 5,900 | 627,111 |
| Novartis | 10,700 | 991,462 |
| Omnicom Group Inc. | 10,000 | 774,700 |
| Paccar, Inc. | 15,000 | 1,020,150 |
| Parametric Tax Managed Emerging Markets | 14,938 | 687,893 |
| Pfizer, Inc. | 24,778 | 771,835 |
| Procter & Gamble Co | 10,600 | 965,554 |
| Qualcomm Inc. | 6,400 | 475,712 |
| Schlumberger Ltd | 5,030 | 429,612 |
| Starbucks Co. | 7,710 | 632,605 |
| Sysco Corp | 14,400 | 571,536 |
| United Technologies | 8,400 | 966,000 |
| Vanguard Developed Markets Index | 351,851 | 3,314,438 |
| Vanguard Emerging Markets ETF | 18,100 | 724,362 |
| V F Corporation | 14,484 | 1,084,852 |
| Ventas Inc. | 7,315 | 524,486 |
| Verizon Communications, Inc. | 21,500 | 1,005,770 |
| Walt Disney Co. | 9,700 | 913,643 |
| Wells Fargo & Co | 17,950 | 984,019 |
| 3M Co | 5,800 | 953,056 |
| Total equity securities | | <u>\$ 44,905,348</u> |

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

(Continued)

December 31, 2014

| BONDS, NOTES, AND OTHER | Rate of Interest | Maturity | Shares or Face Value | Fair Value |
|---|---------------------|----------|-------------------------|----------------------|
| Federal Farm Credit Bank Debenture | 3.050 | 7/27/22 | \$ 500,000 | \$ 524,240 |
| Federal Farm Credit Bank Debenture | 1.180 | 11/19/18 | 500,000 | 500,070 |
| Federal Home Loan Bank Debenture | 4.375 | 6/14/19 | 1,000,000 | 1,117,040 |
| Federal Home Loan Bank Debenture | 4.625 | 6/12/15 | 1,000,000 | 1,019,640 |
| Federal Home Loan Bank Debenture | 3.125 | 12/11/20 | 500,000 | 529,150 |
| Federal Home Loan Bank Debenture | 2.875 | 12/10/21 | 500,000 | 520,085 |
| Federal Home Loan Mortgage Corp Note | 1.000 | 6/19/17 | 290,000 | 289,655 |
| Federal Home Loan Mortgage Corp Note | 1.000 | 6/27/17 | 210,000 | 209,712 |
| US Treasury Note | 2.250 | 7/31/21 | 1,000,000 | 1,019,840 |
| Vanguard GNMA Admiral Fund | Variable | n/a | 64,220 | 694,862 |
| Vanguard Intermediate Term Grade Admiral Share | Variable | n/a | 393,572 | 3,868,810 |
| Vanguard Short Term Investment Grade | Variable | n/a | 554,610 | 5,912,139 |
| Total bonds, notes, and other | | | | <u>\$ 16,205,243</u> |
| <u>CASH EQUIVALENTS</u> | | | | |
| First America Prime Obligation Fund | Variable | n/a | \$ 1,738,409 | <u>\$ 1,738,409</u> |
| Total cash equivalents | | | | <u>\$ 1,738,409</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, 2015 and 2014

| | 2015 | 2014 |
|---|--------------------|---------------------|
| Investment income | | |
| Dividends and interest | \$ 1,517,270 | \$ 1,493,046 |
| Securities lending and other income | 15,233 | 10,087 |
| Total investment income | 1,532,503 | 1,503,133 |
| Expenses | | |
| Agency fee | 59,354 | 58,809 |
| Audit | 7,400 | 7,250 |
| Accounting fee | 5,000 | 5,000 |
| Miscellaneous expense | 1,739 | 1,342 |
| Printing and postage | 533 | 481 |
| Total expenses | 74,026 | 72,882 |
| Excess investment income over expenses | 1,458,477 | 1,430,251 |
| Realized and unrealized investment gain (loss) | | |
| Net realized investment gain | 1,858,937 | 2,254,858 |
| Net unrealized investment gain (loss) | (3,333,087) | 1,359,332 |
| Net gain (loss) on investments | (1,474,150) | 3,614,190 |
| Change in net assets resulting from operations | \$ (15,673) | \$ 5,044,441 |

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, 2015 and 2014

| | 2015 | 2014 |
|---|--------------------|------------------|
| Change in net assets resulting from operations | \$ (15,673) | \$ 5,044,441 |
| Distributions paid to shareholders | (1,459,045) | (1,511,766) |
| Capital share transactions | | |
| Proceeds from shareholder purchases and dividends reinvested | 1,687,534 | 4,927,911 |
| Shareholder redemptions | (1,762,613) | (7,413,168) |
| Decrease in net assets resulting from capital share transactions | (75,079) | (2,485,257) |
| Change in net assets | (1,549,797) | 1,047,418 |
| Net assets, beginning of year | 62,770,384 | 61,722,966 |
| Net assets, end of year | \$ 61,220,587 | \$ 62,770,384 |

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 James F. Hodges Diocesan Investment Fund ("the Fund") was organized in 1951 as an investment pool for the endowments of 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.

Financial Statement Presentation

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 2).

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.

Requests for purchases 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, 2015 and 2014, the Diocese held \$637,753 and \$91,564 in funds for purchase in January 2016 and 2015, respectively. These amounts are not included in the financial statements until funds are purchased. They are included in the financial statements of the Diocese.

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.

Taxes

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

Subsequent Events

The Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was April 26, 2016.

Note 2. 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 3. Unrealized Appreciation

Unrealized appreciation on investments was as follows at December 31, 2015:

| | Cost | Fair Value | Unrealized Appreciation (Depreciation) |
|-------------------------|----------------------|----------------------|--|
| Equity securities | \$ 24,278,536 | \$ 41,797,746 | \$ 17,519,210 |
| Bonds, notes, and other | 17,206,159 | 17,204,507 | (1,652) |
| Cash equivalents | 2,328,967 | 2,328,967 | |
| | <u>\$ 43,813,662</u> | <u>\$ 61,331,220</u> | <u>\$ 17,517,558</u> |

Unrealized appreciation (depreciation) on investments was as follows at December 31, 2014:

| | Cost | Fair Value | Unrealized Appreciation |
|-------------------------|----------------------|----------------------|----------------------------|
| Equity securities | \$ 24,297,829 | \$ 44,905,348 | \$ 20,607,519 |
| Bonds, notes, and other | 16,026,123 | 16,205,243 | 179,120 |
| Cash equivalents | 1,738,409 | 1,738,409 | |
| | <u>\$ 42,062,361</u> | <u>\$ 62,849,000</u> | <u>\$ 20,786,639</u> |

Note 4. Shareholders

The Fund's investment pool activity is as follows:

| | Number of Shares | Per Share Value |
|---|---------------------|-----------------|
| Shares outstanding, December 31, 2013 | 272,997.522 | \$ 226.094 |
| Shares purchased and dividends reinvested | 24,775.154 | |
| Shares redeemed | (32,847.478) | |
| Shares outstanding, December 31, 2014 | 264,925.198 | \$ 236.936 |
| Shares purchased and dividends reinvested | 7,204.646 | |
| Shares redeemed | (7,418.788) | |
| Shares outstanding, December 31, 2015 | 264,711.056 | \$ 231.392 |

Note 5. Related Party Transaction

The Fund is charged approximately \$5,000 per year for the common expenses paid by the Diocese.

Note 6. Investment Policy: Tobacco Stocks

In accordance with the investment policy recommended by the Executive Council of the Episcopal Church, the Fund does not invest in securities issued by companies that manufacture and distribute tobacco products.