



JOURNAL OF THE DIOCESE OF OLYMPIA

107th Annual Convention

Vancouver, Washington

October 27-28, 2017

Journal of Proceedings
2017 Annual Convention

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Section 1
Minutes of the 107th Annual Diocesan Convention of the Diocese of Olympia
Hilton Vancouver Washington

Friday, October 27, 2017

Workshops

Prior to the call to order, Convention members had the option to attend one of 10 workshops offered in 2017: Telling Your Story; Promoting a Safer Church Environment; Update on Refugee Resettlement Programs; Creating or Re-invigorating a Church Legacy Society; Light in the Darkness – Depression & the Church; Fierce Conversations, an introduction; Increase the Effectiveness of Your Ministry through Coaching Techniques; Life Planning Workshops at Your Church; Is Creation Breaking?; and, Prayer & Gratitude – Developing the Wholehearted Life in Small Groups.

Call to Order & Welcome

The 107th 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 *Wherever Bread is Broken* and premiered the video, *Our New Diocesan Vision*.

Opening Worship

Gretchen Van Blair, St. Andrew, Port Angeles, led the opening worship; Ken Hawkins, Mission to Seafarers, was the reader.

Introduction of the Head Table

Bishop Rickel introduced those seated at the head table: Karen Gusse, St. James, Kent, and 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 107th 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.14 for acceptance.

**Motion carried
Agenda adopted**

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

Committee on Privilege

Bishop Rickel recognized the Rev. Stephen Moore, vicar, All Saints, Bellevue, and chair, Committee on Privilege, to present the report on the granting of privilege for this convention. Moore referred to document E.2, added a couple of amendments, and moved that seat and voice be granted to those listed.

Without objection, 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 2017 Congregations in Good Standing Report (CGS). The CGS reports 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 convention, but are not allowed to vote. The 2017 report shows all congregations in either Good Standing or Provisional Good Standing.

Election: Secretary of Convention

Bishop Rickel recognized Sally Farrell, 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: Jeanine Garcia and Tonja Mathews.

No action required

Parliamentarian

Bishop Rickel appointed K. Ann McCartney as the parliamentarian for the 107th Convention.

No action required

Chancellor and Vice Chancellor

Bishop Rickel appointed the Hon. Judy Andrews, Esq., chancellor of the Diocese of Olympia.

Appointment accepted

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

No action required

Table Activity

Bishop Rickel called on Canon Dede Moore who introduced a table activity for convention members to get to know each other.

Bishop's Address

Bishop Rickel delivered his annual bishop's address. At the conclusion of the address, table groups discussed the following question: *As we turn 10 together, what is the one most important thing we can do together as a diocese?* Responses were collected on index cards and collated for sharing.

Plenary Session – Under the Iceberg: Increasing Cultural Competency in Your Congregation.

Bishop Rickel called on the Rev. Arienne Davison and the Rev. Canon Alissa Newton; the two led a plenary session on increasing cultural competency in congregations.

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 read the names of those clergy deceased since our last convention: Lindsey Barrett, Sheila Crisp, Glen DeShaw, Charles Forbes, John Gorsuch, Constance Moorehead, Ed Ostertag, David Price, and John Schaeffer.

Bishop Appointments

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

Board of Directors

George Robertson, St. Barnabas, Bainbridge Island (lay, reappointed); Waddell Brent, Church of the Good Shepherd, Federal Way (lay, reappointed); Marc Malone, St. Stephen, Seattle (lay).

Commission on Ministry

The Very Rev. Steve Thomason, St. Mark's Cathedral, Seattle (clergy); Diana Bender, Epiphany, Seattle (lay).

No action required

Disciplinary Board

Bishop Rickel appointed the following members for three-year terms: Mark Hutchison, Epiphany, Seattle; the Rev. Lex Breckinridge, St. Thomas, Medina; the Rev. Pat Taylor. Marvin L. Gray, Jr. was appointed Church Attorney.

Appointments ratified

Ky Chen Awards

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. 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.

Bishop Rickel presented the Ky Chen Employee Excellence "No Problem" award to **Marcia Crewdson**, St. John, Kirkland.

Marcia Crewdson epitomizes the name and intent of the Ky Chen Employee Excellence "No Problem" Award. In fact, "No Problem" is Marcia's actual usual response to virtually every request. Marcia has been the parish administrator at St. John's, Kirkland, since July 2007. Prior to that, she served in the same capacities at All Saints, Bellevue, and St. Stephen's, Seattle. St. John's has been in transition during most of Marcia's tenure and, very fortunately, she has been a constant presence throughout the many changes. Marcia is responsible for maintaining the office and assisting clergy and staff, as well as lay leaders. She coordinates communications, is responsible for purchasing all supplies, and assists in the coordination of activities involving both the church and church preschool. She regularly sets up for special events and meetings. When a funeral takes place, Marcia is always the first one in the kitchen to make sure everything works smoothly for the family, friends, and church members that attend. She will also usually be the last to leave after all the clean-up has taken place. Marcia tends to know where everything is and is meticulous in keeping track of important events and documents. When clergy, staff, and volunteers are looking for things they need, Marcia knows where to find them. Marcia uniquely keeps in touch with members who begin to lapse or have chosen to move on and, in many cases, those contacts have resulted in a return to the church. These are not items one would find in a job description, but are the types of things that Marcia simply does - as a matter of course - no problem.

Bishop Rickel presented the Ky Chen Employee Excellence "No Problem" award to **Kelly DiCicco**, Trinity Church, Everett.

Kelly DiCicco's consistently outstanding work as the Parish Administrator of Trinity Episcopal Church in Everett is an excellent example of demonstrating the Ky Chen "no problem" spirit. Kelly has a genuine compassion for people who come through the church seeking assistance and for parishioners in need. On a daily basis, Kelly goes far beyond the expectations of his position description - going the extra mile in extraordinary ways. Out of his own initiative, Kelly created a small food pantry in one of the church office spaces that he frequently stocks himself. It is supplemented by food collections taken up for a large food pantry at another church. He personally buys can openers in order to be able to provide them to homeless people who come by to pick up cans of food from his mini-food bank, who need help to supplement their needs in between times when other local resources are not available. Some parishioners have adult children who live out of town, and Kelly becomes something of a surrogate by taking them to doctor visits, picking up medication and making sure they have someone to bring them to church for the social connection of worship. Several times a month, Kelly takes parishioners shopping who are unable to drive themselves. Kelly's primary motivation in all things is to be of help. Trinity, Everett and our diocese have a gift in Kelly and a model of selfless care that is truly humbling. He is proof that one does not need to be ordained to make a daily and profound difference in the lives of others and in the life of the church organization.

Presentation: St. Mark's Cathedral

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

Presentation: Ongoing Maintenance

Bishop Rickel introduced the video, noting that congregation maintenance had been a topic for the Board of Directors in 2017. While the Board of Directors considered both convention workshops and webinars, the group decided to create a video, which was previewed for the convention. Following the video, the Bishop added that member would hear more about this was a topic in 2018.

Committee on Nominations

Bishop Rickel recognized Sally Farrell to continue the report of the Nominations Committee. Convention members were referred to report B.2 (long version) and/or B.3 (short version). The Committee nominated the following persons for diocesan offices:

Standing Committee – Clergy

Steve Danzey, Good Samaritan, Sammamish
Arienne Davison, St. Bede, Port Orchard
Kendall Haynes, St. Matthew, Tacoma

Nominations closed, ballot prepared

Standing Committee – Lay

Donald S. Gauthier, Jr., St. James, Kent
Roberta Newell, St. Mary, Lakewood

Nominations closed, ballot prepared

Diocesan Council—Lay Be Attitudes Regional Ministry

Joslin Harris-Gane, Christ Church, Seattle

Nominations closed

With no objection, convention dispensed with the ballot; Harris-Gane elected

Diocesan Council—Lay Columbia Regional Ministry

Libby Jensen, Church of the Good Shepherd, Vancouver

Nominations closed

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

Diocesan Council—Clergy Eastside Regional Ministry
Jim Eichner, Church of the Holy Cross, Redmond

Nominations closed

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

Diocesan Council—Lay Evergreen Regional Ministry
David Coburn, St. James, Kent

Nominations closed

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

Diocesan Council—Clergy Peninsula Regional Ministry
Gail Wheatley, St. Andrew, Port Angeles

Nominations closed

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

Diocesan Council—Lay Rainier Regional Ministry
Amelia Carroll, Christ Church, Tacoma

Nominations closed

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

Diocesan Council—Clergy Sno Isle Regional Ministry
Drew Foisie, St. Aidan, Camano Island

Nominations closed

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

Diocesan Council—Clergy Willapa Regional Ministry
RC Laird, St. John, Olympia

Nominations closed

With no objection, convention dispensed with the ballot; Laird 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 Clergy Alternate to General Convention

Bishop Rickel called for nominations from the floor for the position of clerical alternate to General Convention 2018. Election was required due to a resignation.

General Convention – Clerical Order
Eric Stelle, St. John, Gig Harbor
Gail Wheatley, St. Andrew, Port Angeles

Nominations closed, ballot prepared

Introduction to voting procedures

First ballot

Bishop Rickel recognized Chuck Hamilton, elections official; Hamilton introduced the balloting system to be used for 2017 elections. Bishop Rickel declared the polls open.

First ballot completed

Video: Chaplains on the Harbor

Bishop Rickel introduced the first of several videos created during 2017 highlighting ministries and congregations living out, and living into, our new diocesan vision.

Evening Liturgy

Bishop Rickel recognized Bernadette Walcott, St. Luke, Seattle (Ballard), as well as a member from Chaplains on the Harbor, 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, 28, 2017

Morning Liturgy

Bishop Rickel recognized Connie Aurand, Faith Church, Poulsbo, and Francisco Lopez, La Iglesia de la Resurreccion, Mount Vernon, 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 (58 clergy/132 lay) needed to elect.

Steve Danzey	29 clergy	58 lay
Arienne Davison	64 clergy	147 lay
Kendall Haynes	20 clergy	52 lay

Davison elected to the 4-year term

Standing Committee – Lay

Majority in each order (58 clergy/132 lay) needed to elect.

Donald S. Gauthier, Jr.	7 clergy	36 lay
Roberta Newell	105 clergy	214 lay

Newell elected

General Convention – Clergy Alternate

Majority in each order (58 clergy/132 lay) needed to elect.

Eric Stelle	51 clergy	95 lay
Gail Wheatley	63 clergy	165 lay

Wheatley elected

Second ballot

Bishop Rickel recognized Chuck Hamilton, elections official, for the second ballot to elect a second clergy member to the one-year unexpired term on the Standing Committee. Bishop Rickel declared the polls open.

Second ballot completed

Video: Faith in Community

Bishop Rickel introduced the second video created during 2017 highlighting the small groups ministry at Epiphany, Seattle.

Report from the Treasurer

Bishop Rickel recognized diocesan treasurer, Barbara Fox, for her annual report.

Action on the 2018 Budget

Diocesan Treasurer, Barbara Fox, commended to convention the 2018 operating budget and moved for its ratification.

Motion carried
2018 Budget ratified

Committee on Resolutions

Bishop Rickel recognized Rilla Barrett, filling in for chair, Jonathan Weldon, to present on behalf of the Resolutions Committee. With reference to document D.2, Barrett presented and moved Resolution #1 with a committee recommendation of “do pass.”

Resolution #1—2019 Diocesan Assessment Rate

Resolved, That this 107th Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2019 diocesan assessment rate factor be set at 15.0% of the Net Disposable Income (NDI).

Motion carried
Resolution #1 adopted

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

Resolution #2 – Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2018

Resolved, That this 107th Convention of the Diocese of Olympia set the Cost of Living Adjustment for 2018 parochial clergy salary scale at 3.0%.

Motion carried
Resolution #2 adopted

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

Resolution #3 – Health Insurance Coverage

Resolved, That this 107th Convention of the Diocese of Olympia adopt the following amended policy on health insurance coverage for eligible lay and clergy employees in diocesan congregations and the Office of the Bishop.

Motion carried
Resolution #3 adopted

Resolution #4 – Calling on the 79th General Convention to appoint a task force to explore the implementation of Title III, Canon 1

Resolved, that this 107th Convention of the Diocese of Olympia approves the following resolution for submission to the 79th General Convention of the Episcopal Church in 2018: Resolved, the House of _____ concurring, that the 79th General Convention, in recognition of the Jesus Movement and the calling of all the baptized in their daily life and work, appoint a task force to study the implementation of Title III, Canon 1: Of the Ministry of All Baptized Persons which reads: Sec. 1. Each Diocese shall make provision for the affirmation and development of the ministry of all baptized persons, including: (a) Assistance in understanding that all baptized persons are called to minister in Christ's name, to identify their gifts with the help of the Church and to serve Christ's mission at all times and in all places; and, (b) Assistance in understanding that all baptized persons are called to sustain their ministries through commitment to life-long Christian formation. And be it further Resolved, that such task force be appointed by the Presiding Officers jointly and that a report be given to the 80th General Convention with its recommendations for the implementation of Title III, Canon 1 in all parishes, dioceses, provinces, and the wider church, focusing on full engagement of all the Baptized in their ministries beyond Sunday in their daily life, work, and leisure.

Motion carried
Resolution #4 adopted

Resolution #5 – Regarding the Inclusivity of Deaf and Hard of Hearing Persons at Diocesan Convention

Resolved, that this 107th Convention of the Diocese of Olympia mandate captioned video through Communication Access Real-time Translation (CART) be provided at each annual Diocesan Convention beginning in 2018, and be it further Resolved, that the Diocese of Olympia set aside in its annual budget the cost of providing CART – up to \$2,500 from budget for the convention under Diocesan Governance - beginning with the 2018 Convention.

Discussion: Lee Holland, St. Matthew, Tacoma, spoke as the sponsor of the resolution.

Amendment: Moira Renoldson, Good Shepherd, Vancouver, moved an amendment to add a new Resolved clause to read: *“Resolved that the Diocese of Olympia set aside in its annual budget the cost of providing written transcription to braille and large print services – up to \$1,000 from budget for the convention under Diocesan Governance – beginning with the 2018 convention.”*

Discussion on the amendment: Speaking against the amendment: the Rev. Peter Strimer, St. Mark’s Cathedral, Seattle; the Rev. Kendall Haynes, St. Matthew, Tacoma; Arie Moore, St. James, Kent. Speaking in favor of the amendment: James Howard, Church of the Good Shepherd, Vancouver; Elijah Adrian, Church of the Good Shepherd, Vancouver.

Question called: Earl Beede, St. John, Snohomish, called the question on the amendment.

Motion carried
Question called
Motion failed
Renoldson amendment rejected

Amendment: the Rev. Pete Strimer, St. Mark’s Cathedral, Seattle, moved an amendment to substitute Resolution #5 with the following: *“Resolved, that this 107th Convention of the Diocese of Olympia instruct Diocesan Council to develop a policy that will ensure that appropriate accommodation be provided at Diocesan Convention and pre-convention meetings for those needing it and that sufficient resources be included in the budget to pay for such accommodation, such accommodation to include captioned video through Communication Access Real-time Translation (CART) and qualified American Sign Language and/or other language interpreters.”*

Discussion on the amendment: Speaking against the amendment: the Rev. Kendall Haynes, St. Matthew, Tacoma; Kathryn Bartholomew, Trinity Church, Seattle; Sally Barnes, St. James, Cathlamet; Elijah Adrian, Church of the Good Shepherd, Vancouver. Speaking in favor of the amendment: the Rev. Mark Miller, St. Hilda-St. Patrick, Edmonds;

Question called: the Rev. Joseph Peters-Matthews, St. Joseph-St. John, Lakewood, called the question on the amendment.

Motion carried
Question called
Motion carried on a hand count (224 in favor; 163 opposed)
Strimer amendment to Substitute Resolution carried

Discussion on the Substitute Resolution: Speaking against the amendment: the Rev. Kendall Haynes, St. Matthew, Tacoma.

Amendment: the Rev. Chris Jillard, St. Margaret, Bellevue, moved an amendment to add a time certain of the 2018 pre-convention gatherings to the substitute resolution.

Question called: the Rev. RC Laird, St. John, Olympia, called the question on the amendment and the substitute resolution.

Motion carried

Question called

Motion carried

Amendment to add time certain adopted

Motion carried

Substitute Resolution adopted as amended

Resolution #6 – Regarding American Sign Language Interpreters at Diocesan Conventions

Resolved, that this 107th Convention of the Diocese of Olympia mandate the use of qualified American Sign Language (ASL) interpreters at each annual Diocesan Conventions, and each of the four joint regional pre-convention meetings, beginning in 2018, and be it further Resolved, that the Diocese of Olympia set aside in its annual budget the cost of providing ASL interpreters – up to \$4,900 from budget for the convention under Diocesan Governance (\$2,500 for convention and \$2,400 for the pre-convention meetings) - beginning with the 2018 Convention.

Discussion: Lee Holland, St. Matthew, Tacoma, spoke as the sponsor of the resolution. Speaking against the resolution: John Mitchell, St. Andrew, Port Angeles. Speaking in favor of the resolution: Elijah Adrian, Church of the Good Shepherd, Vancouver.

Amendment: the Rev. Kendall Haynes, St. Matthew, Tacoma, moved an amendment to include the full language of Resolution #5 in Resolution #6.

Discussion on the amendment: Speaking in favor of the amendment: Ross TenEyck McDowell, St. Andrew, Seattle; the Rev. Joe Mikel, St. David, Shelton.

Question called: the Rev. Joseph Peters-Mathews, St. Joseph-St. John, Lakewood, called the question on the amendment and the main motion.

Motion carried

Question called

Motion carried

Haynes amendment adopted

Motion carried

Resolution #6 adopted as amended

Barrett, referencing document D.3, presented and moved Courtesy Resolutions with a committee recommendation of “do pass.”

Courtesy Resolutions

BE IT RESOLVED, that the 107th Annual Convention of the Diocese of Olympia give thanks for the three congregations in the Diocese which celebrate the 125th anniversary of their founding this year, Trinity, Everett; St. Luke, Renton; and St. Paul, Seattle.

BE IT RESOLVED, that the 107th 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 107th 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 107th 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 107th 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 107th 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 107th Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Gretchen Rehberg, Bishop of Spokane and to all the clergy and people of the Diocese of Spokane.

BE IT RESOLVED, that the 107th 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 107th 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 107th Annual Convention of the Diocese of Olympia sends its greetings to the Rt. Rev. Danilo Bustamante, Bishop of Southern Philippines and to all the clergy and people of the Diocese of Southern Philippines.

BE IT RESOLVED, that the 107th 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 give thanks to God for our shared ministry in the name of our Lord, Jesus Christ.

BE IT RESOLVED, that the 107th 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 107th 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 107th 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 Rebecca McClain, the Rev. Canon Jerry Shigaki, and the Rev. Canon Richard K. Toll.

BE IT RESOLVED, that the 107th Annual Convention of the Diocese of Olympia express its thanks and appreciation for the leadership of Karen Casey as President of the Standing Committee and for the Rev. Bill

Fulton and Dr. Kathryn Rickert as they complete their terms on the Standing Committee.

BE IT RESOLVED, that the 107th Annual Convention of the Diocese of Olympia express its thanks and appreciation for the leadership of George Robertson as Chair of the Board of Directors and for Ms. Mary Dickinson as she completes her term on the Board of Directors.

BE IT RESOLVED, that the 107th Annual Convention of the Diocese of Olympia express its thanks and appreciation for Ms. Nadine Baxter, the Rev. Lex Breckinridge, Ms. Linda Brice, the Rev. Evan Clendenin, Ms. Joslin Harris-Gane, the Rev. Mark Miller, the Rev. Dennis Tierney, and Ms. Jana Whitworth, as they complete their terms on Diocesan Council.

BE IT RESOLVED, that the 107th Annual Convention of the Diocese of Olympia expresses its thanks for the able work of our Chancellor Judith Andrews.

BE IT RESOLVED, that the 107th 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 107th 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 107th Annual Convention of the Diocese of Olympia thanks all the staff of the Hilton, Vancouver for their care for us.

BE IT RESOLVED, that the 107th 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 107th 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. Eric Stelle, 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 Governance and Human Resources, for their dedicated and effective work; the diocesan staff, and the volunteers who gave their time during this convention.

Motion carried
Courtesy Resolutions adopted

Preaching Award

Bishop Rickel presented the Bishop's Preaching Award to Kate Davis, St. Luke, Seattle (Ballard).

Report of the second ballot

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

Standing Committee – Clergy

Majority in each order (54 clergy/128 lay) needed to elect.

Steve Danzey	65 clergy	144 lay
Kendall Haynes	41 clergy	99 lay

Danzey elected to a one-year unexpired term

Third ballot

No additional ballots required.

Convention Eucharist

Bishop Rickel presided; The Rev. Canon Dr. Marda Steedman Sanborn, preached. The offering was designated to Episcopal Relief & Development for hurricane relief support.

Bishop's Cross Awards

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."

Bishop Rickel presented Bishop's Crosses to **Bob & Linda Knutson**, St. Elizabeth, Burien.

Bob and can be found, at any time, at St. Elizabeth's, Burien, either somewhere on a ladder or boom lift, up on the roof or down in the bowels of the building fixing fixtures, changing bulbs, repairing doors, installing sump pumps or cleaning up some mess or another. On those rare occasions when he is not there, someone will inevitably utter the phrase: "Call Bob." Bob's wife, Linda Knutson, in her service as Treasurer of St. Elizabeth's, has reworked the church's chaotic financials and sought out the help of the Diocese in resolving some troubling anomalies. Her efforts have made our financial dynamics far more transparent and trustworthy to the parish. Her persistence and influence have been essential on the church's road toward more reliable solvency. Beyond their roles in the church, Bob and Linda take care of their fellow parishioners. A while back, they took a lead role in bringing one of those parishioners back to Burien from South Sudan where a promised career opportunity fell through because of the conflict. Upon his return, Bob and Linda put him up in a spare room of their house until he could get on his feet financially and then they took on the complicated task of bringing his children to Burien from Kenya, where they had gone to get away from the conflict in South Sudan. Bob and Linda, also without hesitation, took in another young man down on his luck, who had come to St. Elizabeth just looking for a friendly community. Past decisions on deferred maintenance led to a series of near catastrophic floods in various parts of the building at St. Elizabeth. Every time, Bob and Linda were on the scene with mops, towels and cell phones, contacting contractors, plumbers and clean-up crews, and finding ways for the church to pay these good people for their services. These are just a few of the ways that Bob and Linda serve others, and all of it with grace, persistence and joy in Christ, not to mention a delightful sense of humor.

Bishop Rickel presented Bishop's Cross to **John Long**, St. Timothy, Chehalis.

John Long is a lifelong member of St. Timothy, Chehalis, and is currently serving as our Junior Warden of the Vestry. He served as Senior Warden in during the transition when there was no sitting rector, so he was responsible for the day to day operations of the church and was found on site at the church from sun up to sun down every day, faithfully. When a Rector was called, John continued to ensure that necessities large and small were met at our church. Most notably he has coordinated with supply clergy since Sept. 2016 when St. Timothy's faced yet another transition. John is at the church every Wednesday to open the church for midweek services, and he is there every Thursday working on facilities maintenance to keep the building

humming. On Sundays, John is the first to arrive and get the coffee going and the heat on for everyone to arrive to a comfortable environment, and he is the last to leave, making sure every door is checked, every table wiped, every dish dried and the trash cans on the corner. John serves in the Mobile Ministry homeless feeding program at least once each month but there have been month he has made himself available for the task every Saturday. He represents St. Timothy at a variety of activities from Christmas gift distribution by our local Salvation Army to the Kids Klost school supply distribution. But more than that, John is a faithful servant who constantly thinks of the good of his church and others above himself. He is the first to offer a hand shake or hug. He is open and loving even with those in crisis, and he always has a smile on his face and a word of encouragement. He always answers his phone, and he makes himself available to offer counsel whenever called upon. John Long embodies the light of Christ among us in this world.

In a special presentation, Bishop Rickel, in recognition for his work on the TV Eucharist, designated the **Rev. Michael Jackson** as an Honorary Canon of the Cathedral.

The TV Eucharist program was first broadcast on Easter Day, April 22, 1973 on KING-TV5, NBC's Seattle affiliate. the creation of the late John C. Leffler, former dean of St. Mark's Episcopal Cathedral. At first, only the clergy and congregations of Episcopal churches in Seattle took part in this production. However, over the forty-four years of its running, TV Eucharist grew to involve over 68 congregations throughout western Washington. The mission of TV Eucharist was to provide a service for those who are shut-in or otherwise unable to attend church. The program itself is a copyrighted production of King Broadcasting Company in cooperation with the the Diocese of Olympia (the Episcopal Church in Western Washington) and the Northwest Washington Synod of the Evangelical Lutheran Church in America. TV Eucharist aired as a 30-minute program every Sunday at 5:00 A.M. on KING's cable outlet, KONG-TV channel 16 cable channel 6. It was available in most of western Washington, in the British Columbia lower mainland and Victoria, and in parts of central Washington. Based on viewer response, many of the viewers were non-Episcopalians, a number being Roman Catholic. Yet, with many viewers not appearing to be associated with any particular church. According to its final industry ratings, the weekly viewership ran around 5,000 households watching TV Eucharist every Sunday morning. Over 100,000 copies were mailed out to viewers over the show's tenure. After 44 years of serving the viewing public, TV Eucharist aired its final broadcast on Sunday, July 16th, 2017. The success of the show as an outreach ministry would not have been possible without the initiative, leadership and commitment of the show's producer - The Rev. Mike Jackson. Mike's tireless efforts not only connected thousands of people in worship through the medium of television but also connected Lutheran and Episcopal clergy throughout the state, as ministers served side-by-side behind the studio altar. Mike's methodical preparations, advice and welcoming style put service participants at their ease before the cameras came on. Those leading a given service felt that they were reaching through the camera lens to pray with whomever was on the other side of the television set. Mike's openness to creative expression and his ease made taping sessions a true treat for all who participated. The value of what he created in developing the TV Eucharist program can never be underestimated, and the impact of its services and sermons will continue to ripple throughout the lives of its viewers and those fortunate enough to have been participants on the set.

Constitution and Canons Revisions

Bishop Rickel recognized Douglas Oles, chair, to present the report. Oles referred convention members to document E.1.

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, Article VII (Members of Convention)

Section 4(a) currently requires that the lay delegates from each congregation “shall be in equal numbers men and women”. After reviewing some thoughtful research presented by new Committee member Tony Ramsey, it was suggested that deletion of this language would give small congregations (with limited delegate pools) more flexibility in selecting their convention delegations, and it was also pointed out that not every congregation is divided equally between men and women. The proposed amendment is therefore to delete the equal representative requirement, as follows:

The lay members of Convention shall consist of:

- a. Lay delegates elected from each Parish and Mission in union with the Convention, ~~who shall be in equal numbers men and women...~~

Motion carried in the clergy order

Motion carried in the lay order

Amendment to Article VII adopted on first reading; second reading 2018

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

Although the Canons have not previously made it clear, the practice (under The Episcopal Church (TEC) 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 TEC 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. 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 clergy order

Motion carried in the lay order

Amendment to Article XII 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 2, section 2 (Lay Members of Convention):

This is a parallel amendment to the proposed amendment to the Constitution, Art. VII, Section 4(a), described above. The proposed amendment would be:

[regarding lay representation at Diocesan Convention]

~~This representation shall be divided equally between men and women.~~

**Motion carried in the clergy order
Motion carried in the lay order
Amendment to Canon 2 adopted**

Canon 12 (Business Methods in Church Affairs):

Under TEC canons, our Diocese is required to have a Finance Committee, and the current Canon (Section 1(e)) defines this committee as including a Comptroller. Our Diocese does not, however, currently have a Comptroller. What we do have is a broadly representative Joint Finance Panel (JFP) that can readily serve the intended function. The proposed amendments would clarify the composition and role of our Joint Finance Panel. In addition, the proposed amendment would memorialize an existing practice that requires Missions and other diocesan institutions (other than Parishes) to obtain consent from the diocesan Board of Directors before withdrawing funds from the Diocesan Investment Fund (established under Canon 7, Section 4). Although the Board only meets once a month, it has established expedited procedures for approving small withdrawals and withdrawals needed for an emergency. The proposed amendments would be:

Section 1(d): ...audits and reviews [of congregations and diocesan institutions] shall follow all applicable guidelines established by the diocesan Joint Finance Panel Committee as defined in the following section.

Section 1(e): For purposes of the ~~is Canon and related National Canons of the Episcopal Church,~~ the Joint Finance Panel shall operate as Treasurer and Comptroller of the Diocese shall together comprise the Finance Committee of the Diocese. The Joint Finance Panel shall comprise the diocesan Treasurer and representatives selected by Diocesan Council, Standing Committee, the Board of Directors of the Diocese of Olympia, Inc., and the Office of the Bishop. The Joint Finance Panel Committee shall have authority to approve depositaries for church funds, to require submission of account and other financial documents for review, serve as the audit committee for the Diocese, and make recommendations to Standing Committee and the Board of Directors on financial issues and to approve audit committees other than independent public accountants.

Section 1(i): The Joint Finance Panel Committee shall report annually to the Convention of the Diocese upon administration of this Canon.

Section 4 (new): When a Parish wishes to withdraw funds from the Diocesan Investment Fund, it shall give advance notice of that withdrawal to the diocesan Board of Directors. When a Mission or other diocesan institution wishes to make such a withdrawal, it shall first obtain approval from the Board of Directors or the Board's delegee.

**Motion carried in the clergy order
Motion carried in the lay order
Amendments to Canon 12 adopted**

Canon 24: ~~Diocesan Schools of Ministry and Theology~~

Section 1: There may be one or more ~~a Diocesan Schools of Ministry and Theology,~~ accountable to the Bishop, the purpose of which shall be to:

- a. Further the education, formation, and ministry of all baptized people.
- b. Provide training for specialized ministries.
- c. Provide continuing theological education.

Section 2: ~~When the School is operating, it shall have a Dean appointed by, and accountable to, the Bishop. The Dean shall be responsible for the management of the School and its program.~~

Section 3: ~~When the School is operating, there shall be a Board of Directors thereof consisting of at least seven members.~~

- a. ~~The Dean of the School~~
- b. ~~A member of the faculty appointed by the Dean to a one-year term who is eligible for reappointment.~~
- c. ~~At least one student representative, elected to a one-year term by the students meeting at a site where the School offers an ongoing program.~~
- d. ~~At least four members appointed by the Bishop to three-year terms, which persons are eligible for reappointment.~~

~~Section 4: The Board shall be accountable to the Bishop. Its basic functions shall be to:~~

- a. ~~Oversee, review and evaluate the program of the School and ensure that its purpose is being carried out.~~
- b. ~~Provide support to the Dean and faculty.~~
- c. ~~Provide to the Diocese information concerning the School and its programs.~~

Motion carried in the clergy order
Motion carried in the lay order
Amendments to Canon 24 adopted

Canon 26: Ecclesiastical Discipline

Seven years ago, Convention passed Canon 26, implementing a new system of ecclesiastical discipline consistent with Title IV in the national Canons. Some of the implementing language is no longer necessary or relevant, so the Committee recommends the following amendments:

There is hereby established a ~~Court to be called a~~ Disciplinary Board, consisting of nine (9) members, five (5) of whom shall be clergy canonically and geographically resident in the Diocese, and four (4) of whom shall be adult Communicants in Good Standing and geographically resident and domiciled in the Diocese. The members of the Disciplinary Board shall be nominated by the Bishop and the nominations ratified at the Diocesan Convention. Each member shall serve for a three (3)-year term; except, if a member is filling a vacancy, the term of such member shall be the unexpired term of the member being replaced. The terms of the members shall commence on the first (1st) day of the year following ratification, provided that, the terms of office of all members ratified in 2010 shall commence on July 1, 2011. ~~The terms of office of the Board shall be staggered and arranged into three classes, with the first class of membership expiring on December 31, 2011, the second class on December 31, 2012, and the third class on December 31, 2013. No member shall be eligible for re-nomination for a year after the end of a third consecutive term. The Ecclesiastical Trial Court established under the prior canons, and its members, shall continue in office and authority until the effective date of the Revised Title IV, July 1, 2011.~~

At the end of Section 2(b)(2), a period shall be added.

Motion carried in the clergy order
Motion carried in the lay order
Amendments to Canon 26 adopted

Video: Traveling Day Society: Soaring Spirits

Bishop Rickel introduced the third video created during 2017 highlighting a ministry out of All Saints, Vancouver.

Table Discussion on Our New Diocesan Vision

Bishop Rickel replayed the video, *Our New Diocesan Vision*, and instructed table groups to discuss how each congregation might already be living into this new vision, and how each might begin by identifying one thing the congregation representatives will do when they return from the convention to the congregation. Two questions were offered to get the conversation started: What is alive at your place that reflects this vision? What do the vision and stories inspire you to explore?

Standing Committee Report

Bishop Rickel recognized Karen McCarthy Casey, Standing Committee president, who presented her report on the work of the Standing Committee this past year.

Presentation: Episcopal Relief & Development (ERD)

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

Presentation: Mission to Seafarers

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

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 107th Convention of the Diocese of Olympia: those working with him at the head table; Vancouver and the Columbia region who welcomed us so warmly; our seven regional youth members and a few others who are here as elected delegates from congregations; the additional youth and young adults who worked as pages behind the scenes – Denise Brumbaugh and all the adult chaperones; our new Resource Team who worked many hours both before the convention and here onsite – Matt Koski, Tonja Mathews and Tye Pecha, led by executive assistant to the bishop, April Caballero; liturgists and worship leaders, particularly Susan Bloomfield, our convention musician, and those who played and sang during our worship; the hotel staff serving us behind the scenes, as well as the Audio/Visual staff; Canon Dede Moore, and Archdeacon Gen Grewell; and to all the diocesan staff.

Six-Hour Resolutions

There were no six-hour resolutions submitted.

Final Announcements

Secretary Gusse announced the 2018 Convention will be October 26-27 at the Doubletree by Hilton Seattle Airport.

Closing Liturgy

Bishop Rickel recognized Bob Abrams, St. James, Sedro Woolley, and Eli Foster, Epiphany, Seattle to lead the closing liturgy. Those elected and appointed during the convention were commissioned during the liturgy.

Adjournment

Bishop Rickel adjourned the Convention sine die at 3:02 p.m.

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

October 27, 2017 – Vancouver, Washington

I want to offer my greetings to all of you lay leaders, clergy, colleagues, visitors, and friends. It's good to be together once again for our yearly family reunion, and I want to say thank you to the churches and people of Vancouver and the Columbia region.

Many of you who live out this way are actually going to get to go to this diocesan gathering and finally get to stay home tonight, or at the very least do not have to drive so far. And I want to say, bless you and thank you for the many times you do make that drive to be among our diocesan events. It's the least we can do to come here and see you. Let's thank them now.

Besides, things are good in the south and I love being back here this year. Thank you for welcoming us.

I want to start with a poem by Billy Collins, former Poet Laureate of the United States, from his book *The Art of Drowning*. It's called On Turning Ten.

The whole idea of it makes me feel
like I'm coming down with something,
something worse than any stomach ache
or the headaches I get from reading in bad
light-
a kind of measles of the spirit,
a mumps of the psyche,
a disfiguring chicken pox of the soul.

You tell me it is too early to be looking back,
but that is because you have forgotten
the perfect simplicity of being one
and the beautiful complexity introduced by
two.

But I can lie on my bed and remember every
digit.

At four I was an Arabian wizard.

I could make myself invisible
by drinking a glass of milk a certain way.

At seven I was a soldier, at nine a prince.

But now I am mostly at the window
watching the late afternoon light.
Back then it never fell so solemnly
against the side of my tree house,
and my bicycle never leaned against the
garage
as it does today,
all the dark blue speed drained out of it.

This is the beginning of sadness, I say to
myself,
as I walk through the universe in my
sneakers.

It is time to say good-bye to my imaginary
friends,
time to turn the first big number.

It seems only yesterday I used to believe
there was nothing under my skin but light.
If you cut me I would shine.

But now if I fall upon the sidewalks of life,
I skin my knees. I bleed.

(Billy Collins, from *The Art of Drowning*, ©
1995)

I remember reading that as my son, Austin, turned ten and the powerful impact it had on me. I preached one Sunday using that poem. I looked down at my son almost if to apologize for life. The poem picks up on the sadness of leaving imagination behind, how life can take all creativity away if we let it. And sometimes even if we don't. And, I would guess, also how sometimes those turns in life look a lot worse when we're taking them than they really are. No matter how that plays out, it is true we always leave something behind, which then sets us toward something new.

In those days, it reminded me just how fleeting the days were as my son grew older. It would only be a year later that he, his mother Marty, and I would

begin our journey towards you, the Pacific Northwest, the Diocese of Olympia, our new home. He was 11 years old then.

And now after a journey we shared, we – you and I – are so to speak, turning ten. This will actually mark my 11th convention address to you. You may remember that it was just a few weeks after having had hands laid on my head that I stood before you, in my first convention address. I didn't look up what I said to you that day. I might at some point, but frightened too much to think it about so... we may leave that for another day. I hope whatever I said resembled something of what we've become, what we've done, where we'll be in the journey together.

I don't know how much you have learned in that ten years, but I can tell you I've learned a lot, with you, but most importantly, from you.

I was naïve about a lot of things – no one really trains for this office – and one of my most naïve thoughts was not realizing just how fast ten years would go by.

I remember the day I was consecrated, I decided to wander the streets of Bellevue on my way to Meydenbauer Center, dressed already in my alb, out through the hotel lobby, down the street, into the lobby of that convention center when a dutiful usher came running up to me, clicking his fingers, and said, "Hey, you! All the acolytes are meeting in room 16, you better get up there." And I looked at him with worried eyes and assured him I was well on my way.

And many days since, I've longed for that anonymity.

I do remember being very green at running such a council as this at the first convention. I remember a rather protracted debate, not really contentious, but dwindling down all kinds of amendments and parliamentary procedures on the floor. I was certain, sitting up here, that there was a conspiracy afoot to test me right off the bat. As the whole thing began to unwind, one cleric at the microphone paused,

looked up at me, and asked, "Well Bishop, what are you going to do?" And I remember looking back and saying flatly, "I don't have a clue."

There was lots of laughter and I huddled with my parliamentarian and my Chancellor. Eventually we unraveled it all and got back to some kind of equilibrium. I pray I have gotten somewhat better in all of that, but I have to say I have enough humility now to say the answer I gave that day is still real and effective on almost any day. And many of you have much experience knowing this as complete and utter truth. I haven't got a clue.

There's so much to cover just in this last year, let alone ten. Suffice it to say, I'm thankful for these years, and as we make the turn I'm conscious of the ride we have shared, and it's time I will always cherish and be grateful for.

So, where are we now? That's what this address is most about and I would say, we as a diocese are in a very good place, a healthy one, and still a learning and discerning one.

Our Governing Bodies are working exceptionally well on your behalf, and, in my opinion, have better collaboration in their work than has ever been the case. Our diocese investments have nearly doubled in that ten years, and we've been willing to start some new and innovative ventures, and been willing to allow some of them to be spectacular failures. But one thing I love about this diocese is the understanding that we don't make discoveries without some false starts, some risks, some failed hikes.

We are a learning community, and I think we all share a better tolerance for that now. What comes with that is an expectation of risk, of trying new things, of testing what might be needed. So many of you inspired me on that count every day.

Shortly after that consecration day ten years ago, we started the College for Congregational Development.

It has succeeded beyond my wildest dreams, and in fact, has been held up as a standard of excellence not only in our diocese but across the Episcopal Church.

We have graduated teams from over half the congregations in this diocese and trained more than 500 clergy and lay leaders in congregational development. It has spread to five other dioceses in the U.S. and Canada, who all have full programs. And next year will begin to spread across Canada with a launch in Ottawa.

We are training clergy and lay leaders from around the church, with teams or priests coming to us from many dioceses around the U.S. and Canada, from as far away as New York and as close as our neighbors in the dioceses of Spokane, New Westminster, Oregon, and Alaska. The ECLA Lutherans in our area continue to send teams.

Attendance and participation this past year was as strong as it has been in the history of the College and shows no sign of slowing.

Over and over again on survey instruments we use, the College is cited as one of the most positively viewed and experienced programs that the diocese offers.

At least one of our participants has become a bishop this past year, Gretchen Rehberg, the new Bishop of Spokane. The College will make its ten year turn at the end of 2018, and with that milestone, it is clear that there is more need, interest, and visibility for this program than ever before. Not only in our diocese, but also in the greater church.

One thing I can announce to you today is that our Presiding Bishop, Michael Curry, will visit the Diocese of Olympia June 14th through the 17th of next year. You will be hearing much more about his visit and details, and maybe asked to host him as well. But one thing he specifically asked for was to see and spend time at the College, which he will be doing.

My hope in launching the College here was to help us all share a common language around developing our local congregations and to provide the skills and tools to promote, develop, and revitalize our congregations. But we also, from the very beginning, made the decision that it was our goal to give this away to the church, to anyone who wanted to take it, learn from and be part of it, and we have lived up to that. And that is more realized today than any other time, and it continues to grow.

I think one of the best things I've ever heard about the College was a conversation I had with a lay graduate who said never before in anything she had learned in church been so very important for her in her work, and in her home. She went on to say that the things she had learned in the College had made her a more valued worker, and she felt more confident and more prepared. That's exactly what the church should do – help people go back into the world better prepared, with more confidence in themselves.

Our financial situation in this diocese, which was a major concern in the profile I considered when looking into being your bishop, is much stronger.

When we started this ten years ago, the annual unmade assessment preceding was ten and a half percent. That means, that was expected to be taken in from assessments in congregations, ten and a half percent did not come in.

And I knew we would have to bring that down in order to do things we all needed to do locally as a diocese. So we worked together with those not paying and I made a promise. If you will pay it, we can lower it.

And this diocese, all of you, responded. In remarkably short order, that gap was dropped immensely and in a few short years we began the steady decrease in assessment rates.

In fact, in the last ten years of our life together, the assessment rating has dropped from 20 percent to 15 percent. That is an across the board rate cut of 25% for all congregations – and no one had to file to apply any paperwork to get that reduction.

There was a tremendous amount of unpaid assessment being carried on the books and burdening congregations. And we worked on a plan to clean that up, and this past ten years we've forgiven 3.3 million dollars in unpaid prior year assessments – regardless of the reasons for the unpaid assessments. Moreover, for the last six years, the diocesan policy has been to forgive 90 percent of any unpaid assessment as long as the congregation has paid their assessment in full for one year.

And in that same time, the diocese has granted a total of 5.4 million dollars in grants directly back to congregations for work they do locally.

Some of these grants require applications and some are competitive, though all congregation are eligible, a change made shortly after we began this journey together. And for the last four years, all grant funds are excluded from the assessment calculation, a very important thing.

If one adds the forgiveness number to the grant number, congregations have benefited by almost nine million dollars in the last ten years. Of all the things that have changed, this is one we try not to change, the money going back to congregations for their work. And we've been able to deliver that.

Currently, over 50% of the total diocesan budget goes back to congregations in some form.

So today, the unpaid assessment rate is 3.8%. And though that's fallen now, the congregations have a plan and are working with our office on how to move through it.

Over these years, both in our country and our church and society, the issue of race has continued to be a

serious issue for us. We have spent a lot of time and energy looking into how to move that discussion along – how to move beyond the certainly effective, but also uninvolved, anti-racism trainings in the past. My vow to you was that we were not going to let this issue go. We were going to find a way to dig deeper, and hopefully a way for all of us, as a collective, but even more importantly, as individuals, to dig deeper into our awareness about our role in racism.

This year we made an important turn in the way we looked at how racism impacts our ministries as congregations and baptized ministers, and I will add, how that translates to how we carry Jesus in the world.

This model includes an assessment tool called the Intercultural Development Inventory, or IDI, which measures how people's experiences shape their response to similarities and differences with people from other cultures.

In the diocese of Olympia, we are now offering IDI-based trainings for congregations or individuals who want their ministry with people of different cultures to be more effective and appropriate. These trainings help satisfy the anti-racism requirement in this diocese and they really are a great opportunity to dig deeper into how you talk to and live with your fellow Episcopalians and neighbors in your community. Our Diocesan staff has completed this and continues to work on what we found together. Our Governing Bodies are starting there. Our deacons' community has done this too.

Later today, you're going to get to hear more about this from Arienne Davison and Alissa Newton. We're going to take an hour of time here to look at this as it remains a serious flaw in our life together as a church, and as a society, and it begs for attention. And personally, I think it will be an hour well spent.

Ten years ago, I brought three focus areas with me into this office based on the profile you created in

your search for your bishop. They were congregational development, stewardship of all our resources, and a concentration on people under the age of 35. I have admitted to you before, and am going to again today, that the third one – people under the age of 35 – has been the most vexing. I like you, remain baffled, stymied by it a bit.

In the past year I called together a Young Adult Advisory Group. We share a meal on regular basis and just talk. And I have to say candidly, they are about as baffled as I am about this. But we continue to work on it.

And one new initiative that has risen from this is what we are calling Versed: Young Theological Discussions over Dinner. It's going to be held on Wednesday nights at D-House beginning January 3rd and running for the six weeks leading up to Lent. It's going to take up topics such as the atonement, sex, money, prayer, and light questions like – Do we need a soul? It will be facilitated by some of our youngest priests and will be open to all 20ish and 30ish people. Like I have with this advisory group, I'll be hanging out with them, learning too. I hope you will urge your young adults to attend.

And another exciting development this year, including an investment in our budget, will be seen as a dream a number of us have had for a while. About a year from now – next fall, most likely, early October – I'm going to call the diocese together for one week to concentrate on congregational vitality and development together as a diocese, and based on the size of your congregation.

Many have asked if we might offer the College in smaller chunks, and while the value that longer commitment cannot be diminished, we have understood what is being asked by you. This planned Diocesan Gathering Week is one way of offering this. It will run Monday through Friday, and each congregation will be asked to send a team based on the size of your congregation, for 48 hours. During that time, you will spend the first day looking

into the unique issues of the size you're currently in – on the next day, looking at the unique issues of the size you're growing into.

While learning is important in this, what we have also found is one of the greatest values in the College program to simply being together with other people across the diocese going through similar issues, and for a time that allows for interaction and getting to know one another. If nothing else, this will provide a time for that. You will be getting much more information about this in the days to come and I hope that you'll heed it and that you'll send a team to it.

Finally, today, I wanted to speak about our new vision. You saw the video of it just as our time together began, and we're gonna look at this in more depth together tomorrow.

We put this into place last year and have been working with it diligently over the year. I believe it sums up in words a movement and evolution we have been on since our journey together began ten years ago. As I've told you before, I came into the diocese fairly confident that I needed to take the reins and hold them and us to a focus and intentional path. As a conscious decision, I chose those three focus areas which I felt addressed many of the concerns, dreams, and hopes that were in your profile. Together, we did that. As we went about following and working on those, my hope was to also build up a leadership model and a practice that allows us to move much more into a collaborative, shared governance – essentially, my giving the diocese back to you. I believe that's been exemplified in this vision, along with the very intentional work done over that decade in discerning just what it is diocese is or should be.

We all know the church is local. It is each of you who carries Jesus to the world. In your local context, you do that in many various and unique ways.

The Office of the Bishop is there to help you do that. All we do, everything, should be about that local work and any way my office can exemplify or amplify that local work.

So that's how we arrived here. Now, these next years, it will be our work together to incarnate it, to bring it to life, to make it a living reality, and that's not going to be easy. It's going to take change, challenge, and probably some sacrifice as well. These words look good on paper, but when you start trying to live them, it can be difficult. But I've been here long enough to know this diocese – this people, all of you – can do it. We're up to it.

My son was 11 years old when we came here. He's now 21. He will graduate from Loyola University in New Orleans in May – and that's a good thing because it matches the day I told him the Rickel college bank officially closes. My wife and I are about to get a huge raise and we're looking forward to that.

In that ten years, he moved from a child to an adult.

Years do pass, and they pass quickly. We all know what's most important is what happens in the in-between time. And a lot of important things have indeed happened here with us.

I, personally, have never held any position this long, ever. I was certain I would grow bored of it, but I still get up every day with great anticipation, great passion and energy, and with the belief that God is calling us, you and I, to still be on this journey together.

Around the time of my consecration, I was asked by a reporter, "What would you want said about your time in this diocese when it's time to go?" And I said, "I would want it said that the Diocese of Olympia is one of the healthiest dioceses in the Episcopal Church, in all facets of its life, and that it's looked to as a model by many throughout the church about

what it means to be a church in the time we find ourselves in."

I'm not sure we made it there yet, or if we ever will, but I do stand before you today to say, working together, we have made huge strides toward that vision.

We've gotten much at accepting and rejoicing in the fact that church is wherever bread is broken. That doesn't look like it did 50 years ago. Nor indeed, how it looked ten years ago. We are evolving, and much of what we believed was so important in being church, no longer is. Times of test are refining times. Hopefully those times make us grow and get better.

And if you haven't noticed, we are living in some of the most trying times in a while. If the church has anything to offer, now is the time to offer it – and certainly not the time to sit on the sidelines and watch. More and more people are falling on the sidewalks of life, and there's a lot of bleeding going on.

These are times much like those of that little boy looking out the window in "On Turning Ten."

You and I are making such a turn now. We have been at it long enough to have the new worn off. With the promise I made to you when I arrived, I suspect the days together yet to come are already less than those we have left behind. But that does not mean that the creativity or the excitement and the anticipation of what is yet to come has gotten any dimmer for me. Nor the hope I have in this place and people called Olympia.

There are many people of the church now that don't really know it without me as your bishop. And to be quite frank, more and more of them could care less, which is a good thing to me. Because the church is not the bishop, it's not at D-House or in my office, or only even any of your church's properties. The church is present wherever bread is broken, be it through liturgy or a meal with those without homes,

or around the dinner table or bar or anywhere else that God is spoken, acknowledged, recognized as present.

Wherever bread is broken, God is there. The church is there. It's good to be part of all of that, with all of you. I'm thankful for you beyond words, and I

consider myself one of the most blessed people on Earth to have been called by you and be able to minister together with you in this place. In the name of our loving God, Father, Son and Holy Spirit, Amen.

Eucharist Sermon – The Rev. Canon Marda Steedman Sanborn, Canon to the Ordinary

October 28, 2017 – Vancouver, Washington

I would have to confess, these are not necessarily kind of the scriptures I like to preach on – hatred, division, sin – and it kind of led us down a false path to begin with. We hear this loudly beautiful Old Testament lesson from Deuteronomy, of the song of Moses, how the dew falls as the words of God, and just falls on fresh grass. Isn't that just a lovely picture? And then it talks about how God is our rock. Oh, praise God! And I think now we are good to go. And then we move on.

So then I contemplated what I might say and I decided I wanted to start with Moses. And I want us to consider... We all know the story of Moses, it's one of the earliest stories we learn in our childhood. Moses, the Israelite child, put in the bulrushes by his mother so he would not be killed, picked up by Pharaoh's daughter, lived a life of great privilege. Gradually, then suddenly, what happened? What happened was he was tired of watching the abuse of the Israelites by Pharaoh's soldiers, and he could take it no more. He became in that moment an activist, and he decided, "I have to do something." And so he interceded on behalf of the one being beaten.

He took action. He went too far, he murdered a person and then he ran away. How that is like us when we're finally moved to be active and to respond out of a place of faith, and morality, and rightness. But it doesn't go as smoothly as we had planned, as though we were the ones in control. And so he decided, "I'm outta here. They're gonna find me, they're gonna kill me. I want no part of that."

So he went far, far away where he didn't believe anyone could follow him, or anyone would care. Meets up with Jethro... We know this story, right? We're familiar. And all of a sudden, after many, many years in the wilderness... He's now a married man. He's out tending the sheep, which is a place you can hide. It's important work, but it's not a place

of activism. Maybe the sheep think so. They like to be nurtured and fed. However, all of a sudden one day, there is a phenomenon that he wanted to ignore. The bush caught fire. Now, I don't know about you, but the first thing that I would have done is I would've thought to myself, "I think I've been with the sheep too long. I think I need to do a reality check. Oh my goodness, the bush is burning, but it's not being consumed! That is not the natural order."

I would not, probably, have approached the bush. I'm just saying, and I know that most of you wouldn't have gone to the bush either. But he did. Something compelled him to move forward. I believe that is a step of faith. A step of responding to the move of the Holy Spirit deep within him, that it is once again time for action, "You have been fallow long enough, you need to step up, Moses." So he hears the voice of God. Now most people who hear voices are institutionalized. Is not the Church an institution? Now I want you to realize exactly what Moses did. I know you know this story, I just want to emphasize parts of it. God said to him, "I need you to go back to Israel – back to Egypt – and save the Israelites."

Moses' first excuse, "Well, I'm not a very good speaker. I'm probably not the one that should be doing this." And yet, after much argument with God – nowhere does it say in Scripture you cannot argue with God, he simply asks us to be obedient. We know this story. He goes. He does amazing things. He takes every risk necessary to follow the call of God in his life.

Now I want to challenge, Bill and Pat. Do you really know what you're getting into today? You think, like Moses, you do and know every step. You think you have a plan for your life and your ministry. You are in for a surprise. Moses thinks, "Okay, God wants me to save these people. I'm going to go out and that's exactly what I'm going to do. I'm going to save these

people.” And then he goes to Pharaoh and he says, “You need to let my people go.”

“Who do you think you are? You have no power here. You have no place to be talking to me in this manner.”

“Well, God says let my people go or there will be consequences.” You have to be prepared to stand in the gap. You have to be prepared to take the challenge, take the risk. It is risky business.

We know the outcome, he lets the people go after many miracles, after many plagues. And when he gets to the other side, it’s such a long journey into the wilderness. The people decide, “What have we allowed Moses to do to us?” And they begin to rebel. You think you’re going out into congregations where people will just jump up and want to follow you as you bring to them the situation in the world dancing on the edges, the fringes of society. You are to come back to the church and tell us what you see and what you experience in the world. To be a bridge for us, to challenge the rest of us and to motivate us to action. And some of us will follow. And some of us will say, “Well, I’m not getting called to do that. I don’t want to accept the challenge for the rest.”

Let me share with you a story. A story that one of my doctor friends shared with me many years ago. He was working with a family, a family with two children: a boy, seven, and a girl, twelve. And the girl was very ill, but one of those rare blood types. She needed a transfusion, and there was nothing in the blood bank that would be a good match for her. And as she grew sicker and sicker, of course they tested the parents, and they were not compatible. And they tested the parents’ siblings, and they were not compatible. They finally decided that they would test the blood of the seven-year-old, and they tried to explain what “blood transfusion” meant, but at seven you don’t really get it. And he was the match. So he began to provide for his sister the blood of life. Christ provides that for us, the blood of life. The

blood that draws us together into one family, the healing blood of Christ, the blood that makes us whole, and makes us a family without division.

The doctor shared with me that during the transfusion, the little boy called him over to his bedside. And this is what he said to the doctor, “When will I die?” He thought that he had been asked to sacrifice his life for his sister’s wellness. And the doctor said, “No, no, you both will live.” He was willing at that very young age to take a risk that he thought would end in his death. Many of us are never prepared for that kind of risk, or that kind of challenge. And, yes, many times when we are called into a challenging place, or a place of risk, we don’t know the outcome. We cannot know it. The question is whether or not we will enter in.

We move to our next lesson when Paul tells us about the divisions. He talks about the temple in particular, and how we have this court of Gentiles and we have a court of women. And then we have the court of the Levites, and the court of the priests, and the Holy of Holies. And then marble walls, the barriers, from one court to the next. It says, “Death to you who go past this point.” It’s all about division and separation. Our world has been battling persecution, the separation for generations upon generations, and Jesus is the answer that says, “I have come to show you a way without division.” It is not to become one nation, that has never been the point. The point is that through Christ we can become one people of community. Not one nation.

We have heard the preaching. We have heard the teaching. Those who heard Jesus, heard the words of his Father. Those who chose not to listen, were told they have chosen sin. Because sin is about separation from God. He encouraged those to be willing to open themselves to the movement of the Holy Spirit, to be able to recognize that they had to be able to step into the void, and to become something new. Something hope filled, welcoming, and initiating.

We have made strides to try to be better through Christ, and, honestly, we have failed. If you look around our society right now, there is still division. There is still hatred. There is still a willingness to say that, "If you cannot agree with me, I want no part of you." But the challenge in the Scriptures today is about listening. About really listening, and listening to the heart. Being willing to do something beyond yourself. To be open to possibility, open to risk taking, open to challenge.

There's a story, an experience that happened in a French cemetery in World War 2. There was a group of comrades who were carrying one of their members who had died. They went in to the French cemetery, and they talked to the priest because they wanted their friend buried. They didn't want him left behind. And the priest asked one question, "Is he Catholic?" And they said they didn't know. And he said, "I am really sorry, but you cannot bury him here." So they opted to bury him just outside the fence of the cemetery. They buried him themselves. And they came back to check on him in the morning, to say goodbye before they went on with their mission, and they could not find the grave. They searched, "How could this be? We buried him right outside the fence." The priest came out to them and he said, "I had a very rough night. I pondered what I had done, and how I had made a decision. And so I got up in the middle of the night, and personally I moved the fence to take him in."

It has been said that there is enough room in the world for all the people in it, but there is not enough room for the fences that divide us. We need to be compassionate and caring. And we need to go outside what we think is proper, or normal, or right. We need to listen to that Spirit that is moving within us. That is the challenge of all of us, and part of our Baptismal Covenant. None of us are released from that.

When we look at the Gospel, Jesus tells the disciples that, "The world hates you because it hates me. But

you... You need to love one another. You need to be something different." The reason that the world hated Christians in Jesus' time and after, is that they didn't understand us. They thought that we were incendiaries. That we broke up families, and that we actually were guilty of. That we were immoral because we had agapes. And they thought that we were cannibals because we broke and ate the bread, the bread of life, the body of Christ. What does that mean to us? To be one in the body and blood of Christ. To be united in that service. Sometimes we are unwilling to say, "I don't know." Better yet, we are unwilling to say, "I may be wrong." Dig ourselves in.

Well, I'm gonna add a story about who's right and who's wrong. In World War 2, we had almost a major collision. The captain of one of the destroyers radioed to another ship approaching him and said, "You need to move 40 degrees to the north." And the voice came back, "No, you need to move 40 degrees to the north." And they went back and forth, and back and forth, and back and forth several times. Finally, the captain of the destroyer was furious, and he said, "I am the captain of a US destroyer! Move 40 degrees to the north!" And the voice, almost in panic because they were so close, said, "Well, I am Seaman First Class, you move 40 degrees to the north!" And they continued, rapidly toward one another. Finally the Seaman said, "I am Seaman First Class, and I am the lighthouse!"

There were, never in that conversation, any questions been asked. It was merely by assumption. Merely by assumption. And power. I outrank you, you move. That ship had no control, it couldn't move the lighthouse. And that's what we do, we dig in. We hold firm in places where we should be running. Dude, let it go. Let it go. Embrace the love that is before us.

As deacons of the church, you will serve your bishop. He just said, "Will you obey your bishop?" I know a clergy who, before their ordination, thought long

and hard before they answered that question. There was long pauses. 'Cause you are giving up the freedom that you had as laypeople, and your life will never be the same. Doesn't matter where you go or what you do, you cannot take off the yoke of ordination. Our stoles are yokes to remind us that we are connected forever with God. And you the deacon, will be connected to the bishop. Serving him, loving him, loving our people. And it's important work. The way forward is the way of love.

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

October 28, 2017 – Seattle, Washington

Good morning Bishop, Delegates, Alternates my Brothers and Sisters

Whenever bread is broken in all the various meetings, gatherings and visitations, in and around the Diocese I grateful for all the people who aid and assist us in our fiduciary responsibilities for being part of the Jesus Movement.

I am very pleased to report that the Diocese of Olympia is financially healthy and we have seen continued improvement in our financial status and thanks to the staff for their watchful eye on expenses and in reporting to management with thanks to Hal Hall our consulting canon for finance, along with the tireless work of Edie Pehrson and Lori Hadlow and the new member of the finance team, Jeanine Garcia. With the additional person and cross training being started we are beginning to grapple with items that have been perhaps left undone and will give us the ability to be more responsive to you, working toward fulfilling our congregationally centered vision.

The Joint Finance Panel/Audit Committee received the 2016 audit from the accounting firm of PetersonSullivan and were pleased to see noticeable improvement and reduced number of comments from previous years. Two items of significance are actually being practiced, but there is a need for written policies and those are expected to be completed before year end 2017. Hal and I both want perfect audit reports, but in our careers we have yet to see one; it just makes us strive even more. The Joint Finance Panel has been evolving, especially this past year and has

been a resource for the governing bodies by reviewing requests and recommending loans, increases in current loans, requests for sale or use of land prior to going to the various governing body and reviewing requests by missions to withdraw funds from their investment accounts. It is an excellent collaborative group with representatives from each governing body, including the office of the bishop.

If anyone is into reading the Board of Directors report, you will find at the end a list of administrative actions that after review by the Chancellor I sign off on. They are numerous. I thank Judy Andrews sincerely for her work, collaboration and being there for me and for you. We are very lucky to have her, and we try to be responsive in a timely manner.

As soon as I get back to the office next week, I will click the button to send to all churches the annual report of the James F. Hodges Diocesan Investment Fund (the DIF). We decided it was time to go digital. The fund is managed by a team of seasoned investment professionals and business community leaders, that volunteer their time, expertise and resources. Within the stock portfolio the Committee continues to focus on companies with strong fundamentals, sound management and high and/or rising dividend yields and attractive valuations. The fund is a balanced and diversified portfolio with a long-term investment horizon. The primary objective is growth with income being a secondary consideration. As you will see in the report the fund returned 10.1% net of fees and expenses in 2016 and it has consistently outperformed the index over the long term. I

would like to make note that a statement from the Board of Directors was issued on June 15, 2017 regarding fossil fuel divestment. I am at table 32 or contact me for the link and after reading it if you have questions don't hesitate to give me a call. I believe it captures the history of the divestment request and attests to all the deliberations the Board has done, not just on it's own but with others. At each quarterly meeting of the DIF we always have a conversation about alternative energy equities that could meet our investment strategies. The Board also asks ourselves what we are doing about our own carbon footprints.

I asked Dennis Tierney, Chair of Budget and Finance to let me know what he would like me to report because so much of what is done for the benefit of the congregations starts in that committee which consists of Joel, Rupley, Jim Campbell, Guy Davidson, the Rev. Bonnie Malone, the Rev Martin Yarbrough and me, who (Dennis quotes) "are to be commended for their hard work and gospel-centered stewardship" (end quote).

The Budget and Finance Committee again applauds those congregations who pay their assessments on time and in full. Keeping the unpaid assessments very low means we can keep our assessment rate at the current level. We still have about 10-15% of our congregations that seem to be tardy in their payments to the Diocese and hope that these are not slow or inaccurate payments being made to clergy, staff or utilities. Workshops for treasurers and bookkeepers are planned to help in regard to proper and timely reporting. Diocesan staff and members of Budget and Finance are prepared to make site visits to help out in calculating the monthly NDI form and sending in a check. From Dennis "as a cheerful

reminder the due date for assessment payments is the 15th of each and every month of the year".

I would not presume to try to say more than the bishop did in his letter covering the narrative budget, but to reiterate that developing an annual budget for the diocese is very complex, and actually begins the first of each year. There can be many unknowns prior to recommending a balanced budget to Diocesan Council. This year preparing the 2018 budget was not as difficult, because as noted in the DIF portion of this report we had a better 2016, thus giving us more retained net assets and the grants committee did not request more than before. There can also be unknowns after publishing the recommended budget and this time it was a very pleasant surprise. Just the last couple of weeks we found the broader church ask, will actually be \$384,822.25, which is approximately \$165,000.00 less than budgeted. Because of our budget process this reduction in actual expense will be reconciled after the first of the year.

Based on this information I move to ratify the 2018 budget.

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

The Diocese of Olympia

2017 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 Governance & Human Resources, [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	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 12, 2017, 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 at least 45 days prior to the Convention (September 12, 2017).

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 2017 Convention will set the assessment rate for 2019.

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 or sit at the congregation table.
- 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 2017 will be 7:30 p.m. on Friday, October 27 (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 2017 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 2017

Canonical clergy transferring in from other dioceses:

Marian Stinson (Connecticut), Nancy Ross (California).

Clergy transferred to other dioceses:

Cynthia Espeseth (Colorado), Pat Eustis (North Dakota).

Clergy licensed:

Patricia Barrett (Massachusetts).

Deacons ordained (transitional):

Brian Gregory, Brian Lennstrom.

Priests ordained:

Cristi Chapman, Douglas Dornhecker, Juli Mallett, Meghan Mullarkey.

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

Bob Biever, Esther Poirer, Bob Rhoads, Polly Shigaki.

Deceased:

Lindsey Barrett, Sheila Crisp, Glen DeShaw, Charles Forbes, John Gorsuch, Constance Moorehead, Ed Ostertag, David Price, John Schaeffer.

New to the diocesan staff:

Jeanine Garcia, Staff Accountant; Tye Pecha, Receptionist and Resource Assistant.

Diocesan staff transitions:

April Caballero, Executive Assistant to the Bishop and to the Canon to the Ordinary; Matt Koski, Resource Coordinator; Tonja Mathews, Resource Associate.

As of the 107th Convention of the Diocese of Olympia through October 18, 2017.

VISION STATEMENT

The Episcopal Diocese of Olympia, part of the Jesus Movement, bears witness to God's redemptive reign and acts out God's inclusive love, peace, and justice, uniquely living out this call within our specific local communities.

LOCALLY CENTERED

Instead of operating from a "top-down" model that prizes centralized leadership, we believe that each congregation must be free to live out this vision in a way that best meets the unique needs of their specific community.

NETWORKED COMMUNITIES

We believe that our more than 100 worshiping communities are stronger when there are connections that allow our congregations to share stories, resources, challenges, and triumphs with one another.

SACRAMENT & SERVICE

We are a liturgical community that is rooted in our common prayer and our weekly celebration of Holy Eucharist, which forms us and prepares us to step beyond our church walls and serve our neighborhoods, our towns and cities, and the world.

FORMING LEADERS

We are committed to developing faith practitioners who are learning, growing, and gathering regularly to proclaim the good news of God as revealed in the life, ministry, and witness of Jesus Christ.

Diocese of Olympia 107th Annual Convention
Friday-Saturday, October 27-28
"Wherever Bread is Broken"

Friday, October 27

9:00 AM **Registration opens**

10:00 AM **Exhibits open**

10:00 AM **Workshop Session #1**

- 101: Telling Your Story (Birch)
- 102: Promoting a Safer Church Environment (Oak)
- 103: Update on Refugee Resettlement Programs (Cedar)
- 104: Creating or Re-invigorating a Church Legacy Society (Hemlock)
- 106: Light in the Darkness: Depression & the Church (Pine)
- 109: Fierce Conversations (Alder)
- 111: Increase the Effectiveness of Your Ministry through Coaching Techniques (Spruce)

11:15 AM **Workshop Session #2**

- 101: Telling Your Story (Birch)
- 102: Promoting a Safer Church Environment (Oak)
- 103: Update on Refugee Resettlement Programs (Cedar)
- 105: Life Planning Workshops at Your Church (Hemlock)
- 107: Prayer & Gratitude: Developing the Wholehearted Life in Small Groups (Pine)
- 108: Is Creation Breaking? (Spruce)
- 110: Convention Orientation (Alder)

12:15 PM **Lunch** (*optional, ticket purchase required*) (Registration Area)

1:30 PM Convention Business Session #1

Call to Order

Opening Worship

Officiant: Gretchen Van Blair, St. Andrew, Port Angeles

Reader: Ken Hawkins, Mission to Seafarers

Introduction of the Head Table

Certification of quorums / Declaration convention organized for business

Dispatch of Business report **A.14** **A.3** **A.4**

Privilege Report E.2

The Rev. Stephen Moore, All Saints, Bellevue

Congregational Status Report

Election of Secretary / Appointment of assistant secretaries **B.3**

Parliamentarian / Chancellor / Assistant Chancellors

Table Activity

Dede Moore, Canon for Governance

Video: Our Diocesan Vision

Bishop's Address

The Rt. Rev. Greg Rickel

3:00 PM **Break & Exhibit Exploration**

- 3:30 PM **Plenary – Under the Iceberg: Increasing Cultural Competency in Your Congregation**
The Rev. Canon Alissa Newton, Canon for Congregational Development & St. Columba, Kent
The Rev. Arienne Davison, St. Bede, Port Orchard
- 4:40 PM **Convention Business Session #2**
 Call back to order
 Clergy & Staff transitions / Postulants & candidates **A.6**
 Bishop appointments / Disciplinary Board **E.3**
 Ky Chen Awards
 St. Mark's Cathedral *Dean Steve Thomason*
 Video: Ongoing Maintenance
 Nominations Committee report **B.3** *Sally Farrell, Good Samaritan, Sammamish*
 General Convention nominations
 Introduction to Voting procedures *Chuck Hamilton, elections official*
 Ballot #1
 Video: Chaplains on the Harbor: Meeting Local Need
 Announcements
- 6:00 PM Evening Prayer *Officiant: Bernadette Walcott, St. Luke, Ballard*
Reader: Chaplains on the Harbor
- 6:30 PM **Recess**
- 7:00 PM Dinner & time for fellowship (*optional, ticket purchase required*) (Heritage CD)

Saturday, October 28

- 7:30 AM – on Registration open
- 8:30 AM **Convention Business Session #3**
 Morning Worship *Officiant: Connie Aurand, Faith Church, Poulsbo*
Reader: Francisco Lopez, La Iglesia de la Resurreccion, Mt. Vernon

 Call to Order / Dispatch of Business
 Report of the first ballot **B.4**
 Second ballot
 Video: Faith in Community: Small Groups at Epiphany
 Treasurer's report *Barbara Fox, Diocesan Treasurer*
 Action on 2019 budget
 Resolutions *The Rev. Jonathan Weldon, chair*
 Preaching award
 Report of the second ballot **B.4**
 Third ballot
 Announcements
- 10:00 AM **Break / Exhibit Exploration**

10:45 AM	Convention Eucharist <ul style="list-style-type: none"> • Presiding: <i>The Rt. Rev. Greg Rickel, Bishop</i> • Preaching: <i>The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary</i> • Offering: Will be designated for Episcopal Relief & Development Hurricane relief
12:15 PM	Lunch (<i>optional box lunch, ticket purchase required</i>) (<i>Heritage CD</i>)
12:15 PM	Spouse/Partner Lunch (<i>By invitation only/Rsvp required</i>)
1:00 PM	Convention Business Session #4 Call back to order Bishop's Cross Awards Report of the third ballot B.4 Fourth Ballot Constitution & Canons Report <i>Douglas Oles, chair</i> Video: Traveling Day Society: Soaring Spirits Our New Diocesan Vision – Table discussion Standing Committee report <i>Karen McCarthy Casey, president</i> Episcopal Relief & Development <i>Chuck Hamilton, diocesan coordinator</i> Mission to Seafarers <i>Ken Hawkins, executive director</i> Recognitions Six-hour Resolutions Report of the fourth ballot B.4 Final announcements
3:00 PM	Closing worship <i>Officiant: Bob Abrams, St. James, Sedro Woolley</i> <i>Reader: Eli Foster, Epiphany Parish of Seattle</i>
3:30 PM	Adjournment

Nominations Short Form

Diocesan Offices and General Convention



STANDING COMMITTEE CLERICAL ORDER *[1 four-year & 1 one-year unexpired term]*



	
The Rev. Steve Danzey Rector, Good Samaritan, Sammamish	The Rev. Arienne Davison Vicar, St. Bede, Port Orchard
	
The Rev. Kendall Haynes Rector, St. Matthew, Tacoma	

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



	
Donald S. Gauthier, Jr. Retired Civil Engineer, St. James, Kent	Roberta Newell Retired, St. Mary, Lakewood

DIOCESAN COUNCIL <u>BE ATTITUDES</u> REGIONAL MINISTRY – LAY <i>[one three-year term]</i>	DIOCESAN COUNCIL <u>COLUMBIA</u> REGIONAL MINISTRY – LAY <i>[one three-year term]</i>
	
Joslin Harris-Gane South Seattle College Culinary Program, Christ Episcopal Church, Seattle	Libby Jensen Good Shepherd, Vancouver
DIOCESAN COUNCIL <u>EASTSIDE</u> REGIONAL MINISTRY – CLERGY <i>[one three-year term]</i>	DIOCESAN COUNCIL <u>EVERGREEN</u> REGIONAL MINISTRY – LAY <i>[one three-year term]</i>
	
The Rev. Jim Eichner Rector, Church of the Holy Cross, Redmond	David Coburn St. James, Kent
DIOCESAN COUNCIL <u>PENINSULA</u> REGIONAL MINISTRY – CLERGY <i>[one three-year term]</i>	DIOCESAN COUNCIL <u>RAINIER</u> REGIONAL MINISTRY – LAY <i>[one three-year term]</i>
	
The Rev. Gail Wheatley Rector, St. Andrew, Port Angeles	Amelia Carroll Christ Church, Tacoma
DIOCESAN COUNCIL <u>SNO ISLE</u> REGIONAL MINISTRY – CLERGY <i>[one three-year term]</i>	DIOCESAN COUNCIL <u>WILLAPA</u> REGIONAL MINISTRY – CLERGY <i>[one three-year term]</i>
	
The Rev. Drew Foisie Vicar, St. Aidan, Camano Island	The Rev. R.C. Laird Rector, St. John, Olympia

SECRETARY OF THE DIOCESE OF OLYMPIA	ARCHIVIST AND RECORDS MANAGER
	
<p>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</p>	<p>Ms. Diane Wells Archivist and Records Manager for the Diocese of Olympia; member of Messiah Lutheran Church, Auburn</p>

TREASURER	HISTORIOGRAPHER
	
<p>Mrs. Barbara A. Fox Retired escrow officer/limited practice officer; member of St. John, Kirkland</p>	<p>Br. Carle Griffin, OCP. <i>Retired;</i> <i>member of St. Mark's Cathedral, Seattle</i></p>

2018 GENERAL CONVENTION 4TH ALTERNATE - CLERGY

	
<p>The Rev. Eric Stelle Rector, St. John, Gig Harbor</p>	<p>The Rev. Gail Wheatley Rector, St. Andrew, Port Angeles</p>

Diocese of Olympia
Resolutions Committee – 2017 Report to Convention – Revised

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

Six Resolutions were received by the September 12 deadline. The Resolutions Committee has considered the resolutions and offers its opinions, based on the process outlined in the diocesan canons, in this report.

Resolution #1	<i>2019 Diocesan Assessment Rate</i>	Page 1
Resolution #2	<i>Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2018</i>	Page 2
Resolution #3	<i>Health Insurance Coverage</i>	Page 3
Resolution #4	<i>Calling on the 79th General Convention to appoint a task force to explore the implementation of Title III, Canon 1</i>	Page 4
Resolution #5	<i>Regarding the Inclusivity of Deaf and Hard of Hearing Persons at Diocesan Convention</i>	Page 5
Resolution #6	<i>Regarding American Sign Language Interpreters at Diocesan Convention</i>	Page 6

Resolution #1 – 2019 Assessment Rate

Submitted by the Diocesan Council

Resolutions Committee Recommendation: DO PASS

Resolved, That this 107th Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2019 diocesan assessment rate factor be set at 15.0% of the Net Disposable Income (NDI).

Explanation: In accordance with Canon 7, Diocesan Convention determines the assessment rate for the second year of assessment following determination; thus the 2017 Convention sets the 2019 assessment rate. Over the past few years the rate has been reduced to the current level of 15%. The rate was 20% from 2004 to 2006, 18% from 2007 to 2011, 17.5% in 2012, 17% from 2013 to 2015, 16% in 2016, and 15% this year of 2017.

Some years ago, Bishop Rickel and the Diocesan Council committed to a review of our assessment rate and structure, as well as our overall vision and mission. The assessment rate task force made presentations to the Diocesan Council during 2013 with several recommendations. The Diocesan Council acted on several recommendations from the Assessment Review Task Force, which took effect in 2014 and 2015. This included the non-assessment of grants to congregations and a new way of calculating the NDI. With each of these

changes, the diocese has reduced the amount of assessment dollars not collected each year. The current assessment shortfall rate is likely to be the lowest since 2002. Coupled with reductions in spending at the diocesan level, Diocesan Council lowered the assessment rate to 15% of NDI while maintaining all current programs for 2017.

The recommended continuation of the 15% rate is based upon the patterns of assessments paid by congregations since the shift to “real-time NDI calculations,” the performance of the diocesan investments, and the fiscal prudence of diocesan staff. This reduction in the assessment rate, 25% over the past decade, is a substantial shift in dollars from the diocesan budget back to individual congregations to further local missional activities by our congregations. Moreover, by maintaining the current assessment rate of 15%, the diocesan budget is able to provide additional support to congregations with grants, clergy residency program, support for congregations in transition, the widely acclaimed College for Congregational Development, support for emerging missions, and other forms of congregational support and help. Said programs account for almost 50% of the diocesan budget.

Resolution #2 - Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2018

Submitted by the Personnel Commission of the Diocese of Olympia

Resolutions Committee Recommendation: DO PASS

Resolved, That this 107th Convention of the Diocese of Olympia set the Cost of Living Adjustment for 2018 parochial clergy salary scale at 3.0%.

Explanation: As required by Canon 23, sections 2 and 5, the Personnel Commission, in August 2017, proposes the Cost of Living Adjustment (COLA) for 2018 for the parochial clergy salary scale. This is based on the Bureau of Labor Statistics Consumer Price Index for the Seattle-Tacoma-Bremerton area for June 2016 to June 2017, which showed an increase in the cost of living of 3.02%. For information purposes the Personnel Commission offers the clergy salary scale adjusted for the proposed COLA increase:

Personnel Commission – 2018 Proposed Parochial Clergy Salary Scale

GRADE	MINIMUM	MID-POINT	MAXIMUM
A	\$ 88,791	\$ 110,989	\$ 133,187
B	\$ 80,718	\$ 100,897	\$ 121,076
C	\$ 73,367	\$ 91,709	\$ 110,051
D	\$ 66,708	\$ 83,385	\$ 100,062
E	\$ 60,718	\$ 75,898	\$ 91,078

Mandatory Policies (applies to rectors and vicars):

1. If church-owned housing is provided, the range is reduced by 30% plus the amount of any utilities provided, either in form of actual utility costs paid or in allowances provided.
2. Clergy must be paid at least the minimum of the applicable range.
3. Clergy with five (5) or more years of ordained service must be paid at least 90% of the mid-point of their congregation’s applicable grade. Note: a clergy person with less than five (5) years should be given pay raises greater than the cost-of-

living adjustment so the salary would reach the 90% of mid-point by the fifth year.

4. Clergy with ten (10) or more years of ordained service must be paid at least 100% of the mid-point of their congregation's applicable grade. Note: a clergy person approaching (10) years in the same grade or congregation should be given pay raises greater than the cost-of-living adjustment so the salary would reach the 100% of mid-point by the tenth year.
5. Exceptions to these policies require the approval of the Bishop.
6. All financial agreements with clergy must be rewritten or amended in their Mutual Ministry Agreement to reflect changes in compensation or provisions and a copy forwarded to the Bishop by January 31 of each year.

Advisory Policies:

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

Resolution #3 – Health Insurance Coverage

Submitted by the Personnel Commission of the Diocese of Olympia

Resolutions Committee Recommendation: DO PASS

Resolved, That this 107th Convention of the Diocese of Olympia adopt the following amended policy on health insurance coverage for eligible lay and clergy employees in diocesan congregations and the Office of the Bishop.

Introduction

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

1. Eligibility: Health insurance must be provided to all employees who work 1500 or more hours annually, or .75 FTE (3/4 time) of actual fulltime hours. Part time employees between 1000-1500, or .50-.75 FTE may self-fund coverage. An employer is not required to contribute any amount toward premiums for part time employees, but may do so if desired and economically feasible.
2. Level of Coverage: The minimum standard for employer contribution to healthcare premiums for eligible lay and clergy employees will be identified by the Personnel Commission each year; if the standards changes, such changes will be submitted to the convention for approval. Prior to open enrollment each fall, the Commission will also identify the base plan from among those currently being offered by the ECMT.

3. 2018 minimum standard: The current minimum standard employer contribution will be 100% of the base plan for employee and 75% of the base plan for dependents of the employee. An employee may buy up to a more expensive plan than the base plan, assuming personal responsibility for payment of the difference in premium.
4. 2018 base plan: The Anthem PPO 80/60 has been identified by the Personnel Commission as the base plan for 2018.
5. CDHP/HSA Plan: If an employee selects a Client Directed Health Plan (CDHP) (formerly High Deductible Health Plan), the employer is required to contribute the monthly premium difference between the CDHP plan and the designated base plan (see #4) to the employees' Health Savings Account (HSA). For 2018, the monthly difference is \$219 for Single coverage, \$395 for Plus 1 coverage, and \$614 for family coverage. Contributions should be made at least quarterly, with the first quarter deposited no later than the beginning of February.
6. Parity: Minimums and premium-sharing must be the same for all eligible lay and clergy employees.
7. Providing more than the minimum mandated coverage: Diocesan congregations and the Office of the Bishop are encouraged to exceed the minimum standards of health insurance coverage set forth above for all employees, maintaining parity between lay and clergy employees.
8. Opting out: The ECMT allows eligible employees to opt out of the mandated DHP coverage in a few specific instances: the employee receives insurance through their spouse; employee has coverage through the military; employee is covered by Medicare insurance. Congregations may NOT opt out – only individual employees.

Rationale: The original policy was adopted by the convention in 2012 when parity was mandated by the General Convention, and amended in 2016 to clarify minimum expectations for congregations and the Office of the Bishop, as well as to set a base plan. At the request of the Office of the Bishop and several congregations, the Personnel Commission researched the process used by various dioceses related to the CDHP/HSA plans and defined minimum expectations for our diocese as set forth in #5 above. The outcome of this amendment is that the cost to the employer for either the base plan or the CDHP/HSA combination is equal. The Commission also reviewed the plans for 2018 and selected to keep the base plan the same as in 2017 – Anthem PPO 80/60 – balancing the slight cost difference with the lowest non-CDHP plan offered, and keeping the base plan stable so that our members are not required to continual change plans if the employer pays only for the base plan.

Resolution #4 – Calling on the 79th General Convention to appoint a task force to explore the implementation of Title III, Canon 1

Submitted by: Pamela B. Tinsley, St. Andrew's Episcopal Church, Tacoma, WA.

Recommendation of Resolutions Committee: DO PASS

Resolved, that this 107th Convention of the Diocese of Olympia approves the following resolution for submission to the 79th General Convention of the Episcopal Church in 2018:

Resolved, the House of _____ concurring, that the 79th General Convention, in recognition of the Jesus Movement and the calling of all the baptized in their daily life and work, appoint a task force to study the implementation of Title III, Canon 1: Of the

Ministry of All Baptized Persons which reads: Sec. 1. Each Diocese shall make provision for the affirmation and development of the ministry of all baptized persons, including: (a) Assistance in understanding that all baptized persons are called to minister in Christ's name, to identify their gifts with the help of the Church and to serve Christ's mission at all times and in all places; and, (b) Assistance in understanding that all baptized persons are called to sustain their ministries through commitment to life-long Christian formation.

And be it further **Resolved**, that such task force be appointed by the Presiding Officers jointly and that a report be given to the 80th General Convention with its recommendations for the implementation of Title III, Canon 1 in all parishes, dioceses, provinces, and the wider church, focusing on full engagement of all the Baptized in their ministries beyond Sunday in their daily life, work, and leisure.

Rationale: Canon 1 of Title III is focused on the ministry of all the Baptized. It calls on The Episcopal Church to “equip the saints for ministry” (Ephesians 4). In the Catechism under The Ministry (BCP 855) the first order of ministry is lay persons. They represent the 99% of The Episcopal Church. The Baptismal Covenant (BCP 304-5) is the “job description” for all the baptized in their respective orders. Adopted in 2003, this canon provides the skeleton that now needs to be enfolded. Hence this task force’s work is to recommend processes so that the church can affirm the calling of all the baptized, especially its lay persons, and empower them in all the areas of their ministry in work, home, community, and wider world as well as in the Church.

Resolution #5 – Regarding the Inclusivity of Deaf and Hard of Hearing Persons at Diocesan Convention

Submitted by Lee Holland, vice president, Episcopal Conference of the Deaf; the Rev. Kendall Haynes, rector, St. Matthew Episcopal Church, Browns Pt., Tacoma.

Recommendation of Resolutions Committee: _____

Resolved, that this 107th Convention of the Diocese of Olympia mandate captioned video through Communication Access Real-time Translation (CART) be provided at each annual Diocesan Convention beginning in 2018, **and be it further**

Resolved, that the Diocese of Olympia set aside in its annual budget the cost of providing CART - up to \$2,500 from budget for the convention under Diocesan Governance - beginning with the 2018 Convention.

Explanation: Approximately 20% of all Americans report some degree of hearing loss. The percentage of hearing loss increases as we get older; by age 65, one out of three people have some form of hearing loss.¹ Within the Episcopal Church, 31% of all members are over the age of 65.²

The Episcopal Church is a church for ALL people. It is imperative that we include everyone to take active and full participation at Diocesan Conventions.

CART captioners are persons who are professionally trained specifically for real time captioning. CART provides equal access to spoken information and allows participants with all degrees of hearing loss to understand and participate in proceedings and discussions. In

addition, people whose first language is not English and people with auditory processing or learning difficulties can all benefit by using CART. Additionally, captions can be read later in archived videos.

Automatic Speech Recognition Software - ASR (YouTube, Naturally Speaking Dragon, etc.) have high error rates. ASR is successful only if one person pre-trained the software to their own voice/accent, which cannot be achieved at major meetings.

Currently, the average rate for captioners is \$130/hr. The requested budget of \$2500 allows for cushion to ensure that captioning will be provided.

¹ Hearing Loss Association of America. (n.d.). Basic Facts About Hearing Loss.

<http://hearingloss.org/content/basic-facts-about-hearing-loss>

² C. Kirk Hadaway. (2014). New FACTs on Episcopal Church Growth and Decline.

https://www.episcopalchurch.org/files/new_facts_on_growth_2014_final.pdf

Resolution #6 – Regarding American Sign Language Interpreters at Diocesan Conventions

Submitted by Lee Holland, vice president, Episcopal Conference of the Deaf; the Rev. Kendall Haynes, rector, St. Matthew Episcopal Church, Browns Pt., Tacoma.

Recommendation of Resolutions Committee: _____

Resolved, that this 107th Convention of the Diocese of Olympia mandate the use of qualified American Sign Language (ASL) interpreters at each annual Diocesan Conventions, and each of the four joint regional pre-convention meetings, beginning in 2018, **and be it further**

Resolved, that the Diocese of Olympia set aside in its annual budget the cost of providing ASL interpreters – up to \$4,900 from budget for the convention under Diocesan Governance (\$2,500 for convention and \$2,400 for the pre-convention meetings) - beginning with the 2018 Convention.

Explanation: The Episcopal Church is a church for ALL people. It is imperative that we include everyone to take active and full participation at Diocesan Conventions.

Deaf and Hard of Hearing members who use ASL as their primary language often struggle with the English language. ASL is a complete, complex language that employs signs made by precise hand movement, combined with facial expressions and postures of the body.¹ The interpreters translate spoken English into ASL.

Qualified ASL interpreters for this convention are fluent in the language, knowledge in the Episcopal way, and follow the interpreter Code of Professional Conduct².

The term qualified in this resolution means the interpreter: has training, knows the language, is familiar with church terminology, has experience with conference interpreting and is knowledgeable with parliamentary procedures. Many certified ASL interpreters are not qualified in religious settings, because they do not know the language, the format, and this means they are unqualified. That is why it is important to find someone who is qualified for Diocesan Convention.

26 Currently, the rate of an ASL interpreter varies from \$40 to \$65 per hour. To ensure cost is
27 covered, this resolution requires two interpreters at the individual rate of \$65 per hour (\$130
28 per hour total) for the entire convention, plus pre-convention meetings.

29 Communication Access Real-time Translation (CART) is often not an option because it is
30 typed verbatim with little to no auditory cues such as tone or emphasis. Nor does it take into
31 consideration the different grammar and syntax used by ASL.

32 ¹ NIH. (2017). American Sign Language. [https://www.nidcd.nih.gov/health/american-sign-](https://www.nidcd.nih.gov/health/american-sign-language)
33 [language](https://www.nidcd.nih.gov/health/american-sign-language)

34 ² RID. (2015). Code of Professional Conduct. [http://www.rid.org/ethics/code-of-professional-](http://www.rid.org/ethics/code-of-professional-conduct/)
35 [conduct/](http://www.rid.org/ethics/code-of-professional-conduct/)

DIOCESE OF OLYMPIA COMMITTEE ON CONSTITUTION AND CANONS

REPORT TO 2017 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 that might involve 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. VII (Members of Convention)

Section 4(a) currently requires that the lay delegates from each congregation “shall be in equal numbers men and women”. After reviewing some thoughtful research presented by new Committee member Tony Ramsey, it was suggested that deletion of this language would give small congregations (with limited delegate pools) more flexibility in selecting their convention delegations, and it was also pointed out that not every congregation is divided equally between men and women. The proposed amendment is therefore to delete the equal representative requirement, as follows:

The lay members of Convention shall consist of:

- a. Lay delegates elected from each Parish and Mission in union with the Convention ~~_, who shall be in equal numbers men and women...~~

Second Vote on Changes to Constitution

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

Although the Canons have not previously made it clear, 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. The Committee recommends clarifying that nominees should either be 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.

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 2, section 2 (Lay Members of Convention):

This is a parallel amendment to the proposed amendment to the Constitution, Art. VII, Section 4(a), described above.

The proposed amendment would be:

[regarding lay representation at Diocesan Convention]

~~This representation shall be divided equally between men and women.~~

Canon 12 (Business Methods in Church Affairs):

Under national canons, our Diocese is required to have a Finance Committee, and the current Canon (Section 1(e)) defines this committee as including a Comptroller. Our Diocese does not, however, currently have a Comptroller. What we do have is a broadly representative Joint Finance Panel (JFP) that can readily serve the intended function. The proposed amendments would clarify the composition and role of our Joint Finance Panel.

In addition, the proposed amendment would memorialize an existing practice that requires Missions and other diocesan institutions (other than Parishes) to obtain consent from the diocesan Board of Directors before withdrawing funds from the Diocesan Investment Fund (established under Canon 7, Section 4). Although the Board only meets once a month, it has established expedited procedures for approving small withdrawals and withdrawals needed for an emergency.

The proposed amendments would be:

Section 1(d):

...audits and reviews [of congregations and diocesan institutions] shall follow all applicable guidelines established by the diocesan Joint Finance Panel ~~Committee as defined in the following section.~~

Section 1(e):

For purposes of the ~~is Canon and related National~~ Canons of the Episcopal Church, the Joint Finance Panel shall operate as Treasurer and Comptroller of the Diocese shall together comprise the Finance Committee of the Diocese. The Joint Finance Panel shall comprise the diocesan Treasurer and representatives selected by Diocesan Council, Standing Committee and the Office of the Bishop. The Joint Finance Panel~~Committee~~ shall have authority to approve depositories for church funds, to require submission of account documents for review, and to approve audit committees other than independent public accountants.

Section 1(i):

The Joint Finance Panel~~Committee~~ shall report annually to the Convention of the Diocese upon administration of this Canon.

Section 4 (new):

When a Parish wishes to withdraw funds from the Diocesan Investment Fund, it shall give advance notice of that withdrawal to the diocesan Board of Directors. When a Mission or other diocesan institution wishes to make such a withdrawal, it shall first obtain approval from the Board of Directors or the Board's delegee.

Canon 24: Diocesan School of Ministry and Theology

Since the Diocese does not currently have a School of Ministry and Theology, this Canon's details on how to manage such a school are superfluous. Rather than completely deleting the Canon, however, the Committee recommends leaving a general statement authorizing one or more future schools if and when they may be needed.

The proposed amendments are:

CANON 24: Diocesan Schools ~~of Ministry and Theology~~

Section 1: There may be one or more ~~a~~ Diocesan Schools of Ministry and Theology, accountable to the Bishop, the purpose of which shall be to:

- a. Further the education, formation, and ministry of all baptized people.
- b. Provide training for specialized ministries.
- c. Provide continuing theological education.

~~Section 2: When the School is operating, it shall have a Dean appointed by, and accountable to, the Bishop. The Dean shall be responsible for the management of the School and its program.~~

~~Section 3: When the School is operating, there shall be a Board of Directors thereof consisting of at least seven members.~~

- ~~a. The Dean of the School~~
- ~~b. A member of the faculty appointed by the Dean to a one-year term who is eligible for reappointment.~~
- ~~c. At least one student representative, elected to a one-year term by the students meeting at a site where the School offers an ongoing program.~~
- ~~d. At least four members appointed by the Bishop to three-year terms, which persons are eligible for reappointment.~~

~~Section 4: The Board shall be accountable to the Bishop. Its basic functions shall be to:~~

- ~~a. Oversee, review and evaluate the program of the School and ensure that its purpose is being carried out.~~
- ~~b. Provide support to the Dean and faculty.~~
- ~~c. Provide to the Diocese information concerning the School and its programs.~~

Canon 26: Ecclesiastical Discipline

Seven years ago, Convention passed Canon 26, implementing a new system of ecclesiastical discipline consistent with Title IV in the national Canons. Some of the implementing language is no longer necessary or relevant, so the Committee recommends the following amendments:

There is hereby established a ~~Court to be called a~~ Disciplinary Board, consisting of nine (9) members, five (5) of whom shall be clergy canonically and geographically resident in the Diocese, and four (4) of whom shall be adult Communicants in Good Standing and geographically resident and domiciled in the Diocese. The members of the Disciplinary Board shall be nominated by the Bishop and the nominations ratified at the Diocesan Convention. Each member shall serve for a three (3)-year term; except, if a member is filling a vacancy, the term of such member shall be the unexpired term of the member being replaced. The terms of the members shall commence on the first (1st) day of the year following ratification, provided that, the terms of office ~~of all members ratified in 2010 shall commence on July 1, 2011. The terms of office~~ of the Board shall be staggered and arranged into three classes, ~~with the first class of membership expiring on December 31, 2011, the second class on December 31, 2012, and the third class on December 31, 2013.~~ No member shall be eligible for renomination for a year after the end of a third consecutive term. ~~The Ecclesiastical Trial Court established under the prior canons, and its members, shall continue in office and authority until the effective date of the Revised Title IV, July 1, 2011.~~

At the end of Section 2(b)(2), a period shall be added.

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
Tony Ramsey
The Reverend Marda Steedman Sanborn,
Diocesan Staff

Diocese of Olympia
107th 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 107th Annual Convention of the Diocese of Olympia.

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

April Caballero, Executive Assistant to the Bishop & to the Canon to the Ordinary

Dede Moore, Canon for Governance & Human Resources

Josh Hornbeck, Communications Director

Others who are not members of Convention

Susan Bloomfield, Convention Musician

K. Ann McCartney, Parliamentarian

Diocesan Mission Stations & Congregations

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

St. John Sudanese, Tukwila: Jacob Dau

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

Chuck Hamilton, Elections & 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	Ruder, John
Armer, Susan	Hopkins, Vivian L	Schnack, Peggy
Arnold-Boyd, Annette	Keller, Patterson	Sells, Jeffery
Berge, Clark	Kolbet, Paul	Sells, Patti
Bogel, Marianne	Leech, John	Shaver, Stephen
Carroccino, Michael	Maier, Andrea	Stewart, Daniel
Chrisman, Robert	Martin, Nancee	Stewart, Ralph
Clark, D Corbet	Mason, Eric	Taylor, Robert
Cleveland-Stout, Jennifer	McCaw, Mary	Thomas, Josh
Collins, Paul	McClain, Rebecca	Tomter, Patrick
Conklin, Daniel	McCulloch, Kent	Ward, Karen
Corrigan, Candice	Miller, A Scott	Williams, Robert
Crippen, Stephen	Perry, Lawrence	Wolfe, V Eugene
Dement, Thomas	Porter, Gerald	Wong, Philip
Deng Deng, William	Reid, M. Sue	Yearwood, Kirtley

Clergy licensed in the Diocese of Olympia, if present:

Adams, William Seth	Grant, Hugh McPhail	Nelson, Elizabeth
Armstrong, Pamela	Green, Mary	Pope, Stina
Ayers, Phillip	Greenwood, Don	Robertson, Josephine
Barrett, Patricia	Hall, Alwyn	Rodman, Reginald
Bird, Julie	Hillesland, Ivar	Scannell, Alice
Blubaugh, Susan	Jellison, Mary	Scannell, John
Bourne-Raiswell, Margaret	Kirking, Kerry	Sipe, Robert
Brown, Marilyn	Kyllo, Terry	Thompson, Susan
Caguiat, Carlos	Larive, Armand	Tudor, William
Clift, Jean	Litzenberger, Caroline	Vollkommer, Marsha
Close, David	Mariga, David	Von Wrangel, Carola
Echols, Beth	Maxwell, William	Watson, Stennis
Fleischer, Theodore	Mburu, Elias	Whitmore, Charles
Friedrich, James	McLuen, Roy	Zimmerman, John
Gallagher, Robert	Mix, Lucas	Zinga, Millicent
Gaumer, Susan	Monsen, David	

Submitted by,

Committee on Privilege

The Rev. Stephen Moore, vicar, All Saints Church, Bellevue, chair

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

Canon Dede Moore, Canon for Governance & Human Resources

Diocese of Olympia
2017 CONVENTION COMMITTEES & COMMISSIONS

Constitution & Canons Committee

Douglas S. Oles, Epiphany Parish of Seattle *
Judith Andrews, Diocesan Chancellor
Sarah S. Mack, Trinity Church, Everett
K. Ann McCartney, St. Paul, Bellingham
Donna McNamara, St. John the Baptist, Seattle
Dede Moore, Canon for Governance & Human Resources
The Rev. Stephen Moore, All Saints, Bellevue
Tony Ramsey, Trinity Church, Seattle
The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary

Resolutions Committee

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

Nominations Committee

Sally Farrell, Good Samaritan, Sammamish *
Nadine Baxter, St. Matthew/San Mateo, Auburn
The Rev. Lex Breckinridge, St. Thomas, Medina
Linda Brice, St. Andrew, Tacoma
Joan Collins, St. Barnabas, Bainbridge Island
The Rev. Mark Miller, St. Hilda-St. Patrick, Edmonds
Bill Montgomery, St. Stephen, Seattle
Don Weir, Church of the Good Shepherd, Vancouver

Committee on Privilege

The Rev. Curt Zimmerman, Our Saviour, Monroe *
Dede Moore, Canon for Governance & Human Resources
The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary

Committee on Dispatch of Business

Jamie Balducci, Epiphany Parish of Seattle *
Dede Moore, Canon for Governance & Human Resources
The Rt. Rev. Greg Rickel, Bishop Diocesan

Commission on Church Architecture

Rollie Dawson, St. Thomas, Medina *
The Rev. Janet Campbell, Canon for Liturgy
Roxanne Hamilton, St. Andrew, Seattle
Tisha Helmer, St. James, Kent, BCE representative
Mark Nelson, St. Thomas, Medina
Mary Nelson, St. Thomas, Medina
Kaye Robinson, Epiphany Parish of Seattle
John Nesholm, St. Thomas, Medina
The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary
The Rev. Dr. Dennis Tierney, Diocesan Property Manager

Disciplinary Board

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

Commission on Personnel

John Sutherland, St. Paul, Seattle *
Rosemary Doupe, St. Mary, Lakewood
Ted Ederer, St. John, Kirkland
The Rev. Shelly Fayette, Christ Church, Seattle
Anita Gross, Christ Church, Seattle
Dede Moore, Canon for Governance & Human Resources
Robin Peterson, St. Hilda-St. Patrick, Edmonds
The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary
The Rev. Jenny Vervynck, CADO Representative

Commission on Ministry

Liberato Arellano, Our Lady of Guadalupe
The Rev. Mark Blindheim, Emmanuel, Mercer Island
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
Mary Lyons, St. Stephen, Longview
The Rev. Nancee Martin, St. Mark's Cathedral, 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 Very Rev. Steven Thomason, Dean of the Cathedral
The Rev. Craig Vocolka, Faith Church, Poulsbo
Deede Woods, Our Saviour, Monroe, SC liaison

Liturgy & Arts Commission

The Rev. Steve Danzey, Good Samaritan, Sammamish
The Rev. Gen Grewell, Archdeacon
The Rev. Josh Hosler, St. Paul, Bellingham *
The Rev. Judith McDaniel, St. Barnabas, Bainbridge Isl.
The Rev. Eric Stelle, St. John, Gig Harbor *
Maeve Wyatt, St. Columba, Kent
Chris Hampson, St. John, Gig Harbor
Markdavin Obenza, Trinity Church, Seattle

Diocesan Council Report to Convention 2017

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 2016 through September 2017:

- *Budget & Finance*: Agreed to forward a resolution to the fall convention recommending the 2019 assessment rate be set at 15% of the Net Disposable Income (NDI). / Adopted a balanced 2018 operating budget to be forwarded for ratification at the fall 2017 convention. / Approved 2018 grants to congregations as presented in the report from the Grants Committee.
- *Shoreline, St. Dunstan*: Approved relief from unpaid assessment accumulated 2011-2015, after congregation paid 10% of the balance owing.
- *Refugee Resettlement Office (RRO)*: Authorized the bishop to act on behalf of the Diocese of Olympia in joining the ACLU of Washington State complaint against the president's January 27, 2017, executive order, which could negatively impact the RRO. / Approved submission of an application to the 2018 Community Development Block Grant (CDBG) non-housing capitol competitive funding round of micro-enterprise development. / Approved submission of a proposal to the State of Washington Department of Social and Health Services for naturalization services.
- *Miscellaneous*: Recorded 2017 housing allowances as required by the IRS. / Supported the bishop in his use of the Diocese of Pennsylvania statement to president-elect-Trump. / Authorized bonuses for Refugee Resettlement Office staff. / Approved the request of the diocesan bishop to provide bonuses to diocesan staff. / Funded the search for a Director of Finance. / Established a legal defense fund as a discretionary fund of the Office of the Bishop to be used to aid those in the diocese in need of legal defense. / Adopted a policy on Action by Diocesan Council by Written Consent in lieu of a Meeting. / Adopted a revised policy on bonuses for diocesan staff.

Members of the Diocesan Council:

The Rt. Rev. Greg Rickel, Bishop Diocesan; **Jan Akin**, Willapa-Lay, St. Benedict, Lacey; **Jamie Balducci**, Holy C-Lay, Epiphany Parish of Seattle; **Rilla Barrett**, Mt. Baker-Clergy, St. Stephen, Oak Harbor; **Nadine Baxter**, Evergreen-Lay, St. Matthew/San Mateo, Auburn; **Lex Breckinridge**, Eastside-Clergy, St. Thomas, Medina; **Linda Brice**, Rainier-Lay, St. Andrew, Tacoma; **Evan Clendenin**, Willapa-Clergy, St. Andrew, Aberdeen; **Joan Collins**, Peninsula-Lay, St. Barnabas, Bainbridge Island; **Doyt Conn**, Holy C-Clergy, Epiphany Parish of Seattle; **Linda Donato**, Mt. Baker-Lay, Christ Church, Anacortes; **Sally Farrell**, Eastside-Lay, Good Samaritan, Sammamish; **Jedediah Fox**, Be Attitudes-Clergy, Church of the Redeemer, Kenmore; **Joslin Harris-Gane**, Be Attitudes-Lay, Christ Church, Seattle; **Bonnie Malone**, Evergreen-Clergy, St. George, Maple Valley; **Mark Miller**, Sno Isle-Clergy, retired; **Denice Patrick**, Sno Isle-Lay, St. Hilda-St. Patrick, Edmonds; **Dennis Tierney**, Peninsula-Clergy, retired; **Jana Whitworth**, Columbia-Lay, St. Anne, Washougal; **Michael Wright**, Columbia-Clergy, St. Stephen, Longview. **Martin Yabroff**, Rainier-Clergy, St. Andrew, Tacoma; *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 Governance & Human Resources.

Respectfully submitted on behalf of the Diocesan Council by,
Canon Dede Moore, Canon for Governance & Human Resources

Report of the Board of Directors – 2017

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 governance & human resources; **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, 2017

	2017	2016
Available Funds	\$ 720,451	\$ 72,047
Property in Orchards	\$ 0	\$ 557,643
Notes Receivable	<u>\$ 29,456</u>	<u>\$ 90,026</u>
Net Assets	\$ 749,907	\$ 719,716

Building Loan Fund (BLF)

As of Sept. 30, 2017

	2017	2016
Available Funds	\$ 1,859,542	\$ 1,674,180
Notes Receivable	\$ 3,209,181	\$ 3,409,400
Interest Receivable	\$ 82,622	\$ 83,880
Sedro Woolley Rec.	<u>\$ 160,326</u>	<u>\$ 0</u>
Net Assets	\$ 5,311,671	\$ 5,167,460

Specific Board actions on behalf of congregations (and former congregation properties) Nov. 2016–Oct. 2017:

- *Castle Rock, St. Matthew*: Covered property insurance payments.
- *Cathlamet, St. James*: Covered repair of pressing safety and liability issues.
- *Hoodsport, St. Germain*: Accepted the gift of a new small construction trailer to serve as a small stand-alone office.
- *Issaquah, St. Michael & All Angels*: Approved a bridge loan to be repaid by funds collected through its capital campaign.
- *Port Townsend, St. Paul*: Refinanced an existing loan adding an additional balance.
- *Poulsbo property*: Accepted a purchase and sales agreement for a small section of the property.
- *Seattle, Lake City property*: Declined a request for use of the closed property. Approved a land value as the passive equity contribution to a development proposal.
- *Seattle, Rainier Beach property*: Approved roof repairs.
- *Sedro Woolley, St. James*: Congratulated the congregation for the success of the first year of its community garden and renewed the lease agreement for one year. Wrote off the receivable for building demolition. Declined an offer to sell the property.

- *Silverdale, St. Antony of Egypt:* Authorized congregation to withdraw funds from its capital campaign account in the DIF to pay for construction costs. Entered an agreement with Kitsap Bank to secure a line of credit for benefit of the congregation.
- *Vancouver, Orchards property:* Approved sale of the property.
- *Westport, Chaplains on the Harbor:* Approved a joint use agreement between the diocese and South Beach Food Bank.
- *Approved DIF withdrawals for:* Poulsbo, Faith; Hoodspoint, St. Germain; Bellevue, All Saints; Seaview, St. Peter.

Additional actions December 2016 – October 2017:

- *Building Loan Fund (BLF) & Mission Development Fund (MDF):* Authorized use of realized gains from the sale of the Orchards property to write off balances due from three congregations. Authorized a new reserve account in the DIF.
- *Diocesan House:* Authorized funding from the Diocese of Olympia Hodges Fund designated for Diocesan House for initial work and further inspections and reports as indicated in the Diocesan House report.
- *Diocesan Investment Fund (DIF):* Authorized a Carbon Footprint report on the DIF. Approved the audit of the 2016 DIF as submitted.
- *Financial:* Transferred funds from Trust Account Thanksgiving & Memorial to liability account St. Bernard's Chapel. Informed the Budget & Finance Committee of capital gains funds available as needed for use in the 2018 diocesan operating budget. Authorized the Diocesan Property Manager to act on its behalf in approving emergency repairs and maintenance to diocesan properties costing less than \$3,000. Established signers for the new Legal Defense Fund. Approved 2016 audits for the Building Loan Fund, Mission Development Fund and Real Estate Fund, Operating Fund, Trust Accounts, and Diocese of Olympia, Inc (consolidated).
- *Fossil Fuel Funds:* Adopted a Statement on Fossil Fuel Divestment.
- *Huston Center:* Authorized the Huston Center Operations Committee to use funds from its 2016 credit balance to provide bonuses to year around staff. Accepted a bid for replacement windows in Paddock, Barker, and Keator Lodges. Authorized purchase of new tables for the conference center.
- *Property Committee:* Set a charge for the committee.
- *St. Andrew's House:* Authorized replacement of two existing lodge furnace units.
- *Policies amended:* Congregational Authority to Act. Diocese of Olympia, Expenditure Policy for Diocesan Endowments. Procedure for Documentation of Sale or Other Disposal of Movable Assets by Missions or Diocesan Organizations. Overview of Standard Loan Application Procedures. Overview of Urgent Loan Application procedures.

Administrative actions reviewed by the Chancellor and signed by the Treasurer on behalf of the Board – December 2016 – October 2017:

Signed subcontract renewal for RRO with Lutheran Community Services / Signed 5 management agreement letters for Peterson Sullivan LLP for the 2016 audit / Signed purchase and sale agreement addendum acknowledging purchase has waived all contingencies on the sale of the Orchard's property, with a closing of Jan. 31, 2017 / Signed Roof Doctor contracts (2) for St. Matthew/San Mateo / Signed Wells Fargo Bank signature cards for Jubilee Ministry / Signed Umpqua Bank signature card for St. Bernard's Chapel / Signed Labor Service Agreement for Millionaire Club Charity for All Saints Bellevue / Signed Subcontract DSHS/World Relief Seattle for Refugee Resettlement Center / Signed Subcontract DSHS/LEP Pathway ESL and Intensive ESL Services for Refugee Resettlement Center / Signed Apartment Rental/Lease Agreement for Refugee Resettlement Center for ESL classroom / Signed estimate with Blue Sky Glass Installation for Camp Huston for windows / Signed quote from MITYLITE for Camp Huston for new tables / Signed estimate for Doctor Roof for Atlantic Street Center for roof repairs / Signed Dept of Revenue Property Tax Exemption Renewal Declaration for St. Antony, Silverdale / Signed Weatherguard estimate for St. James Family Center for roof replacement / Signed contract with Puget Sound Pipe Organs for repair of organ at Christ Episcopal Church, Anacortes / Signed 5 audit confirmation letters / Signed Declaration of Covenant associated with Maintenance and Operation of Storm Drainage Facilities for St. Antony, Silverdale / Signed Contract for Bellair Charters for Christ Episcopal Church, Anacortes / Signed Labor Service Agreement for Millionaire Club Charity for All Saints Bellevue /

Signed Subcontract DSHS/World Relief Seattle for Refugee Resettlement Center / Signed Subcontract DSHS/LEP Pathway ESL and Intensive ESL Services for Refugee Resettlement Center / Signed Apartment Rental/Lease Agreement for Refugee Resettlement Center for ESL classroom / Signed estimate with Blue Sky Glass Installation for Camp Huston for windows / Signed quote from MITYLITE for Camp Huston for new tables / Signed estimate for Doctor Roof for Atlantic Street Center for roof repairs / Signed audit Management Letter for Petersen Sullivan for DIF audit / Proxy for Alki Beach Towers for Greg or Marti Rickel to vote at homeowners meeting / Approved with Canon to the Ordinary confirming withdrawal of \$1,200.00 for St. Hugh, Allyn for their annual scholarships / Signed Subdivision/Plat Shortform Application for St. Antony, Silverdale / Signed Silverdale Water District 2017 Construction Agreement Developer to Build Extension for St. Antony, Silverdale / Signed wire transfer authorization for Accounting / Signed Temporary Housing Resident Contract for St. Matthew/San Mateo / Signed Contract Amendment for DSHS and RRO / Signed Authorized Signatures for Invoices for King County and RRO / Signed RainWise Rebate Contract for St. Luke's Ballard / Signed Contractor Information Update for DSHS and RRO / RRO DSHS renewal amendment / Employment Security Dept Unemployment Insurance forms / Signed Contract Amendment for DSHS and RRO (LEP Pathway Amendments / Kitsap County Supporting Document Authorization St. Antony. Silverdale / RRO Recruitment contract / American Century Investment Administrator signature authority / Signed building use agreement between St. Columba & Catholic Community Services.

Submitted on behalf of the Board of Directors by Dede Moore, Canon for Governance & Human Resources.

Standing Committee Report to the 107th Diocesan Convention

This report reflects the actions of the Standing Committee of the Diocese of Olympia from October 2016 through October 2017. The Standing Committee held regular monthly meetings throughout the year. At the Nov. 2016 meeting, Karen McCarthy Casey (2019) was elected President and the Rev. Bill Fulton (2017) was elected Secretary. Ms Kathryn Rickert (2017) agreed to continuing serving as Chaplain; Ms. Deede Woods (2018) agreed to serve as our representative to the Commission on Ministry, a position she fulfills as a full voting member of the Commission; Jim Beckwith agreed to serve as our representative to the Joint Finance Panel. The remaining members of the Standing Committee are The Rev. Alfredo Feregrino (2019) and The Rev. Cynthia Espeseth (2018). Rev. Espeseth resigned from the Standing Committee in July when she accepted a call out of state. The Standing Committee choose to leave her position open until the election at the Annual Convention in Oct. 2017.

The following actions were taken by the Standing Committee during 2016 and 2017:

Mutual Ministry Review (MMR)

According to the Bishop's Letter of Agreement (LOA) signed in Jan. 2017, the Standing Committee is the governing body charged with working together 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 the Diocese of Olympia to achieve agreed upon vision and goals. In 2016, the Standing Committee, with considerable input from Bishop Greg and the other Governing Bodies, reviewed Bishop Greg's LOA. It had not been revised since his arrival in 2007. The culmination of this year long process is a transformational vision for the Diocese. This vision, together with its four guiding principles continues to be our guide through the MMR processes.

The Clergy and Congregational responses to the introduction of this new vision at last year's convention were gathered and collated by various themes and this information helps to inform our inquiries in 2017.

It slowly became apparent to the Standing Committee that to enable the Diocese to thrive under this new vision the transformation from a hierarchy led to congregation driven context would require a transformation in our ways of being a Diocese, and Governing Boards within the Diocese. It would require proactive listening, creative experimentation, and grace filled patience to consolidate new ways of being church into new sets of practices. It would require prayer and grace.

To this end, the Standing Committee

- At our Governing Board retreat in January, generated a set of goals to guide our particular transformation into Standing Committee practices for the new vision.
- Received training in listening and storytelling from The Reverends Alissabeth Newton and Arienne Davison.

- Received additional training in site visitations and data gathering to help track local particularities.
- Began visiting the properties of each church property proposal as it came before us, listening on-site to project leaders from the church. We have tackled a wide variety of property requests, some small yet important to the life of the parish, and one very large and complicated.
- Worked with the JFP creating a step by step guideline to assist congregations who wish to bring a property transaction to the attention of the Diocese. We are currently combining our process document with a similar one created by the Board of Directors to produce one easily accessible guide ready for use by early 2018.
- Continue to grow in awareness of both GB relationships and congregational particularity. Our seven members joining with members of other governing bodies to celebrate with the Bishop at ten Sunday visits. Where we learn local context, where we listen and absorb extraordinary ministry, and where we bring a presence of the larger Diocese.
- Began a more supportive role for the Postulant and Candidacy processes, praying by name at our meetings, learning their stories and actively participating in Candidacy Days.
- Partner with the Bishop both within our meetings and in our communities. Paying careful attention to his particular goals for this year we seek ways to collaborate within our canonical mandates. Listening attentively to his needs and requests we continue to offer confidential pastoral support and prayer.
- Honor our own growing edges for adaptive and technical leadership, reading and sharing communally the wonders and joys of discovering the new vision coming to life in our diocese.

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

- Consented to the Election of The Rev. Carl Waller Wright as Bishop Suffragan of the Armed Forces and Federal Ministries
- Consented to the Election of The Rev. Canon John Taylor as Bishop Coadjutor of the Diocese of Los Angeles
- Consented to the Election of a Bishop Coadjutor for the Diocese of Haiti
- Consented to the Election of The Rev. Canon Gretchen Mary Rehberg as Bishop of the Diocese of Spokane
- Consented to the Election of The Rev. Jennifer Baskerville-Burrows as Bishop of the Diocese of Indianapolis
- Consented to the Election of The Rev. David Rice as Bishop of the Diocese of San Juan
- Withheld consent for the Election of Jennifer Brooke-Davidson as Bishop Suffragan of the Diocese of West Texas due to their low level of giving to the national church.
- Consented to the Election of The Rev. Samuel Rodman as Bishop of the Diocese of North Carolina
- Consented to the Election of The Rev. Kevin S. Brown as the Bishop of Delaware
- Consented to the Election of The Rev. Brian Lee Cole as the Bishop of East Tennessee

Priesthood / Diaconate

- Approved Candidacy for Ordination to the Priesthood for Christi Chapman, Megan Mallarkey, Doug Dornhecker, Julie Mallett
- Accepted the removal and release of a resident priest from the Diocese of Olympia
- Approved Elaine Patricia Grodt Trinity, Everett for Ordination to the Transitional Diaconate in October 2017
- Approved William Thaete, St. Bede's, Port Orchard for Ordination to the Transitional Diaconate in October 2017
- Five members of the Standing Committee attended Candidacy Day in September 2016 where they participated in interviewing postulants who are seeking to move toward candidacy for ordination to the priesthood. Approval was given at the following SC meeting.
- Six Standing Committee members joined the Commission on Ministry in Sept 2017 to interview two candidates for Ordination to the Transitional Diaconate. Our opinions were given and the COM voted.
- The Standing Committee gratefully received a report from Bishop Greg that the new process for all postulants to meet with a financial planner has been put into place in the Diocese.

Property Matters

- Approved a proposal by St. Paul's, Mt. Vernon, to enter into an agreement with the City of Mt. Vernon to sell 10 acres of property. They must return to the JFP at time of sale.
- Approved a proposal by St. Alban's, Edmonds to sell former rectory and property.
- Approved a proposal by St. James, Kent, to grant an easement from St, James, Kent for ingress and egress to Sun Vista LLC Apartments.
- Approved a proposal by Trinity, Seattle for a sale and development project for their non-historical property, subject to specified conditions.
- Approved a proposal by Christ Church, Blaine for sale of old parsonage and property with stipulation that power of attorney be retained by the Diocese.

Other Matters

It has been a privilege for me to serve this past year as President of the Standing Committee, to work closely with Bishop Greg who is a wonderful mentor and friend in this ministry of remembering, reconciling, and transforming. It has also been especially gratifying to participate in learning and growing within the relationships of the Diocesan Staff and Standing Committee. I look forward to meeting many more of the good people of this Diocese, visiting with your congregations as we continue living our vision for the Diocese of Olympia.

Faithfully,

Karen McCarthy Casey

President of the Standing Committee

Commission on Personnel Report to Convention, 2017

In this year, we welcomed three new members: Robin Peterson and Anita Gross, both of whom have strong professional backgrounds in Human Resource Management, and Leanne Damborg, our new lay church professional representative.

We added language to the statement of policy on health insurance to clarify employer contributions to HSA/CDHP (the combined Health Savings Account/Client-Directed Health Plan) accounts.

After passing a new Family Leave resolution in 2016, we decided to let it work for a year and evaluate the results in 2018.

We recommended a Cost of Living Adjustment of 3%, based on the standard formula of the June to June adjustment in the Consumer Price Index in the Seattle-Tacoma-Bremerton area.

We reviewed the first third of the Diocesan Personnel Manual. (Dede Moore, Canon for Governance & Human Resources, had the suggestion; we agreed that we should review a portion of the manual every year, instead of saving all of the review work to do all at once every three years.)

Also, we started the project of collecting congregation personnel manuals to use as examples for congregations to create their own. The commission plans to create a template for congregations in 2018.

Canon Marda Steedman-Sanborn began the discussion of whether congregations should pay for insurance for half-time employees (currently part-time employees are given the opportunity to purchase their own insurance through the Denominational Health Plan).

Ted Ederer, Rosemary Doupe, and the Rev. Shelly Fayette all have terms expiring this year. John Sutherland is resigning his seat because of his impending relocation out of state.

Submitted by John Sutherland, chair

Report of the Commission on Ministry

Dear Bishop Rickel and the Clergy & Delegates of the 107th 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 Meghan Mullarkey, Juli Mallett, and Cristi Chapman.

On December 17, 2016 at Diocesan House, Bishop Rickel ordained Cristi Chapman, Douglas Dornhecker, Juli Mallett, and Meghan Mullarkey as transitional deacons. Douglas was ordained to the Sacred Order of Priests on June 3, 2017 at St. John, Olympia. Cristi, Juli, and Meghan were to the Sacred Order of Priests at St. Mark's Cathedral on June 20, 2017.

Brian Gregory and Brian Lennstrom were ordained as transitional deacons on July 6, 2017 at Diocesan House.

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

Postulants (priest): Jonathan Hanneman, St. Dunstan, Shoreline; Allan Hicks, Trinity, Everett; Chuck Huff, St. Bede, Port Orchard; Charo Portaro, St. John, Olympia; 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; Barb Weza, St. David of Wales, Shelton.

Candidates (Deacon): Pat Grodt, Trinity, Everett; Bill Thaete, St. Bede, Port Orchard.

TCM Circle (Not Seeking Orders): Diane Canington, Christ Church, Anacortes; June Cook, Christ Church, Anacortes.

Faithfully,

Marda Steedman Sanborn

on behalf of The Commission on Ministry

The bishop and the governing bodies - Diocesan Council, Standing Committee, Board of Directors, Diocesan Staff - developed initial goals in September 2016. These goals were presented, along with the new vision statement, to the fall 2016 convention. Over the past year, the governing bodies have continued to work both independently and collaboratively to refine and implement these goals. This included work during regular meetings, through specific trainings, and at two joint retreats. Below is the current status of these goals and projects.

Governing Body	Vision Area	Goal	Current Projects / Status
Bishop Rickel	Congregationally Centered	Move toward local level service delivery (staff & governing bodies). Technical change: realign budget.	Budget request form revised to reflect vision. Reviewed at March diocesan staff meeting.
Bishop Rickel	Congregationally Centered	Move toward local level service delivery (staff & governing bodies). Adaptive challenge: find ways to create interaction and questions between the Bishop's Office and the local congregation, so that both do not wait for an "event" before working together.	This is a work in progress. Some moves in this direction have been made but nothing truly measurable yet. We, as a staff, try to question each time how we can live into this vision while responding to any issue.
Bishop Rickel	Pastorally Inter-connected	Develop and implement a diocesan strategy for communicating the vision.	The video for the regional meetings was a concrete example of a way we hope to do this. We are also beginning to look at how to incorporate the vision into our daily functioning.
Bishop Rickel	Pastorally Inter-connected	Move staff out of DHouse and into congregations both literally, i.e., offices there, and also figuratively, on a daily basis with more travel out and less expectation for travel in.	The most important thing we can do on this is monitor it for change in behavior and presence. Some positional changes may be made, i.e., moving people out to the parish. Our Canon for Faith Formation is a concrete example of this, being now in the parish but continuing to function in her role.
Bishop Rickel	Pastorally Inter-connected	Move governing bodies meetings out of DHouse.	Not truly seen this happen yet.
Bishop Rickel	Pastorally Inter-connected	Schedule Board property actions where the property is. Do not wait for congregations to come to us at DHouse.	We have seen a bit of this, but the test will be how often and how far we are willing to go and to assess how productive it is to do so. My thought with this was to hold meetings, the actual meeting we usually hold, but go to a site which is on the agenda.
Bishop Rickel	Pastorally Inter-connected	Develop a system whereby the staff, including the bishop, are checking in by email, phone or letter with every congregation in the Diocese on a regular basis (every six months or year), simply inquiring of any needs we can help with.	Trying out a process that begins with the MMAs from congregations with review and connection to appropriate staff. We have done two of these already and several are coming up to be done. We will have a much better idea of the effectiveness when we process more.

Governing Body	Vision Area	Goal	Current Projects / Status
Bishop Rickel	Sacramentally Formed for Service	Partner with governing bodies representatives for visitations. (Being done well on Council but not as much on other bodies.)	Governing bodies received visitation training; sign-up circulated at Standing Committee/Board of Directors/Diocesan Council meetings each month. I have seen a great change in how visitations are made and in the number attending. I think the training was very effective and helpful and has changed visitations.
Bishop Rickel	Sacramentally Formed for Service	Work with Formation Staff, especially Iona School, to develop a curricula and/or training opportunities which reflect and train this new vision into reality.	I think this is still possible but I am starting to believe the Commission on Ministry (COM) is the most important one and the priority.
Bishop Rickel	Sacramentally Formed for Service	Work with Commission on Ministry and Standing Committee to reflect on our current expectations of ordained leaders in the Diocese and see how these expectations fit with and/or detract from this new vision. Make necessary changes.	This work is ongoing. I believe the COM is very conscious of the change and I now will need to work with them on changing or adjusting the expectations we already have in place to make sure they match and to alter if they do not.
Bishop Rickel	Sacramentally Formed for Service	Work with the College for Congregational Development (CCD) to include more "train the trainers" modules and to expand the consulting network and training in order to truly serve the whole Diocese both in volume of trainers, but also diversity of offerings.	We have recruited more trainers and have expanded our training breadth. We are looking at other ways to do that as well. We have some trainings on the calendar now.
Bishop Rickel	Commitment to learning, growing, gathering	Work with CCD to develop and enhance existing trainings for the evaluation of, and the intervention in, the local context. This would include work on change processes and change interventions, conflict management and leadership training. These offerings should expand outside the classic CCD school and be segmented for portability and brevity.	New week long CCD in the budget, and we are looking at ways to present "pieces" of CCD when possible.
Bishop Rickel	Commitment to learning, growing, gathering	Work with our Communications Director and staff to coordinate a communications strategy, both to promote the new vision to the Diocese and also to listen to feedback regarding it.	Again, the video about the convention and weaving the vision in was one bit of progress. We are working on how feedback will be assured but one clear way is if our people can articulate the vision and know it exists and is a change.
Bishop Rickel	Commitment to learning, growing, gathering	Make sure convention planning takes the new vision as a centerpiece of discussion and focus when considering theme, agenda, use of time and worship.	Selected theme supporting the vision. Working on draft agenda incorporating a focus on presentation-small group-business flow, including skill development and networking opportunities.
Bishop Rickel	Commitment to learning, growing, gathering	Work with the Canon to the Ordinary on developing Clergy Days which reflect and build upon the new vision.	This is well underway matching the themes with the vision and making that known on the actual days of trainings as well. We will continue to focus our day in these areas.

Governing Body	Vision Area	Goal	Current Projects / Status
Board of Directors	Congregationally Centered	Communicate a clear, fair & transparent loan process.	<p>Redefine Congregational Authority to Act.</p> <hr/> <p>Develop communications plan - had a conversation with Communications Director in May. Working on two specific projects for communication to wider diocese.</p> <hr/> <p>Offer a workshop at convention 2017. After discussion with Communications Director, making a webinar/video to make available on website/blog etc.</p>
Board of Directors	Congregationally Centered	Continue to develop a collaborative process for working on major maintenance with congregations & diocesan organizations.	"Maybe Later" guidelines for congregations developed. Working on process for matching grants for maintenance inspections (Property Committee). Working with Communications Director to develop "story" version. Video will be debuted at convention.
Board of Directors	Congregationally Centered	Property manager and/or designated board member will make site visits for every property issue.	Under discussion.
Board of Directors	Pastorally Inter-connected	Designated mentor meets with congregation or organization to listen to needs and report back to the board.	Ongoing discussion.
Board of Directors	Pastorally Inter-connected	Members will join Diocesan Council members on bishop's visitations.	Participated in visitation training. Members are joining bishop's visitations.
Board of Directors	Sacramentally Formed for Service	Provide training in Episcopal polity to help congregations & organizations learn how the Board of Directors can serve them.	
Board of Directors	Sacramentally Formed for Service	Regularly communicate and collaborate with other governing bodies to support congregations.	Ongoing discussion.
Board of Directors	Commitment to learning, growing, gathering	Offer training on loan application process.	Working with Communications Director to develop a webinar and/or video.
Board of Directors	Commitment to learning, growing, gathering	Develop web-based training on (1) the loan process, and (2) how the Diocesan Investment Fund operates and how it can support congregations and organizations, and (3)maintenance planning for congregations and organizations.	(1) loan process - in progress.

Governing Body	Vision Area	Goal	Current Projects / Status
Diocesan Council	Congregationally Centered	Each Diocesan Council member will commit to visiting two congregations each year and report back.	Discussed at March meeting. Will check back on how it is going in January 2018.
Diocesan Council	Pastorally Inter-connected	Clergy will be enabled to participate in visitations. This will give them an opportunity to connect with their clergy colleagues and connect with the Bishop in a different context.	Task group assigned. Budget line item included in the 2018 budget to cover supply costs for clergy to attend Sunday visitations.
Diocesan Council	Sacramentally Formed for Service	Develop and share functional model for other governing bodies on visitations.	Task group assigned to develop toolkit; draft presented to March meeting. A final version of the visitation template letter and check list is being tested. Will be shared with Standing Committee and Board of Directors to adapt for those bodies.
Diocesan Council	Sacramentally Formed for Service	Participation and knowledge of service and outreach in other congregations will be encouraged and communicated.	Participated in a renewed discussion of what it means for the Diocesan Council to support and participate: actively participate in sharing the good news after each visitation through social media. Communications Director attended the August meeting to talk further about sharing the good news from visitations.
Diocesan Council	Commitment to learning, growing, gathering	Commit to participating in an event (worship, volunteer, etc.) with 2 congregations annually.	

Governing Body	Vision Area	Goal	Current Projects / Status
Standing Committee	Congregationally Centered	Visit congregation on site when addressing significant property issues. If possible, hold monthly meetings out of DHouse.	A minimum of two members visit together. Have made extended tours and visits to five (5) sites. Holding meetings offsite has not proven workable as yet, given the driving distance for some members.
Standing Committee	Congregationally Centered	Attend and share at four regional clergy conferences to report on work of Standing Committee.	Clergy members will gather/share info re Vision and MMR at each meeting. Clergy members have had personal conversations at conferences, but no formal delivery to entire group.
Standing Committee	Congregationally Centered	Work with Joint Finance Panel to develop written guidelines for handling property requests.	Draft document is complete. Plan to collaborate with Board of Directors.
Standing Committee	Pastorally Inter-connected	Partner with Bishop for six visitations before 6/30.	Eight completed with four scheduled for the fall.
Standing Committee	Pastorally Inter-connected	Offer pastoral support to Bishop through annual MMR and create regular opportunities for confidential sharing.	Purposed attention within meetings. Set time to seek input to MMR process specifically at meetings. Continue to ask, the Bishop and ourselves, "How can we support the Bishop's goals.?"
Standing Committee	Pastorally Inter-connected	Commit to support postulants & candidates through prayers for them at monthly meetings.	General intention prayer added at meetings. Will add names as COM makes available
Standing Committee	Sacramentally Formed for Service	Generate a question for Candidacy Day to help discern willingness/ability of ordinands to seek support when needed for themselves and churches they serve.	Committed to participating in COM processes.
Standing Committee	Sacramentally Formed for Service	Regularly communicate with other governing bodies re: opportunities for service	Taking advantage of Sunday visits to renew relationships. Follow quarterly newsletters with any questions to chairs. Commit to attendance and interactions at all retreats. Need to implement a calendar process for this.
Standing Committee	Commitment to learning, growing, gathering	Commit to attending Diocesan Convention & trainings (Safeguarding, etc.)	Listening training completed in February. Commit to completing all required trainings by year two. Commit to CCD process.
Standing Committee	Commitment to learning, growing, gathering	Continue to honor in time and prayer commitment for yearly MMR and salary review for Bishop	MMR review process in planning. Salary review scheduled for 2018. Continue to review goals for progress and alterations.

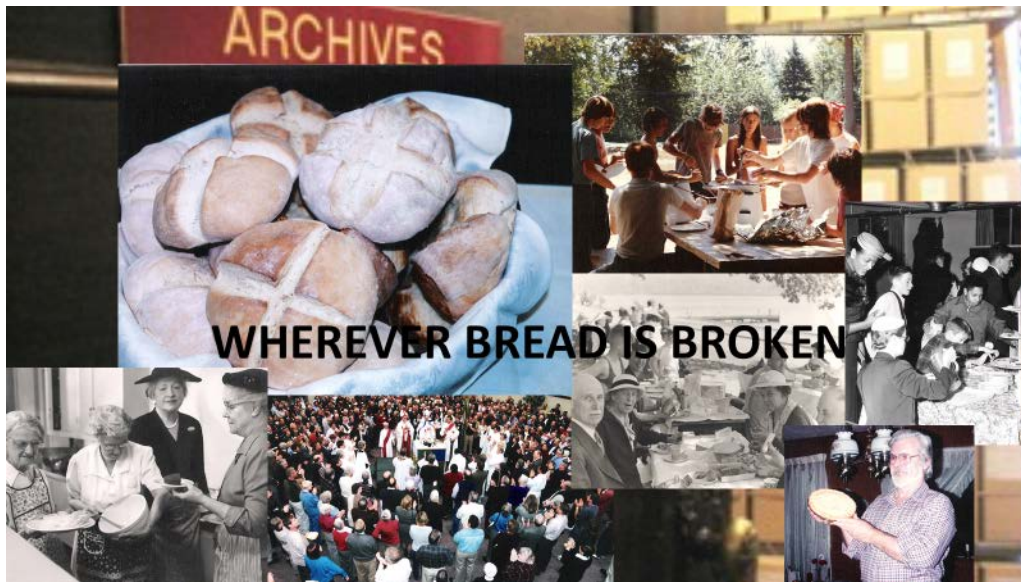
Governing Body	Vision Area	Goal	Current Projects / Status
Diocesan Staff	Congregationally Centered	Train staff to be consultants and trainers for congregation leadership.	Consulting training completed at May retreat.
Diocesan Staff	Congregationally Centered	Keep email/phone response during work week to under 24 hours.	Drafting expectations for exempt/non-exempt staff.
Diocesan Staff	Congregationally Centered	Begin staff discussion in 2017 on move from a program to resource model; begin shifts in budget & staffing.	Working on structure & budget alignment. Transmitting vision to committees.
Diocesan Staff	Congregationally Centered	Revise 2018 budget request process to reflect move from program to resource model.	Revised timeline adopted; revised request forms used for 2018 budget requests.
Diocesan Staff	Congregationally Centered	Add a "Consult" button to the website.	Communications office working on landing page and button.
Diocesan Staff	Pastorally Inter-connected	Continue to intentionally place clergy canons in congregations.	Canon for Faith Formation moved to 40% contract; rector at St. Philip, Marysville as of March 15.
Diocesan Staff	Pastorally Inter-connected	Congregation visitations: redesign and implement process to identify connections to be made, training opportunities, needs, concerns, joys, stories to be shared; find ways to share back to congregation.	MMA/MMR go to bishop who reviews and makes offers for assistance. Visitation reports make connections to assist as resource after visitation.
Diocesan Staff	Pastorally Inter-connected	Cultivate a "Yes" attitude within the staff.	Stories of "Yes" being shared at staff meeting; first was at the August staff meeting.
Diocesan Staff	Sacramentally Formed for Service	Plan quarterly events to model for congregation leaders how to plan and organize faith formation events.	Clergy days with presenters that equip priests and congregations. Clergy days in multiple locations. Money in 2018 budget for size-related retreat for congregations. Communications office providing communications audits for congregations. Children's Commission receiving consultant training, planning regional events. Staff rearrangement and addition of third member in finance office to provide proactive assistance to congregations.
Diocesan Staff	Sacramentally Formed for Service	Continue use of pre-visitation forms from staff to Bishop.	Switched to Basecamp project management program for process.
Diocesan Staff	Sacramentally Formed for Service	Share stories of success in congregations; make connection to what we are called to in the Eucharist.	Increase in the number of videos related to stories and ministries in congregations.
Diocesan Staff	Sacramentally Formed for Service	Determine way for staff Canons to preach in congregations.	
Diocesan Staff	Commitment to learning, growing, gathering	Encourage congregations to identify the "why" and to articulate other ways they are making this happen.	Using the MMA/MMR process.
Diocesan Staff	Commitment to learning, growing, gathering	Continue development of the advanced courses in the College for Congregational Development.	Three modules complete: IDI, MBTI/EI, Theory U/Living in the Green. To come: Diversity training, Fierce conversations.

REPORT OF THE ARCHIVIST AND RECORDS MANAGER

2017

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.

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



Wherever Bread is Broken is the theme of this year's Diocesan Convention – and in keeping with the theme, the Archives will be offering an exhibit depicting some of the many ways in which the breaking of bread brings the people of our congregations and our diocese together. The photos, taken from our diocesan archives, once again illustrate the depth of our Archives collections.

Another collection which is particularly noteworthy is our refugee resettlement case files. Digitizing these files has been a priority for several years, and I am very happy to announce that the project which entailed digitizing 7,000 case files, representing approximately 20,000 individuals from 30 countries, will be complete by the end of 2017.



In conjunction with this project, I prepared a presentation entitled, 'Welcoming the Stranger: Refugee Resettlement in the Diocese of Olympia' and offered it at the annual meeting of the National Episcopal Historians and Archivists in New York City this summer. A version of this presentation will soon be available on our diocesan web site.

The Archives database is another project that is making progress. A database is never ‘finished’ but once the bulk of the material is entered it will allow virtual searches of our primary archival collections – including photographs – and other audio-visual material.

Reference requests for information arrive daily and I would encourage anyone who is interested in the history of a congregation, the diocese, or any of our ministries to contact me. I would also encourage congregations to contact me with any archives or records management questions they may have. I continue to meet with congregations regarding archives and records management concerns and hope to meet with many more over the coming year. There are also many resources available online, including the Archives web page www.ecww.org/departments/archives; the Archives of the Episcopal Church www.episcopalarchives.org and the Episcopal Archivists <http://episcopalarchivists.org>.

I continue to represent The Diocese of Olympia Archives as a founding member and Treasurer 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 include: ARMA (Association of Records Managers and Administrators), Seattle Area Archivists, Northwest Archivists, and the Society of American Archivists.

For more information about the Archives and Records Management Program – or for a tour of Diocesan House - just give me a call, send me an email or go to the Archives web page at: <http://www.ecww.org/departments/archives>

I’m looking forward to hearing from you!

Respectfully submitted by,



Diane Wells, CA (Certified Archivist)

Archivist and Records Manager

dwells@ecww.org

206-325-4200 ext. 2023

Historiographer's Report to Convention, 2017

Br. Carle Griffin, OCP

During 2017 much more information about the Diocese of Olympia and its members has become available on the internet. One example is a biography of the Rev. John D. McCarty, a former army chaplain who became an Episcopal missionary and the first American priest to serve in Vancouver. More and more published information is available online, and Alan Davidson has readied for publication an in-depth account of the early years of St. Mark's, Seattle.

Work continues on a comprehensive history of the diocese in which I plan to emphasize the theme of community: how Episcopalians create community within and support general improvements, such as education and health care, in local community life.

By the end of the year, I will have a brief revised history of the diocese available for posting on the diocesan website.

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)
 Renton, 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 2017

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

- | | | |
|-----------------------------|-----------------------------|-----------------------------|
| 127 Trytten, Patricia S. | 178 Hosea, Beverly | 229 Yearwood, Kirtley |
| 128 Cole, Dennis C. | 179 Johnston, Zula | 230 Haynes, Kendall |
| 129 Prestegard, JoAnn | 180 Baker, Patricia | 231 Robinson, Carla |
| 130 Wolford, Rachael | 181 Grout, Earl L. | 232 Waldie, Nan |
| 131 Helgeson, Gail M. | 182 Marshall, David | 233 Torvend, Samuel |
| 132 Williams, Robert H. | 183 Taber-Hamilton, Rachel | 234 Wheatley, Gail |
| 133 Endicott, Rachel Faith | 184 Weller, Edith | 235 Morrison, Mikel |
| 134 Fageol, Suzanne A. | 185 Ackermann, John | 236 Barrett, Rilla |
| 135 Brill, Steven G. | 186 Sells, Jeffrey | 237 Fayette, Shelly |
| 136 Avery, Joyce M. | 187 Sells, Patricia | 238 Conn, Doyt |
| 137 Irving, Anthony T. | 188 Borders, LeRoy | 239 Ward, Karen |
| 138 Spina, Frank A. | 189 Santman, Linda | 240 McClain, Rebecca |
| 139 Rhoads, Robert L. | 190 Cochran, Elizabeth Jane | 241 Lolcama, Terri |
| 140 Taylor, Robert V. | 191 Streiff, Suzanne | 242 Kessel-Hanna, Kay |
| 141 Grewell, Genevieve M. | 192 Appling, Elizabeth | 243 Eaton, KarenLee |
| 142 Novak, Margaret A. | 193 Maynard, Jane F. | 244 Wright, Brian |
| 143 Shigaki, Jerry M. | 194 Sheldon, Raymond S. | 245 Breckinridge, Alexander |
| 144 Wong, Philip | 195 Stroup, Susan L. | 246 Haig, Karen |
| 145 Green, Richard | 196 Ballinger, Kathryn E. | 247 Kingslight, Kathleen |
| 146 Patton, Kathleen | 197 Reid, M. Sue | 248 Chrisman, Robert |
| 147 Wesen, Vicki | 198 Atcheson, Charles B. | 249 Weldon, Jonathan |
| 148 Perry, Lawrence S. | 199 Carlson, Sally | 250 Malone, Bonnie |
| 149 Taber-Hamilton, Nigel | 200 Lewis, Philip | 251 Ringland, Robin |
| 150 Heller, Jan C. | 201 MacKenzie, Mary | 252 Crippen, Stephen |
| 151 Jackson, E. Michael | 202 Scott, Rebecca | 253 Shaver, Stephen |
| 152 Amburgey, Cristina G. | 203 Smith, Jacqueline | 254 Adams, William Seth |
| 153 Taylor, N. Dennis | 204 Moore, David | 255 Thomas, Joshua |
| 154 Eichner, James | 205 Pearson, Kevin | 256 Donohue-Adams, Amy |
| 155 Armer, Susan C. | 206 Cornwell, Marilyn | 257 Loyd, Janet |
| 156 Barber, Grethe | 207 Dogaru, Vickie | 258 Reid, Catharine |
| 157 Wills, Clark E. | 208 Saunderson, Ann | 259 Case, Jaime |
| 158 Allen, John M. | 209 Anderson, Mary Petty | 260 Mesenbring, David |
| 159 Buhner, Richard | 210 Hopkins, Vivian | 261 Lovelady, Ed |
| 160 Dean, Susan Chanda | 211 Wesch, Kate | 262 Johnson, Janis |
| 161 Moon, Mary Louise | 212 Lobdell, Gary | 263 Ousley, Lance |
| 162 Poirier, Esther Holley | 213 Carver, Robert C. | 264 Blindheim, Mark |
| 163 Rozendaal, Jay Calvin | 214 Yabroff, Martin I. | 265 Vedanti, Jessie |
| 164 Maier, Andrea R. | 215 Davison, Arienne S.L. | 266 Vocolka, Craig |
| 165 Demura, Christine A. | 216 Tierney, Dennis S. | 267 Jimenez, Maria |
| 166 Tiederman, Nancy Coppas | 217 Niemann, Joan | 268 Rohrer, Jane |
| 167 McQueen, Dale L. | 218 Carlson, Constance | 269 Stelle, Eric |
| 168 Steele, Chris C. | 219 Campbell, Boneta | 270 Ramerman, Diane |
| 169 Campbell, Janet | 220 Leech, John | 271 Rodin, Carol |
| 170 Seeger, Elisabeth A. | 221 Kirkpatrick, Rebecca | 272 Laird, RC |
| 171 Beecher, Josefina | 222 Johnson, June | 273 Tarter, Bill |
| 172 Haase, Sylvia Anne | 223 Fowler, Dan | 274 Gillett, Richard |
| 173 Logan, Christie Larson | 224 Warne, W. Tom | 275 Thomason, Steve |
| 174 Neal, James Frederick | 225 Fulton, William | 276 Carroccino, Michael |
| 175 Brentnall, Burden | 226 Thibodeaux, James | 277 Feregrino, Alfredo |
| 176 Tyree-Cuevas, Susan | 227 Hoeberman, Chris | 278 Mason, Eric |
| 177 Deng Deng, William | 228 Jillard, Chris | 279 Monroe, Sarah |

280 Wynen, Nancy	299 Foisie, Stephen Drew	318 Kennedy, Karen
281 Gill, Jeffrey Shilling	300 Martin, Nancee	319 Jacobs, Marlene
282 Johnson, Eric	301 Gándara-Perea, José Roberto	320 Hubbard, Lani
283 Moore, Diane	302 Clendenin, Evan	321 Foisie, Dawn Campbell
284 Godwin, JD	303 Ashley, Danée	322 Foster, Todd
285 Corrigan, Candice	304 Weyls, Rich	323 Bower, Alice W
286 Andrews, Dianne	305 Ortung, Tom	324 Harris, Edmund
287 Sedwick, Katherine	306 Caguiat, Julianna	325 Parry-Moore, Joyce
288 Stroo, Eric	307 Rosario Cruz, Eliacín	326 Scheeler, Joseph
289 Shigaki, Polly	308 Schnack, Peggy	327 Chapman, Christi
290 McPeak, Helen	309 Sharp, Jeffrey	328 Dornhecker, Douglas
291 Daugherty, Jennifer King	310 Wright, Michael	329 Mallett, Juli
292 Forman, John	311 Fox, Jedediah	330 Mullarkey, Meghan
293 Newton, Alissabeth	312 Olson, Britt	331 Ross, Nancy
294 Murray, Laura	313 Betsinger, Vicki	332 Gregory, Brian
295 Hosler, Josh	314 McNamara, Kim	333 Lennstrom, Brian
296 Mayor, Michael	315 Vervynck, Jenny	334 Stinson, Marian
297 Behrens, Marilyn	316 Danzey, Steve	
298 Robertson, Patricia Rome	317 Fischer, Sara	

St. Timothy, Chehalis		
Pat	Campbell	D
Tom	Cole	D
Lynn	Cole	A
Erling	Johnson	A
St. Stephen, Longview		
Pat	McCoy	D
Ninna	Baniani	D
William	McCausland	A
Carolyn	Fox	A
St. George, Maple Valley		
Godfrey	Guerzon	D
Mike	Fassio	D
Tina	Shafer	D
Richard	Wilkinson	D
Joyce	Walters	A
Our Lady of Guadalupe, Seattle		
No Delegation		
St. Luke, Renton		
Charles	Smith	D
Daniel	Crayne	D
Karen	Uitting	A
Victor	Bright	A
Holy C Region		
Church of the Apostles (COTA), Seattle		
No Delegation		
Ascension, Seattle		
Dottie	McCain	D
Charlotte	Nelson	D
Mark	Maleng	D
Mark	Anderson	D
Ann	Beller	A
Carol Jean	Gaffney	A
Pat	Gaffney	A
Nancy	Reeder	A
Epiphany, Seattle		
Diane	Carlisle	D
Michele	Butler-Myles	D
Meghan	Hogan	D
Camille	Hayward	D
Tyler	Morse	D
Douglas	Oles	D
William	Rosewarne	D
Pieter	Drummond	D
Meghan	Hogan	A
Tom	Rohm	A
Steve	Clemons	A
Sherilyn	Peterson	A
Julie	Moberly	A
St. Clement of Rome, Seattle		
Ron	Schwartz	D
Barbara	Brower	D
Tim	Helming	A
Patricia	Reed	A

St. Margaret, Bellevue		
Suszan	Knowles	D
Mike	Knowles	D
Daryl	Storey	D
Pete	Rothermel	D
Beverly	Pegues	D
Tom	Hughes	D
Robert	Graham	D
Leslie	Hooker	D
David	Hoffman	D
Jacque	Maes	D
Joel	Davis	A
St. Michael and All Angels, Issaquah		
Tina	Butt	D
Chuch	Blondino	D
Robb	Mitchell	A
Morlene	Mitchell	A
Resurrection, Bellevue		
Lewis	Sandy	D
Harrison	Babs	D
Owens	Becky	A
Drummond	Vee	A
St. Paul, Seattle		
Mallory	Paxton	D
Howard	Henry	D
Daryl	Schlick	D
Barabara	Timms	D
Caroline	Kramer	A
Tommy	Castle	A
St. Peter, Seattle		
John	Davis	D
Lana	Abrams	D
Kyle	Kumasaka	D
Bonnie	Colpitts	D
Trinity, Seattle		
Kathryn	Bartholomew	D
Heidi	Eckman	D
Nathan	Clark	D
Eleanore	Baxendale	D
Louise	Briscoe	A
Mt. Baker Region		
Christ Church, Anacortes		
Carol	Bergner	D
Donald	Bergner	D
St. Paul, Bellingham		
Colin	Christie	D
Kaylee	McElroy	D
Lucy	Eggerth	D
Jon	Fedele	D
Rob	Vollkommer	D
Bea	Walton	D
Amber	Nichols	A
Ed	Sugar	A
Christ Church, Blaine		
Mary	Rebman	D
Carl	Bradley	D
April	Thomson	A
Jory	Mickelson	A

St. Columba, Kent		
James	Wyatt	D
Maeve	Wyatt	D
Carol	Lumb	A
Dean	Mielke	A
St. James, Kent		
Daneen	Calvin	D
Kathy	Hamilton	D
Jayne	Smith	D
Sally	Soran	D
Dave	Brumbaugh	D
Garth	Fisher	D
Tyson	Gonsalves	D
Brandon	Wheeler	D
Dave	Coburn	A
Nikki	Wheeler	A
Barb	Zito	A
Peninsula Region		
St. Barnabas, Bainbridge Island		
Randy	Krause	D
Linda	Krause	D
Grace, Bainbridge Island		
Paul	Russell	D
Eric	Matthews	D
Shannon	Russell	D
Nancy	Peregrine	D
Henry	Vandersluis	D
Carolyn	Leigh	D
Robert	Vandersluis	D
Pam	Sobeck	D
Liisa	Peterson	D
Marcus	Lang	D
Tom	Leigh	A
John	Stephens	A
Mary Lou	Macala	A
Anne	Sherry	A
Michael	Sherry	A
Renee	Dunaway	A
Roger	Dunaway	A
Taylor	Hall	A
St. Paul, Bremerton		
Hillary	Kimsey	D
Michael	Adams	D
Katherine	Adams	A
St. John, Gig Harbor		
Richards	Samuelson	D
Bryan	Scott	D
Liz	Frisino	D
Claudia	Breland	A
St. Andrew, Pt. Angeles		
Anne	Mitchell	D
John	Mitchell	D
Gretchen	Van Blair	D
Paul	Hansen	D
Faith, Poulsbo		
James	Aurand	D
Constance	Aurand	D
Bob	Kernaghan	A

St. John the Baptist, Seattle		
Layne	Bautista	D
David	Allen	D
Kitt	Gassman	D
Donna	McNamara	D
Dan	Johnson	A
Kitty	Pelkan	A
St. Mark's Cathedral, Seattle		
Marc	Aubertin	D
Jim	Green	D
Peter	McClung	D
Michael	Seewer	D
Brian	Sellers-Petersen	D
Doug	Thorpe	D
Carol	Green	D
Susan	Knirk	D
Sandy	Piscitello	D
Sandra	Smith	D
Mel	Flannery	D
George	Moore	A
Emmon	Hanlon	A
George	Po	A
David	Wagner	A
Rainier Region		
St. Joseph - St. John, Lakewood		
Charlotte	Brown	D
Tom	Brown	D
David	Gacek	A
Melinda	Darnell	A
St. Mary, Lakewood		
Roberta	Newell	D
Maria	Gonzalez	D
Maitland	McKenzie	D
Christ Church, Puyallup		
Sandra	Carter	D
Erik	Utz	D
Karen	Jensen	A
All Saints, Tacoma		
Jerry	Garman	D
Liz	Larson	A
Christ Church, Tacoma		
Sean	Horner	D
Amelia	Carroll	D
Robert	Hicker	A
Caroline	Huckaby	A
Holy Family of Jesus, Tacoma		
Rong	By	D
Chantana	Lim	D
Sopha	Habb	A
Tula	Habb	A
St. Andrew, Tacoma		
Norbert	Herriges	D
Frank	Lawler	D
Reberta	Skinner	D
Pam	Tinsley	D

Emmanuel, Eastsound		
Barbara	Evans	D
Peter	Schultz	D
St. David, Friday Harbor		
Richard	Lind	D
Fiona	Norris	D
William	Feyerherm	A
Sandy	Johnson	A
Grace Church, Lopez Island		
Trevor	Bryant	D
Joanne	Bryant	D
Mary Anne	Riggs	A
Sandy	Johnson	A
Resurreccion, Mt. Vernon		
Francisco	Lopez	D
Baudelina	Paz	D
St. Paul, Mt. Vernon		
Rob	McPeak	D
Mary Ann	Taylor	D
St. Stephen, Oak Harbor		
Marilyn	Pierce	D
Richard	Pierce	D
St. James, Sedro Woolley		
No Delegation		
Sno Isle Region		
St. Aidan, Camano Island		
Rob	Gorman	D
Karole	Gorman	D
Transfiguration, Darrington		
Steve	Somsen	D
Janet	Loyd	D
St. Hilda - St. Patrick, Edmonds		
Greg	Walrath	D
Deb	Walrath	D
St. Augustine's in the Woods, Freeland		
Dick	Hall	D
Arnelle	Hall	D
Diane	Lantz	D
Dann	Jergenson	D
Maureen	Masterson	A
Brian	Reid	A
Trinity, Everett		
Kathryn	Batholomew	D
Heidi	Eckman	D
Nathan	Clark	D
Elanore	Baxendal	D
Melody	Oxley	A
St. Philip, Marysville		
Peggy	James	D
Mike	Wray	D
Kathy	James	A

St. Paul, Pt. Townsend		
Tracy	Garrett	D
Pat	Garrett	D
Sue	Cook	D
Jeff	Stoch	D
St. Bede, Pt. Orchard		
Judy	Wilkin	D
Don	Little	D
Sarah	Yergin	A
Joseph	McGuire	A
St. Luke, Sequim		
Mike	Chesser	D
Mari	Chesser	D
Jim	Aldrich	D
Linda	Aldrich	D
St. Antony of Egypt, Silverdale		
Charles	Smith	D
Maggie	Scott	A
Willapa Region		
St. Andrew, Aberdeen		
Phil	Macnealy	D
Barb	Dyer	D
Gayle	Powell	D
Greg	Ericksen	D
Tracy	Marrs	A
St. Hugh of Lincoln, Allyn		
Barry	Bersinger	D
Linda	Niles	D
Roy	Ferguson	A
Brends	Baunsguard	A
Susan	Kipp	A
St. Luke, Elma		
No Delegation		
St. Germain, Hoodspport		
Kit	Brooks	D
Rachel	Sexton	D
St. Benedict, Lacey		
Gretchen	O'Connor	D
Mary Michael	Garlichs	D
Mike	Akin	D
Mark	Caldwell	D
St. Mark, Montesano		
Jim	Campbell	D
Connie	Robertson	D
St. Christopher, Olympia		
No Delegation		
St. John - San Juan, Olympia		
Troy	Atwell	D
Catherine	Atwell	D
Julia	Moore	D
Daren	Chidester	A
St. David of Wales, Shelton		
Jim	Kissinger	D
Cathy	Kissinger	D

St. Luke's Memorial, Tacoma		
Julie	Williams	D
Jeff	Williams	D
Betsy	Johnson	D
Scot	Neff	D
Dave	Olson	A
St. Matthew, Tacoma		
Kathleen	Manning	D
Lee	Holland	D
Ken	St. John	A
Holy Spirit, Vashon Island		
Rick	Edwards	D
Anna	Swain	D
Sandy	Brown	A
Betty	Hawkins	A

Our Savior, Monroe		
Willie	Gowdey	D
Chip	Gowdey	D
St. John, Snohomish		
Earl	Beede	D
John	First	D
Jackie	Grove	D
Sally	Wesley	D
Candace	McKenna	A
Nancy	Vandenberg	A
Gerry	Vandenberg	A

OFFICERS OF CONVENTION

The Rt. Rev. Gregory Rickel, President

Karen Gusse, Secretary

Barbara Fox, Treasurer

Judith Andrews, Esq. Chancellor

Br. Carle Griffin, OCP, Historiographer

Diane Wells, Archivist

**Bishop's Office Staff
2017**

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

COMMISSIONS & COMMITTEES	2017	DIOCESE OF OLYMPIA
STANDING COMMITTEE		
The Rt. Rev. Greg Rickel		Bishop Diocesan
Karen McCarthy Casey	2019	President
The Rev. Cynthia Espeseth	2018	
The Rev. Alfredo Feregrino	2019	
The Rev. Bill Fulton	2017	
Kathryn Rickert	2017	Chaplain
Dede Woods	2018	Joint Finance Panel
BOARD OF DIRECTORS		
The Rt. Rev. Greg Rickel		Bishop Diocesan & President
Judith Andrews		Diocesan Chancellor - Ex officio
Wadell Brent	2017	
Mary Dickinson	2017	
Barbara Fox	2016	Diocesan Treasurer
George Garcia	2018	
Karen Gusse	2016	Secretary of Convention
The Rev. Chris Jillard	2018	
Collum (Collie) Liska	2016	
Patricia McGuire	2015	
George Robertson	2017	Vice President & Chair
The Rev. Jonathan Weldon	2018	
<i>Others with seat and voice</i>		
Hal Hall		Consulting Canon for Finance
Canon Dede Moore		Canon for Governance & Human Resources
The Rev. Canon Marda Steedman Sanborn		Canon to the Ordinary
The Rev. Dennis Tierney		Diocesan Property Manager
DIOCESAN COUNCIL		
The Rt. Rev. Greg Rickel		Bishop Diocesan
Jan Akin	2016-2019	Willapa
Jamie Balducci	2013-2016	Holy C
The Rev. Rilla Barrett	2015-2018	Mt. Baker
Nadine Baxter	2014-2017	Evergreen
The Rev. Lex Breckinridge	2014-2017	Eastside
Linda Brice	2014-2017	Rainier
The Rev. Evan Clendenin	2015-2018	Willapa
Joan Collins	2013-2016	Peninsula
The Rev. Doyt Conn	2016-2018	Holy C
Sally Farrell	2014-2017	Eastside
The Rev. Jedediah Fox	2016-2019	Be Attitudes
Joslin Harris-Gane	2014-2017	Be-Attitudes
The Rev. Bonnie Malone	2013-2016	Evergreen
The Rev. Mark Miller	2014-2017	Sno Isle
Denice Patrick	2015-2018	Sno Isle
The Rev. Dennis Tierney	2014-2017	Peninsula
Jana Whitworth	2014-2017	Columbia
The Rev. Michael Wright	2015-2018	Columbia
The Rev. Martin Yabroff	2016-2019	Rainier
<i>Others with seat and voice</i>		
Judith Andrews		Diocesan Chancellor
The Rev. Canon Marda Steedman Sanborn		Canon to the Ordinary
Barbara Fox		Diocesan Treasurer
Canon Dede Moore		Canon for Governance & Human Resources

2018 *Narrative* BUDGET

C.1 Fall Recommended



The *Episcopal* Diocese of Olympia

The Episcopal Church in Western Washington



The Jesus Movement

In union with our Bishop, the Episcopal Diocese of Olympia, part of the Jesus Movement, bears witness to God's redemptive reign and acts out God's inclusive love, peace, and justice, uniquely living out this call within our specific local communities.

- Instead of operating from a “top-down” model that prizes centralized leadership, we believe that each congregation must be free to live out this vision in a way that best meets the unique needs of their specific community.
- We believe that our more than 100 worshipping communities are stronger when there are connections that allow our congregations to share stories, resources, challenges, and triumphs with one another.
- We are committed to equipping and empowering a community who is learning, growing, and gathering regularly to proclaim the good news of God as revealed in the life, ministry, and witness of Jesus Christ.
- We are a liturgical community that is rooted in our common prayer and our celebration of Holy Eucharist, which forms us and prepares us to step beyond our church walls and serve our neighborhoods, our towns and cities, and the world.

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Supporting the Work of the Broader Church

Corporate and Canonical Responsibilities

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Budget Summary



from **BISHOP GREG RICKEL**

To the People of God in the Diocese of Olympia,

Our convention theme for this year is "Wherever Bread is Broken." This theme is directly connected to our new diocesan vision:

In union with our Bishop, the Episcopal Diocese of Olympia, part of the Jesus Movement, bears witness to God's redemptive reign and acts out God's inclusive love, peace, and justice, uniquely living out this call within our specific local communities.

"Wherever Bread is Broken," it happens locally, it unites diversity, it forms leaders and disciples, and it calls us all to participate, to move beyond theorizing to something we live out in our church, in our homes, and in our lives.

This letter is an introduction to the annual diocesan budget and I believe it reflects this vision. 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. Several facts, all occurring in the past 10 years, are important to share here:

- The diocese has the lowest unpaid assessment rate in over 10 years.
- Over that same 10-year period the annual unpaid assessment rate (that is the percentage of due assessments not paid by congregations) has dropped from 10.5% to 3.8%.
- Over that same 10-year period the assessment rate has dropped from 20% to 15%. That is an across the board rate cut of 25%, and a direct grant back, for all congregations.
- Over that same 10 years, the diocese has made a total of \$5.4 million dollars in grants back to congregations.
- Currently, over 50% of the diocesan budget goes back to congregations.

Local, Uniting, Forming, and putting the resources back where the work of reaching those we are called to reach is enacted and lived out. We believe that we are once again able to make this a reality due to good management, a careful determination of what a diocese should provide, and clarity about what it can't and should not provide.

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 all of the above is true 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. That is a monumental testament to our unity, trust, and commitment to one another. I want to thank you all for your persistence, your careful stewardship, and your audacious 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.

Faithfully,



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



from THE BUDGET & FINANCE COMMITTEE

Dear Members of the Diocese of Olympia,

Diocesan Council is, once again, delighted to present the 2018 operating budget for the Diocese of Olympia. As in previous years, this budget is presented on time and in balance.

The budget is larger than the 2017 budget by about 6%. Other than increases caused by cost of living adjustments, all the other increases in expenditures are for programs that enhance support for congregations or diocesan clergy. All previous programs have been continued but two new programs are being offered – one program is designed to support continuing education for diocesan clergy by the Office of the Bishop providing leadership and funding for the annual clergy conference. The second new program is designed for congregations, who will receive training for sustainability by working in teams with like-sized congregations.

This maintenance of existing programs and the addition of new programs is possible due to four key elements:

1. Congregations continue to pay their full assessments in the year that they are due. The assessment shortfall is at its smallest amount in the last decade.
2. The investments of the diocese continue to perform well.
3. Diocesan staff continues to spend its budget wisely each year.
4. The finance office provides accurate and timely information throughout the year, enabling budget decisions to be as accurate and timely as possible.

As in previous years, more than half of the overall budget of the diocese is devoted to congregational support and development through various programs and formats.

Diocesan Council applauds the commitment of the congregations of the diocese in supporting the overall mission of the diocese through the timely and full payment of assessments.

This level of commitment enables the diocese, in return, to provide programs of support and development for all congregations.

Diocesan Council also applauds the dedicated work of the diocesan staff. Their commitment to the stewardship of diocesan dollars results in having the ability to continue and even enhance these programs over time.

It should be noted, however, that this positive state of the operating budget of the diocese depends on congregations continuing to pay their full assessments on time, the strength of the overall economy in our country and the world which, in turn, provides investment income to the diocese, and the continued careful expenditure habits of the diocese. All budgets are predictions about future realities; past performance does not fully predict future outcomes. That said, the diocese currently enjoys sufficient resources to engage fully in its mission to be an active and engaged part of the Jesus Movement.

The Rev. Dr. Dennis S. Tierney,
Chair

Mr. Jim Campbell

Mr. Guy Davidson

Ms. Barbara Fox,
Treasurer

The Rev. Bonnie Malone

Mr. Joel Rupley

Ms. Susan Snyder

The Rev. Martin Yabroff

Ex-officio:

Mr. Hal Hall,
Consulting Canon for Finance

Ms. Dede Moore,
Canon for Governance & Human Resources

The Rt. Rev. Gregory H. Rickel,
Bishop Diocesan

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

WHEREVER BREAD IS BROKEN: WE SEE CONGREGATIONAL DEVELOPMENT



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.

Total 2018
Budget
\$190,395





WHEREVER BREAD IS BROKEN: WE SEE SUPPORT FOR CONGREGATIONS & LEADERS



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.

Total 2018
Budget
\$1,167,253

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.

Resources and Leadership Training: We train leaders for vestries and bishop's



Diocese of Olympia



Journal of Convention (2017)



WHEREVER BREAD IS BROKEN: WE SEE 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.



WHEREVER BREAD IS BROKEN: WE SEE EMERGING MISSIONS



We provide support for ongoing, emerging, and alternative missions in our diocese, including St. Luke, Ballard; St. Matthew/San Mateo, Auburn; and support for churches who need assistance in revitalizing and reorganizing their congregations.

Emerging Ministry: We provide support for our Total Common Ministry (TCM) and local priest congregations through our missioner and leadership retreats.



WHEREVER BREAD IS BROKEN: WE SEE 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 diversity empowerment training 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.



WHEREVER BREAD IS BROKEN: WE SEE FAITH FORMATION FOR ALL AGES



We believe that faith formation is a life-long process that is unceasing, dynamic, hospitable, and both formal and informal. Individually and communally we are transformed through liturgy, the study of Scripture, learning experiences, and as guardians of God's creation.

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 Conference (JYC).

Total 2018
Budget
\$249,508



Young Adults: We serve the spiritual needs and concerns of undergraduate and graduate students at the University of Washington and

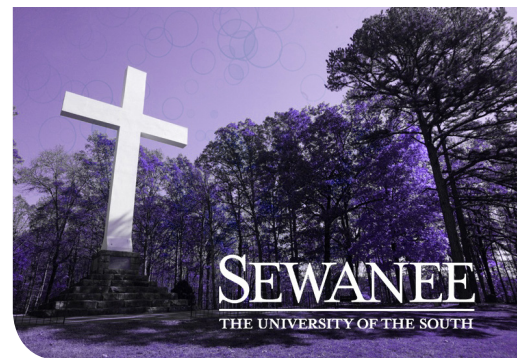




WHEREVER BREAD IS BROKEN: WE SEE FAITH FORMATION FOR ALL AGES

Western Washington University through worship, service, community, evangelism, pastoral care, and spiritual discernment. We also host two weekend retreats per year, once in the summer and once in the winter, as a time to gather in a larger young adult community for fellowship, play, meditation, and worship.

Adult Faith Formation: We provide instruction, materials, and newsletters to support life-long learning.



Total 2018
Budget
\$44,909

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.

Total 2018
Budget
\$135,150



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.

WHEREVER BREAD IS BROKEN:

WE COMMIT TO THE STEWARDSHIP AND DEVELOPMENT OF ALL OUR RESOURCES



We believe Christianity is a faith of abundance and blessings that calls us to use our gifts for the glory of God. Becoming a people truly in touch with this reality makes us stewards of all our resources-human, financial, material, and spiritual.

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.

We also believe 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.

- **Regional Workshops:** We facilitate workshops on planned giving, environmental stewardship, annual campaigns, development, and formation for all ages.
- **Planned Giving:** We formed the Diocesan Joint Planned Giving Ministry Team with the Cathedral Foundation and Saint Mark's Cathedral to bring the very best to planned giving resources and assistance for our congregations and their members.
- **Bishop's Society:** We build membership through support and initiation of Legacy Societies. All people within the Diocese have the option to become members by naming any Episcopal program in their estate plans.
- **Stewardship Assistance:** We assist churches by providing ongoing support to green initiatives, online giving options, and Stewardship ministries.
- **Bishop's Committee on the Environment:** We support congregations in environmental creation care ministries and administer "green grants" to lower impact on the environment. We assist with energy audits and provide resources for environmental stewardship, responsible investments, and environmental advocacy.
- **Carbon Offset Partnership:** We are part of a global mission partnership to stem climate change and address environmental justice issues through reforestation, reduction of CO2 footprints, community development, relationships, and funding carbon offsets.
- **Episcopal Community Action:** We expand knowledge about and participate in ECA to support ministries involved in meeting the needs of God's people across Western Washington.
- **The Episcopal Network for Stewardship:** We promote and continue to partner with TENS, including corporate and congregational membership, to encourage transformation through stewardship.



Diocese of Olympia





WHEREVER BREAD IS BROKEN: WE TELL 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 resources 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.



ecwww.org



Total 2018
Budget
\$392,330

WHEREVER BREAD IS BROKEN:

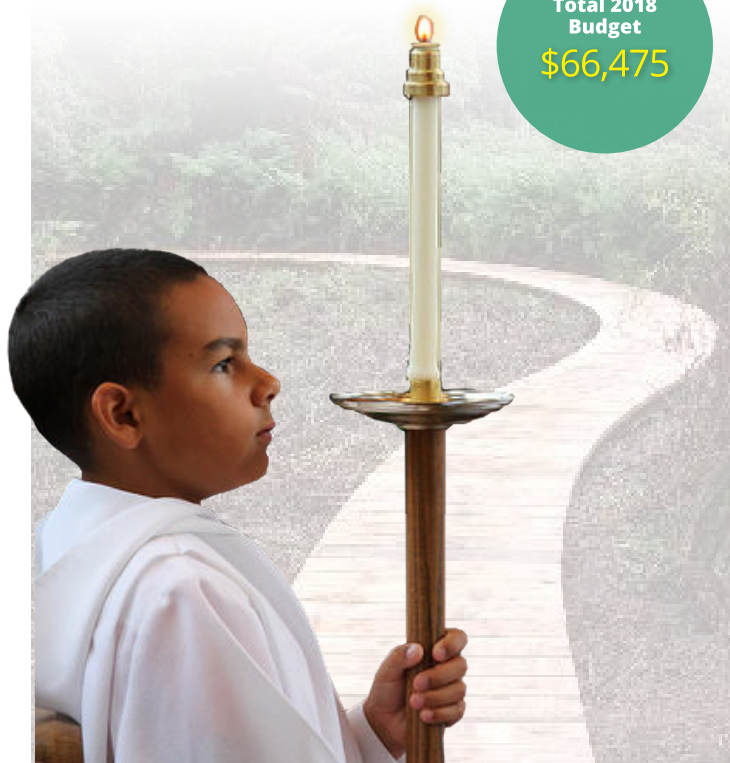
WE LOOK OUTWARD
WE SEE GLOBAL MISSION WORK



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.

Total 2018
Budget
\$66,475



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).

Caring for Creation Covenant Partnership:

We have a partnership with the Diocese of Southern Philippines to care for Creation through reforestation, reduction of CO2 footprints, environmental advocacy, establishing tree nurseries, building relationships, and creating and funding Carbon Offsets.

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 in Western Washington.

Millennium Development Goals:

We set aside 0.07% of our unrestricted revenue for projects relating to mission and ministry throughout the world.

ERD: We support the work of our diocesan Episcopal Relief and Development coordinator.





WHEREVER BREAD IS BROKEN: WE SUPPORT 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)



Total 2018
Budget
\$597,500

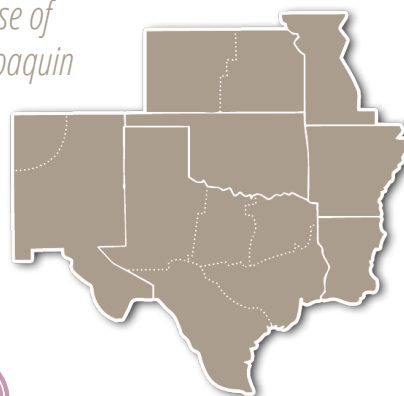


We support the work of Province VII, the Diocese of San Joaquin, Ecumenical & interfaith ministry, and our ministry partnership with Saint Mark's Cathedral.

Province VIII



Diocese of San Joaquin



SAINT MARK'S
EPISCOPAL CATHEDRAL

WHEREVER BREAD IS BROKEN:

WE FULFILL OUR 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 as our Diocesan Title IV Officer, 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.

Total 2018
Budget
\$1,855,084



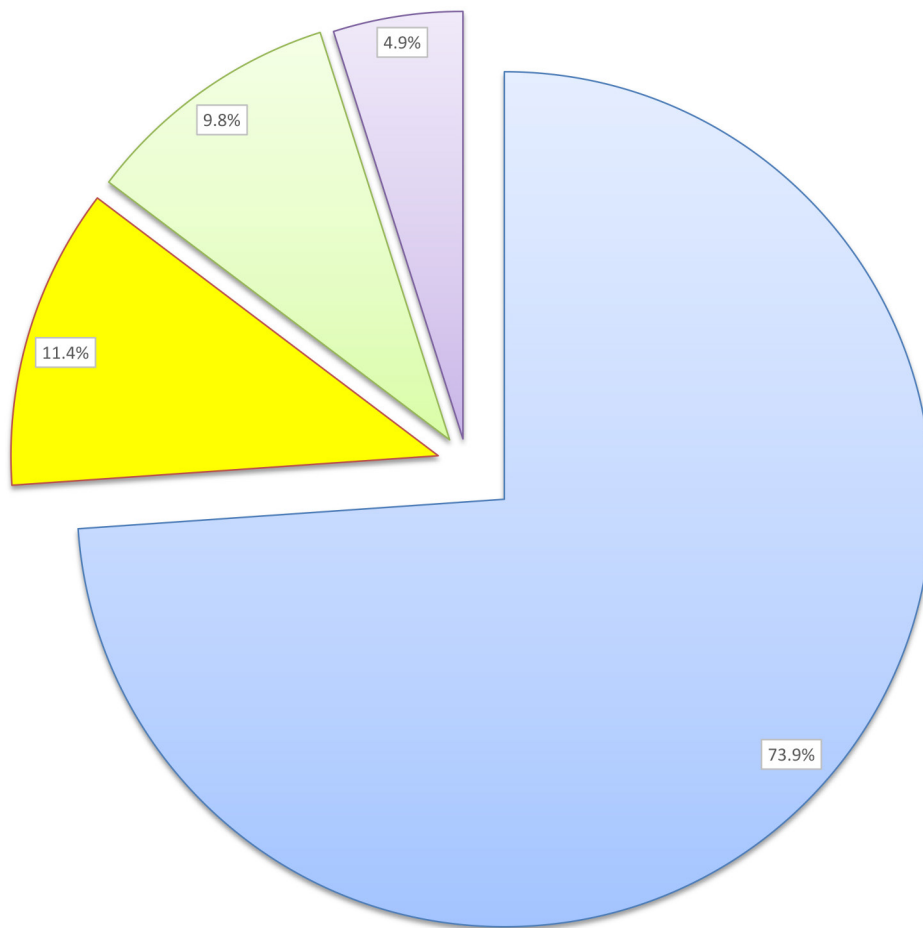
2017 Diocesan Convention
Vancouver, WA



2018 BUDGET **TOTALS**

DIOCESE OF OLYMPIA

Planned Sources of 2018
Budgeted Revenue Dollars



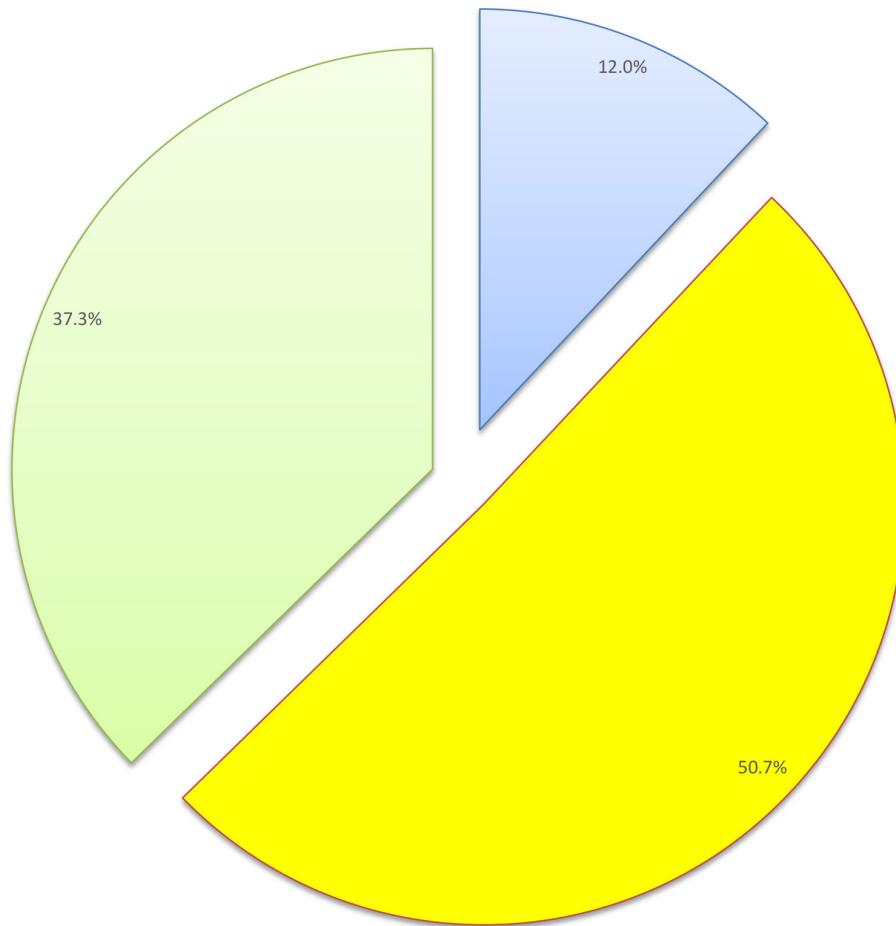
- 73.9% - Net Assessment Revenue
- 11.4% - Dividend Income
- 9.8% - Carry Forwards and Funds Releases
- 4.9% - Fees, Tuitions, Reimbursements, and Other

2018 BUDGET TOTALS



DIOCESE OF OLYMPIA

2018 Expense Summary Percent



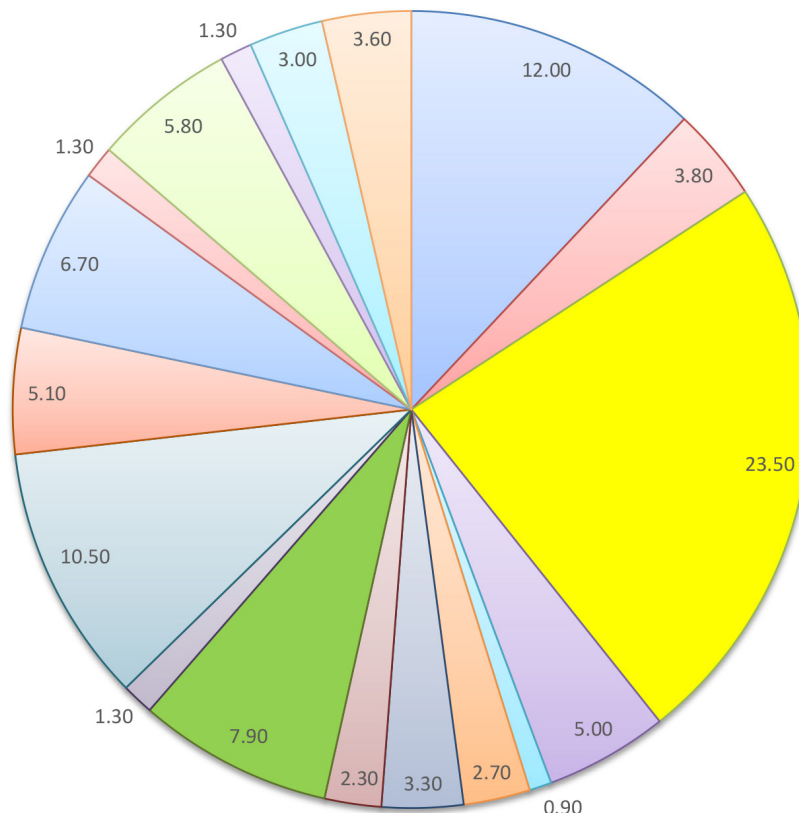
- 12.0% - Supporting the Broader Church
- 50.7% - Programs for Ministry - Empowering Congregations
- 37.3% - Canonical & Corporate Expenses

2018 BUDGET TOTALS



DIOCESE OF OLYMPIA

2018 Budgeted Expense Detail



- | | |
|---------------------------------------|---|
| 12.0% - Supporting the Broader Church | 1.3% - 1.2% - Global Mission Work |
| 3.8% - Congregational Development | 10.5% - Diocesan Bishop's Office |
| 23.5% - Supporting Congregations | 5.1% - Canon to the Ordinary's Office |
| 5.5% - Faith Formation: 35 & Under | 6.7% - Accounting and Finance |
| 0.9% - Diocesan Resource Center | 1.3% - Archives |
| 2.7% - IONA School of Olympia | 5.8% - Diocesan Governance |
| 3.3% - Multicultural Ministries | 1.3% - Property / Liability Insurance Premium |
| 2.3% - Stewardship and Development | 3.0% - Benefits |
| 7.9% - Communications | 3.6% - Diocesan House |



DIOCESE OF OLYMPIA

2018 Recommended Budget versus 2017 Budget, 2016 Actual, and 2016 Budget

SUMMARY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
SUMMARY: (a)	Variance Greater Than / (Less Than) 2018 Recommended Budget versus									
	Amount			Percent						
	2018 Budget	2017 Budget	2016 Actual	2016 Budget	2017 Budget	2016 Actual	2016 Budget	2017 Budget	2016 Actual	2016 Budget
Description										
Revenues										
(1) Net Assessment Revenue (b)	\$ 3,616,621	\$ 3,396,300	\$ 3,566,612	\$ 3,640,410	\$ 220,321	\$ 50,009	\$ (23,789)	6.49 %	1.40 %	(0.65) %
(2) Prior Years' Assessment Receipts	60,000	165,000	279,053	45,000	(105,000)	(219,053)	15,000	(63.64)	(78.50)	33.33
(3) Dividend Income (Un-Restricted)	503,500	484,500	465,425	430,000	19,000	38,075	73,500	3.92	8.18	17.09
(4) Dividend Income (Restricted)	64,000	64,000	72,726	66,000	-	(8,726)	(2,000)	-	(12.00)	(3.03)
(5) Total Contribution, Assessment and Dividend Income	4,244,121	4,109,800	4,383,816	4,181,410	134,321	(139,695)	62,711	3.27	(3.19)	1.50
(6) Carry Forwards, Funds Releases, Interest, and Other	490,050	405,158	-	265,973	84,892	490,050	224,077	20.95	100.00	84.25
(7) Fees, Tuitions, and Reimbursements, and Other	242,350	195,110	169,148	165,750	47,240	73,202	76,600	24.21	43.28	46.21
(8) Total Revenues	\$ 4,976,521	\$ 4,710,068	\$ 4,552,964	\$ 4,613,133	\$ 266,453	\$ 423,557	\$ 363,388	5.66 %	9.30 %	7.88 %
Expenses										
(9) Supporting the Broader Church	\$ 597,500	\$ 576,722	\$ 636,989	\$ 636,989	\$ 20,778	\$ (39,489)	(39,489)	3.60 %	(6.20) %	(6.20) %
Program for Ministry: Empowering Congregations										
(10) Congregational Development	190,395	173,395	164,296	165,637	17,000	\$ 26,099	24,758	9.80	15.89	14.95
(11) Supporting Congregations	1,167,253	1,024,328	962,207	1,008,951	142,925	205,046	158,302	13.95	21.31	15.69
(12) Faith Formation: 35 & Under	249,508	235,075	305,955	300,382	14,433	(56,447)	(50,874)	6.14	(18.45)	(16.94)
(13) Diocesan Resource Center	44,909	44,983	43,653	43,313	(74)	1,256	1,596	(0.16)	2.88	3.68
(14) IONA School of Olympia	135,150	85,900	28,430	71,300	49,250	106,720	63,850	57.33	375.38	89.55
(15) Multicultural Ministries	166,600	145,322	151,011	144,799	21,278	15,589	21,801	14.64	10.32	15.06
(16) Stewardship and Development	112,317	126,707	129,467	171,173	(14,390)	(17,150)	(58,856)	(11.36)	(13.25)	(34.38)
(17) Communications	392,330	394,170	337,427	342,086	(1,840)	54,903	50,244	(0.47)	16.27	14.69
Global Mission Work										
(18) Commissions & Committees	21,875	19,875	16,412	14,480	2,000	5,463	7,395	10.06	33.29	51.07
(19) Refugee Grant and Millennium Development	43,600	37,528	38,919	38,419	6,072	4,681	5,181	16.18	12.03	13.49
(20) Total Global Mission Work	65,475	57,403	55,331	52,899	8,072	10,144	12,576	14.06	18.33	23.77
(21) Total Program for Ministry: Empowering Congregation	2,523,937	2,287,283	2,177,777	2,300,540	236,654	346,160	223,397	10.35	15.90	9.71
Canonical and Corporate Expenses										
(22) Diocesan Bishop's Office	520,286	520,498	523,018	499,283	(212)	(2,732)	21,003	(0.04)	(0.52)	4.21
(23) Canon to the Ordinary's Office	254,039	248,787	197,324	236,969	5,252	56,715	17,070	2.11	28.74	7.20
(24) Accounting and Finance	332,659	345,468	327,429	303,220	(12,809)	5,230	29,439	(3.71)	1.60	9.71
(25) Archives	67,143	67,231	65,671	65,250	(88)	1,472	1,893	(0.13)	2.24	2.90
(26) Diocesan Governance	289,497	271,498	270,330	252,571	17,999	19,167	36,926	6.63	7.09	14.62
(27) Property / Liability Insurance Premium	63,600	63,000	61,313	60,000	600	2,287	3,600	0.95	3.73	6.00
(28) Benefits	150,000	143,581	56,267	75,965	6,419	93,733	74,035	4.47	166.59	97.46
(29) Diocesan House	177,860	186,000	166,627	182,346	(8,140)	11,233	(4,486)	(4.38)	6.74	(2.46)
(30) Total Canonical and Corporate Expenses	1,855,084	1,846,063	1,667,979	1,675,604	9,021	187,105	179,480	0.49	11.22	10.71
(31) TOTAL EXPENSES	4,976,521	4,710,068	4,482,745	4,613,133	266,453	493,776	363,388	5.66	11.02	7.88
(32) Net Cash Excess / (Deficit)	\$ -	\$ -	\$ 70,219	\$ -	\$ -	\$ (70,219)	\$ -	- %	(100.00) %	- %

Diocese of Olympia

Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2016

— 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	221	221	0	75	100	0	4	0
Allyn	St Hugh of Lincoln Episcopal Church	78	78	0	40	53	0	2	0
Anacortes	Christ Episcopal Church	109	109	0	62	65	1	1	0
Auburn	St Matthews Episcopal Church	83	83	0	62	0	0	7	7
Bainbridge Island	Grace Episcopal Church	1,042	0	0	220	107	2	6	19
Bainbridge Island	St Barnabas Episcopal Church	494	494	0	125	107	1	7	12
Battle Ground	Church of the Holy Spirit	99	99	0	38	52	0	1	0
Bellevue	All Saints Episcopal Church	26	26	0	9	45	0	0	1
Bellevue	Church of the Holy Apostles	76	37	5	18	0	0	0	0
Bellevue	Church of the Resurrection	70	52	0	39	0	0	0	0
Bellevue	St Margarets Episcopal Church	926	800	59	273	164	0	1	4
Bellingham	St Pauls Episcopal Church	572	572	193	301	171	11	1	13
Blaine	Christ Episcopal Church	64	64	0	35	53	0	1	0
Bremerton	St Pauls Episcopal Church	189	189	0	62	103	0	1	3
Burien	St Elizabeths Episcopal Church	100	100	0	53	56	0	0	0
Camano Island	St Aidans Episcopal Church	189	189	2	83	85	0	1	3
Castle Rock	St Matthew Church	53	53	2	10	33	0	0	0
Cathlamet	St James Episcopal Church	41	41	1	23	39	0	0	0
Chehalis	St Timothy Episcopal Church	122	110	0	60	103	1	3	0
Darrington	Church of the Transfiguration	16	16	0	9	0	0	0	0
Eastsound	Emmanuel Episcopal Church	200	135	0	93	118	0	0	5
Edmonds	St Albans Episcopal Church	125	109	0	58	103	1	1	0
Edmonds	St Hilda-St Patrick Church	166	164	0	76	56	0	6	5
Elma	St Lukes Episcopal Church	10	10	0	3	1	0	0	0
Everett	Trinity Episcopal Church	355	348	7	141	155	0	3	0
Federal Way	Church of the Good Shepherd	192	144	6	76	106	0	0	1
Freeland	St Augustines in-the-Woods Episcopal	137	137	70	109	116	0	0	0
Friday Harbor	St Davids Episcopal Church	92	88	14	55	104	0	0	0
Gig Harbor	St Johns Episcopal Church	303	0	0	152	106	1	5	0
Hoodsport	St Germain Episcopal Church	24	24	0	22	50	2	0	0
Issaquah	St Michael & All Angels Church	366	366	20	133	137	0	6	0
Kenmore	Church of the Redeemer	689	0	0	80	0	0	0	0
Kent	St Columba's Episcopal Church	134	134	10	80	107	1	5	0
Kent	St James Episcopal Church	765	700	2	155	155	2	3	2

Diocese of Olympia

Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2016

— 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
Kirkland	St Johns Episcopal Church	270	244	6	149	1,531	0	3	1
Lacey	St Benedicts Episcopal Church	292	224	20	80	93	0	4	1
Lakewood	St Joseph & St John Church	86	81	3	34	64	1	2	3
Lakewood	St Marys Episcopal Church	285	284	0	129	98	0	1	30
Longview	St Stephens Episcopal Church	220	220	0	85	100	0	3	0
Lopez Island	Grace Church	104	104	0	47	51	0	0	4
Maple Valley	St Georges Episcopal Church	217	217	22	98	2	1	3	6
Marysville	St Philip Episcopal Church	90	0	0	40	79	0	2	0
Medina	St Thomas Episcopal Church	1,225	1,014	0	291	106	0	13	8
Mercer Island	Emmanuel Episcopal Church	266	222	5	88	75	0	2	1
Monroe	Church of Our Saviour Episcopal	50	46	6	18	48	0	0	0
Montesano	St Marks Episcopal Church	29	20	0	12	52	2	0	0
Mount Vernon	St Pauls Episcopal Church	111	111	12	46	58	0	1	0
Oak Harbor	St Stephens Episcopal Church	55	55	0	40	50	0	1	0
Olympia	St Christopher's Church – a Federated Congregation	177	116	61	69	56	1	1	0
Olympia	St Johns Episcopal Church	563	563	10	205	157	0	16	1
Port Angeles	St Andrews Church	215	176	0	98	145	0	0	0
Port Orchard	St Bede Episcopal Church	125	125	13	65	106	1	1	2
Port Townsend	St Pauls Episcopal Church	240	196	8	80	103	0	0	0
Poulsbo	Faith Episcopal Church (2015)	57	51	6	26	38	0	0	0
Puyallup	Christ Episcopal Church	142	133	8	90	104	1	1	4
Redmond	Church of the Holy Cross	826	616	43	143	107	0	3	0
Renton	St Luke Episcopal Church	263	119	25	85	104	0	3	0
Sammamish	Good Samaritan Episcopal Church	220	220	10	96	124	0	2	0
Seattle	Christ Episcopal Church	192	161	3	79	104	1	1	7
Seattle	Church of St John the Baptist	258	258	1	92	105	0	0	1
Seattle	Church of the Ascension	349	324	0	95	105	0	2	0
Seattle	Epiphany Parish of Seattle	917	917	25	362	202	0	6	15
Seattle	St Andrews Episcopal Church	779	629	0	221	158	1	2	10
Seattle	St Clements Church	78	78	0	47	53	0	0	0
Seattle	St Lukes Episcopal Church	100	100	0	45	55	1	3	1
Seattle	St Marks Episcopal Cathedral	2,862	1,237	0	800	205	6	24	11
Seattle	St Pauls Episcopal Church	298	298	93	206	208	0	7	4

Diocese of Olympia
Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2016

— 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	123	77	34	48	0	0	0	0
Seattle	St Stephens Parish	226	157	0	88	87	0	3	0
Seattle	Trinity Church Episcopal	413	211	25	131	109	2	4	3
Seaview	St Peters Episcopal Church	18	17	8	20	48	0	1	0
Sedro Woolley	St James Church	28	28	0	15	40	0	0	1
Sequim	St Lukes Episcopal Church	239	239	0	111	154	0	0	0
SHELTON	Church of St David of Wales	111	111	0	26	104	0	0	0
Shoreline	St David Emmanuel Episcopal Church	53	34	0	23	89	0	0	0
Shoreline	St Dunstons Church	300	182	1	97	103	1	1	3
Silverdale	St Antony of Egypt Episcopal Church	168	158	5	80	105	0	0	3
Snohomish	St Johns Episcopal Church	237	237	0	86	102	0	2	3
Snoqualmie	St Clare of Assisi Episcopal Church	92	75	4	35	64	1	0	2
Tacoma	All Saints Episcopal Church	112	112	8	32	96	0	0	0
Tacoma	Christ Church	285	216	0	119	104	2	1	6
Tacoma	Holy Family of Jesus Epis Church	16	14	39	38	52	3	5	0
Tacoma	St Andrews Episcopal Church	240	217	3	112	106	0	4	0
Tacoma	St Lukes Episcopal Church	465	396	6	144	105	1	8	0
Tacoma	St Matthews Episcopal Church	182	182	0	72	107	1	1	6
Tahuya	St Nicholas Episcopal Church	11	11	32	27	0	0	0	0
Vancouver	All Saints Episcopal Church	84	84	10	50	53	0	0	0
Vancouver	Church of the Good Shepherd	611	609	64	231	99	0	1	0
Vancouver	St Lukes Episcopal Church	523	323	34	214	153	3	17	6
Vashon	Church of the Holy Spirit	194	194	0	70	96	0	2	0
Washougal	St Anne Episcopal Church	144	144	28	68	62	0	1	0
Total		24,964	18,879	1,072	8,828	9,334	53	223	218

Diocese of Olympia
Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2016

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Aberdeen	St Andrews Episcopal Church	126,780	186,610	206,034	174,060	29,053	22,636	193,484
Allyn	St Hugh of Lincoln Episcopal Church	61,646	73,285	90,165	68,860	6,902	37,399	90,655
Anacortes	Christ Episcopal Church	129,612	176,080	215,115	157,628	21,261	50,485	173,670
Auburn	St Matthews Episcopal Church	61,461	116,011	123,473	129,908	16,724	24,213	136,719
Bainbridge Island	Grace Episcopal Church	528,515	624,056	673,569	617,872	92,279	89,758	661,049
Bainbridge Island	St Barnabas Episcopal Church	389,185	471,512	500,887	451,668	59,284	110,681	561,149
Battle Ground	Church of the Holy Spirit	46,957	76,698	90,920	75,535	12,466	17,414	85,929
Bellevue	All Saints Episcopal Church	95,085	115,085	116,090	107,998	9,377	7,375	116,378
Bellevue	Church of the Holy Apostles	29,016	29,016	33,376	22,981	1,009	8,078	31,059
Bellevue	Church of the Resurrection	113,867	168,415	206,391	164,345	21,197	35,009	198,354
Bellevue	St Margarets Episcopal Church	661,268	1,013,382	1,020,822	1,174,869	143,869	34,221	1,196,275
Bellingham	St Pauls Episcopal Church	636,785	726,552	838,050	712,224	115,759	67,524	765,426
Blaine	Christ Episcopal Church	69,801	74,801	84,119	72,582	10,961	1,965	73,953
Bremerton	St Pauls Episcopal Church	158,297	226,474	268,710	214,542		38,477	262,401
Burien	St Elizabeths Episcopal Church	92,858	213,711	228,518	199,779	18,741	69,667	252,127
Camano Island	St Aidans Episcopal Church	180,032	215,586	224,653	252,059	31,127	10,640	261,123
Castle Rock	St Matthew Church	3,462	3,462	3,462	5,818		2,229	6,645
Cathlamet	St James Episcopal Church	14,566	14,566	14,772	14,882	2,370	0	15,088
Chehalis	St Timothy Episcopal Church	91,211	160,825	354,679	149,849	21,595	29,179	167,711
Darrington	Church of the Transfiguration	22,696	22,696	32,516	21,729	2,481	10,627	31,104
Eastsound	Emmanuel Episcopal Church	188,830	211,400	246,421	197,232	33,980	44,463	242,523
Edmonds	St Albans Episcopal Church	160,270	162,006	173,193	102,644	22,246	20,614	133,105
Edmonds	St Hilda-St Patrick Church	155,087	165,861	202,461	164,364	25,793	16,387	181,559
Elma	St Lukes Episcopal Church	5,906	6,291	6,291	1,691	844	847	1,691
Everett	Trinity Episcopal Church	312,645	382,183	382,183	374,512	52,065	10,070	384,455
Federal Way	Church of the Good Shepherd	240,739	249,806	294,694	239,168	32,752	19,108	254,850
Freeland	St Augustines in-the-Woods Episcopal	278,827	297,945	297,945	300,800	48,005	0	317,538
Friday Harbor	St Davids Episcopal Church	119,087	127,770	199,745	189,240	22,556	26,014	215,254
Gig Harbor	St Johns Episcopal Church	333,875	393,682	395,178	395,031	51,684	7,498	396,925

Diocese of Olympia
Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2016

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Hoodsport	St Germain Episcopal Church	22,592	75,183	76,183	10,849	5,569	10,499	16,068
Issaquah	St Michael & All Angels Church	316,212	326,212	356,611	326,170	48,842	17,407	348,346
Kenmore	Church of the Redeemer	227,699	264,155	595,019	292,743	38,904	35,033	320,748
Kent	St Columba's Episcopal Church	135,257	211,697	224,071	212,502	31,993	15,743	228,559
Kent	St James Episcopal Church	390,555	448,671	479,414	456,327	73,079	30,743	487,070
Kirkland	St Johns Episcopal Church	416,340	478,889	628,059	464,225	65,607	105,128	566,778
Lacey	St Benedicts Episcopal Church	216,795	216,795	216,795	164,794	31,924	6,771	168,287
Lakewood	St Joseph & St John Church	127,967	158,274	168,598	130,540	18,917	6,082	134,727
Lakewood	St Marys Episcopal Church	306,316	306,691	343,162	43,550	43,050	700	43,750
Longview	St Stephens Episcopal Church	224,759	274,405	323,978	285,616	48,725	21,229	326,316
Lopez Island	Grace Church	102,096	102,096	102,096	21,125	13,592	7,533	21,125
Maple Valley	St Georges Episcopal Church	155,549	157,663	290,360	179,424	24,540	32,136	207,925
Marysville	St Philip Episcopal Church	68,937	125,625	129,625	130,842	17,661	4,000	130,842
Medina	St Thomas Episcopal Church	1,239,935	1,457,598	1,608,607	1,408,268	200,158	137,794	1,503,056
Mercer Island	Emmanuel Episcopal Church	490,758	600,825	749,985	568,501	73,924	125,235	681,056
Monroe	Church of Our Saviour Episcopal	26,096	39,824	39,824	38,131	5,035	1,628	39,592
Montesano	St Marks Episcopal Church	19,029	24,640	29,217	24,550	1,980	10,193	25,066
Mount Vernon	St Pauls Episcopal Church	169,256	169,256	169,256	192,057	27,777	0	192,057
Oak Harbor	St Stephens Episcopal Church	91,273	98,273	136,339	100,119	13,110	29,600	131,092
Olympia	St Christopher's Church – a Federated Congregation	171,257	172,094	209,979	196,828	12,792	11,163	207,991
Olympia	St Johns Episcopal Church	346,873	371,839	449,999	375,797	57,379	10,759	397,666
Port Angeles	St Andrews Church	198,818	361,802	417,512	228,222	34,369	30,624	275,222
Port Orchard	St Bede Episcopal Church	134,396	202,895	215,091	202,895	23,474	23,299	215,091
Port Townsend	St Pauls Episcopal Church	239,134	275,282	291,676	246,190	45,686	17,386	259,636
Poulsbo	Faith Episcopal Church (2015)	34,852	37,465	37,465	36,610	5,221	0	36,610
Puyallup	Christ Episcopal Church	176,811	184,911	203,263	194,181	29,587	15,683	213,353
Redmond	Church of the Holy Cross	530,288	530,288	828,406	515,732	81,166	180,292	696,024
Renton	St Luke Episcopal Church	155,273	248,423	264,285	251,708	42,970	9,291	259,232

Diocese of Olympia
Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2016

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 Expense
Sammamish	Good Samaritan Episcopal Church	163,488	294,378	343,812	251,641	27,002	23,433	274,824
Seattle	Christ Episcopal Church	277,575	330,171	407,596	330,170	50,298	70,388	405,955
Seattle	Church of St John the Baptist	308,477	329,472	391,576	313,868	49,000	38,323	352,959
Seattle	Church of the Ascension	328,298	337,051	373,406	332,809	50,382	16,040	348,849
Seattle	Epiphany Parish of Seattle	1,089,264	1,360,939	3,631,526	1,317,234	210,850	3,402,706	4,800,311
Seattle	St Andrews Episcopal Church	508,872	594,372	922,041	488,389	81,088	477,017	973,419
Seattle	St Clements Church	104,878	120,763	153,847	158,480	24,888	10,730	170,237
Seattle	St Lukes Episcopal Church	178,682	274,215	297,472	241,899	21,376	46,889	255,835
Seattle	St Marks Episcopal Cathedral	1,405,245	1,766,175	4,011,619	1,732,668	233,904	1,070,545	2,798,578
Seattle	St Pauls Episcopal Church	391,988	415,916	415,916	434,723	62,811	5,682	434,723
Seattle	St Peters Episcopal Church	96,245	119,431	196,661	126,002	17,632	37,567	181,751
Seattle	St Stephens Parish	459,115	569,575	600,478	569,575	87,969	1,353	569,575
Seattle	Trinity Church Episcopal	246,225	698,351	1,020,615	432,840	106,857	663,308	1,089,742
Seaview	St Peters Episcopal Church	37,579	60,230	65,853	71,103	15,695	37,759	113,530
Sedro Woolley	St James Church	37,048	37,048	37,242	11,672	3,878	10,820	24,962
Sequim	St Lukes Episcopal Church	254,443	274,443	347,480	270,467	43,627	47,187	328,442
SHELTON	Church of St David of Wales	99,078	122,447	128,987	87,217	7,709	2,858	90,224
Shoreline	St David Emmanuel Episcopal Church	72,396	87,982	91,210	81,586	12,431	13,520	86,369
Shoreline	St Dunstons Church	304,859	322,494	357,611	315,869	50,665	21,515	342,532
Silverdale	St Antony of Egypt Episcopal Church	176,684	185,804	680,463	201,400	28,047	164,548	368,987
Snohomish	St Johns Episcopal Church	191,513	234,398	355,893	218,217	35,056	21,937	245,220
Snoqualmie	St Clare of Assisi Episcopal Church	100,264	107,569	107,569	113,902	16,181	1,024	116,841
Tacoma	All Saints Episcopal Church	81,030	86,263	99,387	88,970	11,047	14,699	103,546
Tacoma	Christ Church	308,959	431,271	441,998	419,682	43,404	84,918	490,747
Tacoma	Holy Family of Jesus Epis Church	25,627	65,565	67,171	58,745	2,400	1,154	60,314
Tacoma	St Andrews Episcopal Church	299,069	311,538	359,041	293,186	51,247	39,859	304,649
Tacoma	St Lukes Episcopal Church	301,090	366,127	373,127	384,017	48,707	25,545	409,798
Tacoma	St Matthews Episcopal Church	184,045	256,383	257,383	282,108	24,233	17,961	288,923
Tahuya	St Nicholas Episcopal Church	23,811	39,741	39,741	22,586	2,669	11,612	40,673

Diocese of Olympia
Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2016

		R E V E N U E			E X P E N S E			
City	Congregation	Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Vancouver	All Saints Episcopal Church	78,588	106,897	124,441	122,901	10,752	2,200	124,181
Vancouver	Church of the Good Shepherd	616,549	616,549	749,948	630,127	65,026	112,936	753,723
Vancouver	St Lukes Episcopal Church	472,140	608,482	658,261	567,959	81,574	30,142	574,797
Vashon	Church of the Holy Spirit	166,959	182,167	186,801	177,453	24,689	12,461	182,854
Washougal	St Anne Episcopal Church	128,124	175,900	186,564	182,203	20,648	163,330	346,319
Total		21,561,696	26,517,645	35,592,043	25,384,034	3,647,153	8,410,495	33,595,873

DIOCESE OF OLYMPIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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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, 2016 and 2015, 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, 2016 and 2015, 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 21, 2017

DIOCESE OF OLYMPIA, INC.**STATEMENTS OF FINANCIAL POSITION**

December 31, 2016 and 2015

ASSETS	2016	2015
Cash and Cash Equivalents	\$ 1,055,897	\$ 951,722
Certificates of Deposit	250,000	1,404,013
Investments	68,029,625	61,331,220
Related Party Loans Receivable	645,988	822,575
Loans Receivable	179,484	745,360
DIF Income/Principal Receivable	80,240	90,628
Other Assets	29,167	29,030
Property	32,067,762	32,322,665
Property Held for Sale	766,570	184,667
Total assets	<u>\$ 103,104,733</u>	<u>\$ 97,881,880</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Distributions and other payables	\$ 194,246	\$ 220,217
Cash and investments held in trust for congregations and other institutions	37,971,848	34,194,074
Loans payable	76,327	351,266
Total liabilities	38,242,421	34,765,557
Net Assets		
Unrestricted	40,131,225	40,047,426
Temporarily restricted	2,849,992	1,264,991
Permanently restricted	21,881,095	21,803,906
Total net assets	<u>64,862,312</u>	<u>63,116,323</u>
Total liabilities and net assets	<u>\$ 103,104,733</u>	<u>\$ 97,881,880</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions and bequests	\$ 2	\$ 994	\$ 77,189	\$ 78,185	\$ 4,479	\$ 42,000	\$ 36,848	\$ 83,327
Contributed loan payments	43,328			43,328	25,632			25,632
Loan interest	33,332			33,332	39,894			39,894
Interest and dividends	240,215	732,681		972,896	185,125	555,733		740,858
Net assets released from program restrictions	639,771	(639,771)			463,397	(463,397)		
Total support and revenue	956,648	93,904	77,189	1,127,741	718,527	134,336	36,848	889,711
Expenses and Disbursements								
Ministry and transfers	99,570			99,570	165,272			165,272
Trustee obligations	91,599			91,599	74,026			74,026
Bad debt expense	592,081			592,081				
Contribution to Operating Fund	733,667			733,667	507,526			507,526
Total expenses and disbursements	1,516,917			1,516,917	746,824			746,824
Change in net assets before realized and unrealized gains and losses and contributions and transfers of property and loans	(560,269)	93,904	77,189	(389,176)	(28,297)	134,336	36,848	142,887
Realized and unrealized gain (loss) on investments	317,068	1,491,097		1,808,165	(94,494)	(558,066)		(652,560)
Loss on sale of property	(148,000)			(148,000)				
Assumption of property purchased by a mission	475,000			475,000				
Loss on impairment					(73,333)			(73,333)
Loss on demolition of building					(14,500)			(14,500)
Change in net assets	83,799	1,585,001	77,189	1,745,989	(210,624)	(423,730)	36,848	(597,506)
Net Assets, beginning 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
Net Assets, end of year	<u>\$ 40,131,225</u>	<u>\$ 2,849,992</u>	<u>\$ 21,881,095</u>	<u>\$ 64,862,312</u>	<u>\$ 40,047,426</u>	<u>\$ 1,264,991</u>	<u>\$ 21,803,906</u>	<u>\$ 63,116,323</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ 1,745,989	\$ (597,506)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Losses (gains) on investments	(1,808,165)	652,560
Contributions restricted for long-term purposes	(77,189)	(36,848)
Bad debt expense	592,081	
Contributed loan payments	(43,328)	(25,632)
Loss on sale of property	148,000	
Assumption of property purchased by a mission	(475,000)	
Loss on impairment		73,333
Loss on demolition of building		14,500
Changes in operating assets and liabilities		
Interest receivable	10,388	(6,891)
Other assets	7,907	20,036
Distributions and other payables	(34,015)	55,365
Net cash flows from operating activities	66,668	148,917
Cash Flows From Investing Activities		
Proceeds from sale (purchases) of investments, net	(2,572,520)	43,630
Proceeds from sale (purchases) of certificates of deposit, net	1,154,013	(655,721)
Loan repayments, net	150,382	162,413
Net cash flows from investing activities	(1,268,125)	(449,678)
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	77,189	36,848
Payments made on loans payable	(231,611)	
Change in cash and investments held in trust for congregations and other institutions	1,460,054	(482,019)
Net cash flows from financing activities	1,305,632	(445,171)
Change in cash and cash equivalents	104,175	(745,932)
Cash and Cash Equivalents, beginning of year	951,722	1,697,654
Cash and Cash Equivalents, end of year	\$ 1,055,897	\$ 951,722

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) issue 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 U.S. 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 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 one to ten 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 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.

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 2016 or 2015. 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.

Revenue

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

Bequest revenue is recognized upon the death of the donor, the Diocese is informed that they will receive a bequest, and the amount to be received is known by the Diocese. Bequests from one donor represent nearly all contributions and bequests recognized during the year ended December 31, 2016. No bequests were recognized during the year ended December 31, 2015.

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.

Certificate of Deposit

The Diocese held a certificate of deposit at December 31, 2015, that matured in July 2016. The Diocese purchased a new certificate of deposit amounting to \$250,000 held at December 31, 2016. The certificate of deposit has an original maturity that exceeded three months. The certificate of deposit is 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:

	2016	2015
Common stocks (including equity mutual funds)	\$ 46,609,806	\$ 41,797,745
Short-term bond mutual fund	6,886,181	5,856,678
U.S. government debt securities	6,341,202	6,363,051
Intermediate-term bond mutual fund	5,454,354	4,984,779
Money market funds	2,738,082	2,328,967
	<u>\$ 68,029,625</u>	<u>\$ 61,331,220</u>

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

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.

Loan Interest

Interest and service fees on loans are recognized when earned over the loan term. Interest on outstanding loans receivable are charged until the loan balance is fully paid or the loan has been written off as a bad debt. Interest receivable on loans has been accrued to December 31, 2016 and 2015. Based on materiality, it has been grouped within loans receivable. At the board's discretion, in some instances, interest is not charged on certain loans.

Loans Receivable

The Diocese's loans receivable are stated at their outstanding principal balances, less an allowance for loan losses. Loans receivable are generally collateralized by property. The Diocese attempts to maintain collateral that has a value at a level equal to or in excess of the loan receivable balance; however, the Diocese generally does not foreclose on loans and assume the collateral.

An allowance for loan losses is established to provide for loans that may be uncollectible. The specific allowance is assessed by individual loans within a portfolio group. No general allowance for credit losses was applied to the balance at December 31, 2016 or 2015. Loans are charged against the allowance for loan 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 loan losses, it is at least reasonably possible that the estimates will change in the near term.

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.

Credit Quality

The key to the Diocese'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 business credit history, the ability of the parish or mission 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 Diocesan Council and management of the Diocese. 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. Loans are placed into one of the following three categories based on attributes of the loan, which are evaluated by management:

Good Standing: Loans are considered to be in good standing if payments are consistently made for the agreed-upon amount, including any interest accrued.

Under-Performing: Loans are considered under-performing when payment is not made in full as of its due date.

Non-Performing: Loans are considered non-performing when the Diocese has not received any payments as of their due dates.

The Diocese's loan impairment indicators include untimely or missed payments, or restructuring requests and modifications.

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. No missions became parishes in 2016 or 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. No parishes reverted to mission status in 2016 or 2015.

In 2016, the St. Antony of Egypt in Silverdale, a mission, purchased land amounting to \$475,000, which has been treated as a contribution to the Real Estate Fund.

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.

The Diocese has committed to provide \$1,000,000 to St. Mark's Cathedral Parish to help fund the preservation and renovation of its cathedral.

Additionally, the Diocese has committed to provide \$238,000 to St. Antony's of Egypt in Silverdale to assist in its transition to a new location.

Real Estate Held for Sale

Land in Silverdale with a carrying value of \$148,000 was held for sale at December 31, 2015. In 2016, the property in Silverdale was sold and proceeds from the sale were paid to the congregation, resulting in a loss to the Diocese of \$148,000.

At December 31, 2016 and 2015, one-third of the Poulsbo land with a carrying value of \$36,667, was held for sale.

Property in Mill Creek and Vancouver with carrying values of \$212,000 and \$517,903, respectively, were also held for sale at December 31, 2016. The Vancouver property was sold subsequent to December 31, 2016.

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:

	2016	2015
DIF balances	\$ 33,884,414	\$ 30,219,211
Trust Account balances	4,081,434	3,974,863
BLF balances	6,000	
	<u>\$ 37,971,848</u>	<u>\$ 34,194,074</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.

Reclassifications

Certain items from the December 31, 2015, 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 Diocese has evaluated subsequent events through the date these financial statements were available to be issued, which was September 21, 2017.

Note 2. Inter-Fund Loans

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

	2016	2015
Building Loan Fund	\$ 2,148,361	\$ 2,171,885
Mission Development Fund	202,661	168,440
Trust Accounts	69,000	69,000
	<u>\$ 2,420,022</u>	<u>\$ 2,409,325</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 Directors to function as endowments ("quasi-endowments"). As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Trustees of the Trust Accounts have interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Trust Accounts classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, plus (b) 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, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,576,057	\$ 21,881,095	\$ 24,457,152
Board-designated quasi-endowment funds	4,477,880			4,477,880
Total funds	<u>\$ 4,477,880</u>	<u>\$ 2,576,057</u>	<u>\$ 21,881,095</u>	<u>\$ 28,935,032</u>

December 31, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,071,242	\$ 21,803,906	\$ 22,875,148
Board-designated quasi-endowment funds	4,180,532			4,180,532
Total funds	<u>\$ 4,180,532</u>	<u>\$ 1,071,242</u>	<u>\$ 21,803,906</u>	<u>\$ 27,055,680</u>

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	472,779			472,779
Transfers out of endowment		(193,749)		(193,749)
Appropriation of endowment assets for expenditure and transfers out of endowment	(126,628)	(463,397)		(590,025)
Endowment net assets, December 31, 2015	4,180,532	1,071,242	21,803,906	27,055,680
Investment return	411,052	2,223,778		2,634,830
Contributions		994	77,189	78,183
Transfers into endowment	8,433			8,433
Transfers out of endowment		(80,186)		(80,186)
Appropriation of endowment assets for expenditure and transfers out of endowment	(122,137)	(639,771)		(761,908)
Endowment net assets, December 31, 2016	<u>\$ 4,477,880</u>	<u>\$ 2,576,057</u>	<u>\$ 21,881,095</u>	<u>\$ 28,935,032</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, 2016.

Note 4. Loans Receivable

Loans receivable consist of the following at December 31:

	2016	2015
Parishes		
Sammamish, Good Samaritan	\$ 287,383	\$ 287,383
Tacoma, St. Mary	220,536	225,252
Port Townsend, St. Paul	56,324	68,613
Vancouver, Good Shepherd	49,382	49,382
Vancouver, Good Shepherd	19,600	37,863
Shelton, St. David	9,516	68,362
Tacoma, St. Andrew		80,000
Interest receivable	3,247	5,720
	<u>\$ 645,988</u>	<u>\$ 822,575</u>

All parish loans are classified internally to be in good standing at December 31, 2016 and 2015. No allowance for loan losses was recorded against parish loans at December 31, 2016 or 2015.

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, 2016 and 2015, was \$179,484 and \$195,297, respectively.

In 2014, the Diocese also assumed a loan receivable from the Sammamish Good Samaritan Church mission due from the Sammamish Water District. The loan had a carrying value of \$550,062 on the date of assumption. In 2016, management recorded an allowance against the entire amount of the loan receivable.

Note 5. Real Estate

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

	2016	2015
Land	\$ 7,538,034	\$ 7,680,937
Building/improvements	23,939,728	24,051,728
Bishop residence	590,000	590,000
	<u>\$ 32,067,762</u>	<u>\$ 32,322,665</u>

Note 6. Loans Payable

	2016	2015
Loan from a family trust to purchase property. The loan is not secured bearing interest at 5.0% with monthly principal and interest payments of \$2,118 until maturity in July 2020.	\$ 76,327	\$ 117,335
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
	<u>\$ 76,327</u>	<u>\$ 351,266</u>

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

July 9, 1905	\$ 19,947
July 10, 1905	20,967
July 11, 1905	22,040
July 12, 1905	13,373
	<u>\$ 76,327</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, 2016

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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, 2016 and 2015, 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, 2016 and 2015, 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 2016), 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 2016 supplemental statement of budgeted revenue and expenditures compared to actual is presented for the 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 21, 2017, 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.



September 21, 2017

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

ASSETS	2016	2015
Current Assets		
Cash and cash equivalents	\$ 2,242,156	\$ 2,675,387
Investment in the Diocesan Investment Fund	1,022,479	
Diocesan Investment Fund receivable	59,557	113,177
Accounts receivable	3,409	39,518
Grants receivable	352,195	62,784
Loans receivable, current portion, net of loan loss reserve of \$14,923 and \$12,692 in 2016 and 2015, respectively	73,361	86,889
Funds held for others	121,635	64,470
Prepaid expenses	55,531	53,832
Total current assets	3,930,323	3,096,057
Loans Receivable, net of current portion	34,194	53,854
Advances to Related Party	114,797	114,797
Prepaid Rent	177,204	180,157
Total assets	\$ 4,256,518	\$ 3,444,865
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 164,763	\$ 141,884
Accrued payroll expenses	63,923	73,580
Camp Huston/St. Andrew's House deposits	88,294	73,768
Grants payable	260,033	121,894
Funds held for others	121,635	64,470
Total current liabilities	698,648	475,596
Post-Retirement Payable	555,000	565,000
Total liabilities	1,253,648	1,040,596
Net Assets		
Unrestricted	2,029,028	1,566,475
Temporarily restricted	973,842	837,794
Total net assets	3,002,870	2,404,269
Total liabilities and net assets	\$ 4,256,518	\$ 3,444,865

See Notes to Financial Statements

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Assessments	\$ 3,845,665	\$ -	\$ 3,845,665	\$ 3,513,306	\$ -	\$ 3,513,306
Contributions		185,261	185,261	41,323	110,843	152,166
Fees and tuition	1,088,653		1,088,653	1,002,126		1,002,126
Grants	1,583,918	121,338	1,705,256	1,164,793	34,000	1,198,793
Investment income from						
Diocesan Investment Fund	584,899	148,768	733,667	301,397	206,129	507,526
Contribution from Trust Accounts				26,475		26,475
In-kind contribution of facility use	316,335		316,335	316,335		316,335
Investment income	35,530		35,530	13,840		13,840
Rental and other income	149,089		149,089	127,467		127,467
Net assets released from restrictions	319,319	(319,319)		417,704	(417,704)	
Total support and revenue	7,923,408	136,048	8,059,456	6,924,766	(66,732)	6,858,034
Expenses						
Program services	6,868,964		6,868,964	6,292,798		6,292,798
Management and general	556,424		556,424	470,087		470,087
Fundraising	35,467		35,467	43,203		43,203
Total expenses	7,460,855		7,460,855	6,806,088		6,806,088
Change in net assets	462,553	136,048	598,601	118,678	(66,732)	51,946
Net Assets, beginning of year	1,566,475	837,794	2,404,269	1,447,797	904,526	2,352,323
Net Assets, end of year	<u>\$ 2,029,028</u>	<u>\$ 973,842</u>	<u>\$ 3,002,870</u>	<u>\$ 1,566,475</u>	<u>\$ 837,794</u>	<u>\$ 2,404,269</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 598,601	\$ 51,946
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	11,653	30,963
Unrealized gain on investments	(17,262)	
Contributed loans receivable		35,036
Changes in operating assets		
Diocesan Investment Fund receivable	53,620	(49,850)
Accounts receivable	36,109	16,639
Grants receivable	(289,411)	(62,784)
Prepaid expenses	(1,699)	(16,399)
Prepaid rent	2,953	2,953
Changes in operating liabilities		
Accounts payable	22,879	24,299
Accrued payroll expenses	(9,657)	5,917
Camp Huston/St. Andrew's House deposits	14,526	4,301
Grants payable	138,139	(60,415)
Post-retirement payable	(10,000)	
Net cash flows from operating activities	550,451	(17,394)
Cash Flows from Investing Activities		
Purchase of investments in the Diocesan Investment Fund	(1,005,217)	
Sales of certificates of deposit, net		249,925
Issuance of loans receivable	(108,355)	(106,670)
Payments received on loans receivable	129,890	145,842
Net cash flows from investing activities	(983,682)	289,097
Net change in cash	(433,231)	271,703
Cash, beginning of year	2,675,387	2,403,684
Cash, end of year	\$ 2,242,156	\$ 2,675,387

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

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

The Diocese of Olympia – Operating Fund ("the Operating Fund") contains the operating budget, restricted income, and 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 and conference center used by the Operating Fund, and that are included in the budget of the Operating Fund (see Note 4). The value of a mission'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.

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 \$1,890,499 and \$1,301,615 at December 31, 2016 and 2015, 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:

	2016	2015
Refugee loans	\$ 468,804	\$ 393,287
Huston Center/The Operating Fund		
care, maintenance, and development	184,758	145,536
Scholarships	71,215	50,249
Our Lady of Guadalupe	65,452	54,067
City of Seattle charities and religious education	31,008	19,819
Ethnic ministries	27,244	26,644
Theological education	22,350	34,648
Episcopal Charities Appeal	19,108	17,177
St. John the Baptist discretionary	16,398	21,398
Bishop's residence	15,496	11,649
Sudanese ministry	13,981	11,545
Native American (ERD) program	7,100	7,101
Other programs	30,928	44,674
	<u>\$ 973,842</u>	<u>\$ 837,794</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.

Investments

Investments are held in the DIF and are reported at net asset value ("NAV") provided by the DIF, which is a practical expedient to fair value. The NAV is based on the value of the underlying assets (which are primarily equity investments in the common stock of individual companies, government-sponsored debt instruments, and mutual funds holding government-sponsored debt instruments; all traded in active markets), less liabilities, and then divided by the number of shares outstanding.

The practical expedient would not be used if it is determined to be probable that the investment would sell for an amount different than the NAV. There are no funding commitments and no restrictions on redemptions.

The Operating Fund also receives investment income from investments held in the DIF that are owned by the Trust Accounts, which is included in the statements of activities.

Grants Receivable/Grant Revenue

Grants receivable is stated at the amount management expects to collect from outstanding balances.

Grant revenue is recognized when the qualified reimbursable expenditure is incurred. Grants receivable consist primarily of amounts billed but not yet collected on these grant contracts.

Management reviews the collectibility of grants receivable on a periodic basis and determine the appropriate amount of any allowance. The Operating Fund charges off receivables to the allowance when management determines that a receivable is not collectible. No allowance was determined necessary for the years ended December 31, 2016 or 2015.

A total of 69% and 100% of grant revenue was earned from three and four organizations during 2016 and 2015, respectively.

A total of 63% and 100% of grants receivable were due from three and four organizations as of December 31, 2016 and 2015, respectively.

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 on the amount of inherent credit risk specific to the transaction and are reviewed for appropriateness by the Diocesan Council 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 on performing (payments are current – lesser risk of loss) and nonperforming (payments are not current – higher risk of loss) loans. Loans are placed into one of the following five categories based on attributes of the loan, which are evaluated by management:

A Quality: Loans disbursed that are graded as superior quality based on the underlying financial information provided. Loans in this category are given a loan loss reserve percentage of 2%.

B Quality: Loans disbursed that are graded as above average quality based on the underlying financial information provided. Loans in this category are given a loan loss reserve percentage of 5%.

C Quality: Loans disbursed that have moderate risk that outstanding funds will not be collected. Loans in this category are given a loan loss reserve percentage of 10%.

D Quality: Loans disbursed with a more than moderate risk that outstanding funds will not be collected. Loans in this category are given a loan loss reserve percentage of 25%.

F Quality: Loans disbursed with a high risk that outstanding funds will not be collected. Loans in this category are given a loan loss reserve percentage of 50%.

The Operating Fund's loan impairment indicators include untimely or missed payments, or restructuring requests and modifications.

Advances to Related Party

The Operating Fund advances funds to St. Luke's Episcopal Church, Ballard ("St. Luke's"), a Washington nonprofit corporation. 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 both December 31, 2016 and 2015.

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, 2016 and 2015, \$121,635 and \$64,470, 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 2016 or 2015.

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.

Rental Income

Rental income is recognized ratably over the term of the lease.

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, 2015, 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 21, 2017.

Note 2. Loans Receivable

Loans receivable represent loans to small businesses located in the Seattle area. At December 31, 2016, outstanding loans had remaining principal balances up to \$12,000 due from the single largest borrower yielding interest rates of 5% to 12% per year. At December 31, 2015, outstanding loans had remaining principal balances up to \$15,000 due from the single largest borrower yielding interest rates of 5% to 12% per year. The following table represents the loans outstanding to specific categories:

	<u>2016 Balance</u>	<u>Number of Loans</u>	<u>Percentage of Total</u>	<u>2015 Balance</u>	<u>Number of Loans</u>	<u>Percentage of Total</u>
Office of Refugee						
Resettlement Loans	\$ 89,564	25	73%	\$ 118,511	38	77%
Diocese of Olympia Loans	22,089	19	18%	24,985	10	16%
Clergy/Employee Loan	10,825	1	9%	9,939	1	6%
Totals	122,478	45	100%	153,435	49	100%
Less: loan loss reserve	(14,923)			(12,692)		
	<u>\$ 107,555</u>			<u>\$ 140,743</u>		

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

	2016	2015
Loans receivable, current portion, net of loan loss reserve	\$ 73,361	\$ 86,889
Loans receivable, long-term portion	34,194	53,854
	<u>\$ 107,555</u>	<u>\$ 140,743</u>

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

2017, net of loan loss reserve of \$14,923	\$ 73,361
2018	29,439
2019	4,755
	<u>\$ 107,555</u>

In 2015, the Operating Fund transferred loans outstanding to a separate organization. See Note 4.

Loans receivable are individually evaluated for impairment using a specific allowance. The components of the loan loss reserve and the activity in the loan loss reserve are as follows for the years ended December 31:

	2016			2015		
	Office of Refugee Resettlement Loans	Diocese of Olympia Loans	Total Loans Receivable	Office of Refugee Resettlement Loans	Diocese of Olympia Loans	Total Loans Receivable
Loan Loss Reserve, beginning of year (specific allowance)	\$ 6,139	\$ 6,553	\$ 12,692	\$ -	\$ -	\$ -
Net charge-offs	(9,422)		(9,422)	(18,271)		(18,271)
Provision	8,974	2,679	11,653	24,410	6,553	30,963
Loan Loss Reserve, end of year (specific allowance)	<u>\$ 5,691</u>	<u>\$ 9,232</u>	<u>\$ 14,923</u>	<u>\$ 6,139</u>	<u>\$ 6,553</u>	<u>\$ 12,692</u>

Note 3. Credit Quality and Allowance for Credit Losses

The following are credit quality indicators for Office of Refugee Resettlement loans by internally assigned grade as of December 31:

	2016	2015
A Quality	\$ 65,564	\$ 95,650
B Quality	12,000	
D Quality	8,879	11,577
F Quality	3,121	11,284
	<u>\$ 89,564</u>	<u>\$ 118,511</u>

The following are credit quality indicators for Diocese of Olympia loans by internally assigned grade as of December 31:

	2016	2015
A Quality	\$ 3,776	\$ 12,223
D Quality		3,698
F Quality	18,313	9,064
	<u>\$ 22,089</u>	<u>\$ 24,985</u>

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

	2016						
	1-59 Days Past Due	60-89 Days Past Due	90-119 Days Past Due	120+ Days Past Due	Total Past Due	Current	Total Loans Receivable
Office of Refugee Resettlement Loans	\$ 258	\$ 344	\$ 433	\$ 4,701	\$ 5,736	\$ 83,828	\$ 89,564
Diocese of Olympia Loans	1,413	830	920	15,100	18,263	3,826	22,089
Clergy/Employee Loan						10,825	10,825
	<u>\$ 1,671</u>	<u>\$ 1,174</u>	<u>\$ 1,353</u>	<u>\$ 19,801</u>	<u>\$ 23,999</u>	<u>\$ 98,479</u>	<u>\$ 122,478</u>

	2015						
	1-59 Days Past Due	60-89 Days Past Due	90-119 Days Past Due	120+ Days Past Due	Total Past Due	Current	Total Loans Receivable
Office of Refugee Resettlement Loans	\$ 4,612	\$ 2,327	\$ 1,771	\$ 4,492	\$ 13,202	\$ 105,309	\$ 118,511
Diocese of Olympia Loans	1,275	454	345	7,672	9,746	15,239	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>\$ 130,487</u>	<u>\$ 153,435</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 \$595,489 and \$586,434 in support of the Episcopal Church for the years ended December 31, 2016 and 2015, 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, 2016 and 2015.

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 year ended December 31, 2015, was \$26,475, and is called Contribution from Trust Accounts in the statements of activities. There were no discretionary transfers of earnings to the Operating Fund from the Trust Accounts during the year ended December 31, 2016.

In 2016, the Operating Fund made a grant and a contribution of \$92,721 and \$39,884, respectively, to the New Roots Fund (a separate 501(c)(3) organization under the Diocese umbrella). In 2015, the Operating Fund transferred \$35,036 of loans outstanding to the New Roots Fund to be managed with the New Roots Fund's existing loans. Additionally, in 2015, the Operating Fund made a contribution of \$94,822 to the New Roots Fund.

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, 2016 and 2015, the prepaid rent balance was \$180,157 and \$183,110, respectively. As of December 31, 2016 and 2015, \$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 2016 and 2015 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% 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 5% of current year's salary, plus up to an additional 4% discretionary match of voluntary employee contributions. Employer contributions were made as follows for the years ended for December 31:

	2016	2015
Clergy	\$ 90,495	\$ 102,001
Lay employees	97,348	74,124
	<u>\$ 187,843</u>	<u>\$ 176,125</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. Lay 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, 2016. Mortality is estimated using the RP-2000 Mortality Tables adjusted for mortality improvement to 2017.

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

	2016	2015
Benefit cost	\$ 55,177	\$ 54,612
Total expense	\$ 55,177	\$ 54,612
Diocese contribution to the plan and benefits paid	\$ 55,177	\$ 54,612

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 \$555,000 and \$565,000 at December 31, 2016 and 2015, respectively, 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.

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 (UNAUDITED)
(Including the Unrestricted Operating, Restricted Operating, and Huston Center/The Operating Fund)
For the Year Ended December 31, 2016

	2016 Budget	2016 Actual	Total Budget Variance
Revenue			
Contributions	\$ 5,000	\$ 7,609	\$ 2,609
Assessments (received)	3,640,410	3,566,612	(73,798)
Assessments (prior years)	45,000	279,053	234,053
Investment (dividend / unrestricted)	395,000	427,935	32,935
Investment (dividend / restricted)	66,000	70,226	4,226
Unrealized gains/losses on investment		17,262	17,262
Interest (banks)		4,067	4,067
Youth and young adult events	40,250	14,240	(26,010)
Fees (Diocesan House)	5,000	7,839	2,839
Fees (registration)	14,000	17,465	3,465
Fees (meals)	15,000	16,849	1,849
Tuition	84,000	71,412	(12,588)
Fees (miscellaneous)	2,000	9,565	7,565
Revenue (miscellaneous)	500	16,561	16,061
Transfers from DIF	260,000	(119,694)	(379,694)
Revenue (transfer)		6,175	6,175
Net assets released from restrictions	40,973	319,319	278,346
Total revenue	4,613,133	4,732,494	119,361
Expenses			
Office of the Bishop	508,517	477,283	31,234
Communications	337,427	342,086	(4,659)
Governing bodies	291,177	287,571	3,606
Diocesan House	166,627	182,346	(15,719)
Archives	65,671	65,250	421
St. Mark's Cathedral	27,500	27,500	
Campus and young adults	227,746	219,415	8,331
Evangelism training	3,704	3,651	53
Ethnic ministries	151,011	144,799	6,212
Congregation/ministry development	176,049	186,937	(10,888)
Faith development	94,210	96,967	(2,757)
DSOMAT / Resource Center	74,583	117,113	(42,530)
Medicare / compensation reserve	56,266	75,965	(19,699)
Stewardship and development	107,399	149,073	(41,674)
Treasurer's Office	388,717	363,220	25,497
National Church Apportionment	592,489	592,489	
General convention deputies	12,000	12,000	
Province VIII	8,000	8,000	
Ecumenical and interfaith	9,000	9,000	
Multi-cultural concerns	63,898	68,999	(5,101)
Missioners	22,346	24,500	(2,154)
Canon to ordinary	1,098,383	1,158,969	(60,586)
Total expense	4,482,719	4,613,133	(130,414)
Change in net assets	\$ 130,414	\$ 119,361	\$ (11,053)

See Note to Supplemental Statement

NOTE TO SUPPLEMENTAL STATEMENT

Note 1. Fund Groups Presented as Part of the Supplemental Statement

The Diocese has divided the Operating Fund into five fund groups: Unrestricted, Restricted, Designated, Audit Reconciliation, and Grant. These fund groups are still used to produce management reports, but are not shown as separate funds in these financial statements.

The Diocesan budget as shown on the 2016 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, 2016, 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 21, 2017.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questions costs, that we consider to be a significant deficiency: 2016-001.

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

September 21, 2017

**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, 2016. 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

The Operating Fund's response to the noncompliance 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 the response.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency: 2016-002.

The Operating Fund's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

Petersm Sullivan LLP.

September 21, 2017

DIOCESE OF OLYMPIA – OPERATING FUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

<u>Award Description</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>General Expenditures</u>	<u>Notes Receivable Outstanding</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Entitlement Grants Cluster						
Community Development Block Grants / Entitlement Grants	14.218	5858711	\$ 59,750	\$ -	\$ -	\$ 59,750
Total Entitlement Grants Cluster			59,750			59,750
Total Department of Housing and Urban Development			59,750			59,750
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Refugee and Entrant Assistance Voluntary Agency Programs Grants						
Pass-through from:						
Episcopal Migration Ministries						
Refugee and Entrant Assistance Voluntary Agency Programs	93.567	90RV0065-01-00	39,807			39,807
			39,807			39,807
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90RG0152-03-00	138,950	25,546		164,496
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90RG0152-04-00	33,501	12,000	9,220	54,721
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90RG0168-01-01	132,069			132,069
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90RG0168-02-01	22,636			22,636
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90ZI0110-01-02	150,633			150,633
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90ZI0110-02-01	30,469			30,469
			508,258	37,546	9,220	555,024
Assets for Independence Demonstration Program	93.602	90E10715-01-01	2,000			2,000
Total Department of Health and Human Services			550,065	37,546	9,220	596,831
U.S. DEPARTMENT OF STATE - BUREAU OF POPULATION, REFUGEES, AND MIGRATION						
Pass-through from:						
Episcopal Migration Ministries						
U.S. Refugee Admissions Program	19.510	S-PRMCO-16-CA-1008	306,546			306,546
U.S. Refugee Admissions Program	19.510	S-PRMCO-17-CA-1009	137,387			137,387
Total Department of State - Bureau of Population, Refugees, and Migration			443,933			443,933
Total			\$ 1,053,748	\$ 37,546	\$ 9,220	\$ 1,100,514

* Major program

See Notes to Schedule of Expenditures of Federal Awards

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, 2016. The information in the 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 or in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* ("A-122") (based on grant terms), wherein certain types of expenditures are not allowed or are limited as to reimbursement. The cost principles contained in A-122 do not differ significantly from the cost principles contained in the Uniform Guidance.

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

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

Note 4. Notes Receivable

Loans due from participants of the program to the Operating Fund in the amount of \$37,546 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 \$89,564 of notes receivable outstanding as of December 31, 2016, 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, 2016, that has not been disbursed to participants.

DIOCESE OF OLYMPIA – OPERATING FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2016

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: Yes

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

Any audit findings disclosed that are required to be reported: Yes

Identification of Major Programs:

CFDA Number

93.576

Name of Federal Program

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: No

B. Findings – Financial Statement Audit

Significant Deficiency

2016-001: Funds Held for Others

Condition: A common stock investment 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, 2016.

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 \$71,635. There was no effect on the change in net assets. 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: The Operating Fund agrees with the finding and the recommended procedures have been implemented. See the attached unaudited corrective action plan on page 31.

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

Significant Deficiency

2016-002: Procurement

Criteria: According to 2 CFR §200.317 – 200.326 the Operating Fund is required to have a written procurement policy.

Condition: The Operating Fund does not have a written procurement policy in place, nor any specific procedures addressing making purchases from potentially suspended or debarred organizations.

Cause: The Operating Fund does not have adequate policies and procedures in place.

Effect: Procured expenditures were not able to be tested due to the lack of a procurement policy.

Context: The Operating Fund does not have adequate policies and procedures in place to meet procurement requirements. Per review of the expenditures, and our detailed testing over other compliance requirements, we noted no indications that there were unallowable costs or activities. However, as there is no policy regarding procurement, we were unable to test the population subject to procurement. We were able to identify certain transactions that were procured using the sole source methodology, which is allowed in the Uniform Guidance; however, we noted that there was not sufficient documentation at the time of the procurement to support this method, but as the methodology was deemed appropriate during the audit, those transactions have been excluded from the questioned costs.

Questioned Costs: \$179,607

Recommendation: We recommend that the Operating Fund document in writing and implement a procurement policy that meets the requirements of 2 CFR §200.317 – 200.326, as well as addressing the relevant suspension and debarment requirements included in §200.212.

Views of Responsible Officials and Planned Corrective Actions: The Operating Fund agrees with the finding and the recommended procedures have been implemented. See the attached unaudited corrective action plan on page 31.

DIOCESE OF OLYMPIA – OPERATING FUND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (UNAUDITED)

For the Year Ended December 31, 2016

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

Status: This finding is corrected for the year ended December 31, 2016.

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

Status: This finding is corrected for the year ended December 31, 2016.

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

Status: This finding is corrected for the year ended December 31, 2016.

2015-004: Funds Held for Others

Condition: A common stock investment 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

Status: This finding is repeated for the year ended December 31, 2016. See Finding 2016-001 for discussion.



The Episcopal Diocese of Olympia

The Episcopal Church in Western Washington

www.ecww.org

DIOCESE OF OLYMPIA – OPERATING FUND

CORRECTIVE ACTION PLANS (UNAUDITED)

For the Year Ended December 31, 2016

2016-001: Funds Held for Others

Corrective Action Planned: The Operating Fund has appropriate policies in place to ensure that funds are received, captured, and deposited in a timely process; however, this process had not been placed into effect until after December 31, 2016. 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.

Responsible Person: Edie Pehrson, Accountant

Expected Completion: December 2017

2016-002: Procurement

Corrective Action Planned: The Director of the Refugee Resettlement Office for the Diocese of Olympia will draft a procurement policy using guidelines consistent with the Uniform Grant Guidance. When the details of the draft procurement policy are completed, they will be presented to the accounting office and to appropriate persons in the Bishop's office who make policy decisions. A vetted policy will be presented to the Diocesan Council for approval. Once approved, the procurement policy will be implemented by the Associate Director and the Director of the Refugee Resettlement Office, as the Refugee Resettlement Office oversees all federal funding. If federal funding is expanded and other persons are involved with procurement, the procurement policy will be further disseminated at the training session.

Responsible Person: Greg Hope, Director of the Refugee Resettlement Office

Expected Completion: December 2017

Barbara A. Joe

DIOCESE OF OLYMPIA, INC. – TRUST ACCOUNTS

FINANCIAL REPORT

DECEMBER 31, 2016

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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, 2016 and 2015, 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, 2016 and 2015, 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 21, 2017

DIOCESE OF OLYMPIA, INC. - TRUST ACCOUNTS

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

ASSETS	2016	2015
Current Assets		
Cash and cash equivalents	\$ 270,921	\$ 224,180
Certificate of deposit	250,000	250,000
Investments	32,986,762	31,001,376
Current portion of related party loans receivable	69,000	
Current portion of loan receivable	5,063	4,817
Total current assets	33,581,746	31,480,373
Noncurrent Assets		
Bishop residence	590,000	590,000
Related party loans receivable, net of current portion	49,382	118,382
Loan receivable, net of current portion	174,421	190,480
Other assets	29,167	37,074
Total noncurrent assets	842,970	935,936
Total assets	<u>\$ 34,424,716</u>	<u>\$ 32,416,309</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ -	\$ 27,000
Cash held in trust for congregations	537	137
Investments held in trust for congregations and other institutions	4,080,897	3,974,726
Total current liabilities	4,081,434	4,001,863
Net Assets		
Unrestricted	5,612,195	5,345,549
Temporarily restricted	2,849,992	1,264,991
Permanently restricted	21,881,095	21,803,906
Total net assets	30,343,282	28,414,446
Total liabilities and net assets	<u>\$ 34,424,716</u>	<u>\$ 32,416,309</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC. - TRUST ACCOUNTS

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions and bequests	\$ -	\$ 994	\$ 77,189	\$ 78,183	\$ 2,500	\$ 42,000	\$ 36,848	\$ 81,348
Realized and unrealized gains (losses) on investments	280,033	1,491,097		1,771,130	(94,494)	(558,066)		(652,560)
Interest and dividends	141,208	732,681		873,889	111,099	555,733		666,832
Net assets released from program restrictions	639,771	(639,771)			463,397	(463,397)		
Total support and revenue	1,061,012	1,585,001	77,189	2,723,202	482,502	(423,730)	36,848	95,620
Expenses								
Operating expenses	60,699			60,699	69,583			69,583
Contributions to Operating Fund	733,667			733,667	507,526			507,526
Loss on bad debt to related party					468,847			468,847
Total expenses	794,366			794,366	1,045,956			1,045,956
Change in net assets	266,646	1,585,001	77,189	1,928,836	(563,454)	(423,730)	36,848	(950,336)
Net Assets, beginning 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
Net Assets, end of year	\$ 5,612,195	\$ 2,849,992	\$ 21,881,095	\$ 30,343,282	\$ 5,345,549	\$ 1,264,991	\$ 21,803,906	\$ 28,414,446

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC. - TRUST ACCOUNTS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 1,928,836	\$ (950,336)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(77,189)	(36,848)
Loss on bad debt		468,847
Net realized and unrealized losses (gains) on investments	(1,771,130)	652,560
Changes in operating assets and liabilities		
Other assets	7,907	9,839
Accounts payable	(27,000)	24,501
Net cash flows from operating activities	61,424	168,563
Cash Flows from Investing Activities		
Proceeds from redemption of certificate of deposit		250,000
Proceeds from sale of investments	435,878	15,200
Purchase of investments (including reinvested dividends)	(384,362)	(475,751)
Principal payments received on loans receivable	15,813	12,730
Net cash flows from investing activities	67,329	(197,821)
Cash Flows from Financing Activities		
Change in cash held in trust for congregations	400	(9,988)
Contributions restricted for long-term purposes	77,189	36,848
Change in investments held in trust for congregations and other institutions	(159,601)	64,167
Net cash flows from financing activities	(82,012)	91,027
Change in cash and cash equivalents	46,741	61,769
Cash and Cash Equivalents, beginning of year	224,180	162,411
Cash and Cash Equivalents, end of year	\$ 270,921	\$ 224,180

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 (see Note 6). Occasionally, due to loan and investment losses, there can be releases of permanently restricted net assets, but there were none in 2016 or 2015.

Revenue

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

Bequest revenue is recognized upon the death of the donor, the Trust Accounts are informed that they will receive a bequest, and the amount to be received is known by the Trust Accounts. Bequests from one donor represent nearly all contributions and bequests recognized during the year ended December 31, 2016. No bequests were recognized during the year ended December 31, 2015.

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, 2015, that matured in July 2016. The Trust Accounts purchased a new certificate of deposit amounting to \$250,000 held at December 31, 2016. The certificate of deposit has an original maturity that exceeded three months. 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, 2016 or 2015.

Interest receivable has been accrued to December 31, 2016 and 2015. 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.

Reclassifications

Certain items from the December 31, 2015, 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 Diocese has evaluated subsequent events through the date these financial statements were available to be issued, which was September 21, 2017.

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, 2016, the DIF was approximately 4% cash equivalents, 18% bond mutual funds, 9% U.S. government debt securities, and 69% 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 funding commitments and no restrictions on redemptions.

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	2016	2015
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>\$ 118,382</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 of the loan receivable at December 31, 2016 and 2015, was \$179,484 and \$195,297, respectively.

Note 4. Investments Held in Trust for Congregations and Other Institutions

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

	2016	2015
Cash held in trust for congregations		
Bond Trustee accounts	\$ 537	\$ 137
Securities and investments held in trust for congregations and other institutions		
Annie Wright School	490,985	460,948
Bainbridge, St. Barnabas' - Hodges Endowment	948,285	964,536
Bellingham, Mabel Wilson Trust	464,421	423,356
FBO Oak Harbor - St. Stephen	55,434	50,697
Hoodspoint, St. Germaine	65,647	61,631
Kent, St. James' - Arney Memorial	52,193	71,166
Kent, St. James' - Endowment	43,154	56,347
Lord Scholarship Fund	40,454	36,792
Seattle, St. Mark's - Hodges Endowment	701,347	658,440
Seaview, St. Peter's - Ferguson	432,732	412,939
Seaview, St. Peter's - Johnson Bequest	483,736	495,633
St. Paul's, Palm Desert, CA - Hodges Endowment	224,727	210,978
Tod Prichard, Allyn	11,541	11,307
TTE Little Sisters	66,241	59,956
Total securities for congregations and institutions	<u>4,080,897</u>	<u>3,974,726</u>
Total liabilities to congregations and other institutions	<u>\$ 4,081,434</u>	<u>\$ 3,974,863</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 Directors 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 classify 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, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,576,057	\$ 21,881,095	\$ 24,457,152
Board-designated quasi-endowment funds	4,477,880			4,477,880
Total funds	<u>\$ 4,477,880</u>	<u>\$ 2,576,057</u>	<u>\$ 21,881,095</u>	<u>\$ 28,935,032</u>

December 31, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,071,242	\$ 21,803,906	\$ 22,875,148
Board-designated quasi-endowment funds	4,180,532			4,180,532
Total funds	<u>\$ 4,180,532</u>	<u>\$ 1,071,242</u>	<u>\$ 21,803,906</u>	<u>\$ 27,055,680</u>

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	472,779			472,779
Transfers out of endowment		(193,749)		(193,749)
Appropriation of endowment assets for expenditure and transfers out of endowment	(126,628)	(463,397)		(590,025)
Endowment net assets, December 31, 2015	4,180,532	1,071,242	21,803,906	27,055,680
Investment return	411,052	2,223,778		2,634,830
Contributions		994	77,189	78,183
Transfers into endowment	8,433			8,433
Transfers out of endowment		(80,186)		(80,186)
Appropriation of endowment assets for expenditure and transfers out of endowment	(122,137)	(639,771)		(761,908)
Endowment net assets, December 31, 2016	<u>\$ 4,477,880</u>	<u>\$ 2,576,057</u>	<u>\$ 21,881,095</u>	<u>\$ 28,935,032</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 the 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 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, 2016.

Note 6. Schedule of Net Assets

	December 31, 2016			
	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		238,677		238,677
Huston Discretionary Account, Horn Trust		16,041		16,041
Planned Giving Gifts		1,204		1,204
Ruth and Jacques Hayes Memorial Trust		2,180		2,180
Snoqualmie, St. Bernard's Chapel	2,036			2,036
Total other assets held in trust for Diocese	699,067	273,935		973,002
Primarily Securities and Investments Held in Trust for Diocese				
Bishop Curtis Camp Scholarship		13,945	159,341	173,286
Carl Knirk Memorial Scholarship		49,859	2,802	52,661
Christenson Bequest		30,871	352,722	383,593
Clapp Trust		128,444	1,467,583	1,596,027
Clergy Emergency Fund		29,837	587,704	617,541
College for Congregational Development		10,012	56,404	66,416
College Work Endowment		40,009	457,144	497,153
Dean Search Reserve	11,663			11,663
Diocesan Working Capital Trust Fund		60,730	693,886	754,616
Episcopal Charities Appeal		251,841	70	251,911
Episcopal House Fund	231,238			231,238
Episcopal Search Reserve	400,975			400,975
Episcopate Endowment Fund #1		548,171	6,459,931	7,008,102
Episcopate Endowment Fund #2	2,831,156			2,831,156
Grace L. Philips Memorial Fund	780,040			780,040
Hansen Fund		977	5,504	6,481
Hayes Trust (held by Wells Fargo Bank)		137	30,890	31,027
Hispanic Ministry BP Rivera		161,218	334	161,552
Hodges Endowment for Diocese		262,395	2,997,858	3,260,253
Horn Memorial for Camp Huston		131,156	1,498,579	1,629,735
Human Need Endowment		50,253	348,860	399,113
James McConnell Scholarship Fund		2,577	29,438	32,015
Jean Young Memorial		24,100	53	24,153
KY Print Shop		390	2,207	2,597
Mission Ministry Endowment		134,269	1,322,251	1,456,520
Peter R Hallock Institute		13,188	113,842	127,030
Refugee Program Reserves		58,614	121	58,735
S. Eston Collins Memorial Scholarship		1,676	18,276	19,952
Seminarian Scholarship		34,955	390,080	425,035
Sophie Henry Trust		320,079	3,657,176	3,977,255
St. Andrew's House Endowment		108,897	240	109,137
Thanksgiving and Memorial Fund	658,056			658,056
Theological Education Fund		107,457	1,227,799	1,335,256
Total securities and investments held for Diocese	4,913,128	2,576,057	21,881,095	29,370,280
Total net assets	\$ 5,612,195	\$ 2,849,992	\$ 21,881,095	\$ 30,343,282

	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

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND,
MISSION DEVELOPMENT FUND, AND
REAL ESTATE FUND**

FINANCIAL REPORT

DECEMBER 31, 2016

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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, 2016 and 2015, 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, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

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

September 21, 2017

**DIOCESE OF OLYMPIA, INC.
BUILDING LOAN FUND, MISSION DEVELOPMENT FUND,
AND REAL ESTATE FUND**

STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

ASSETS	2016	2015
Cash and Cash Equivalents	\$ 784,976	\$ 727,542
Certificates of Deposit		1,154,013
Investments in the DIF	1,044,443	
Parish Loans Receivable, net	596,606	773,194
Sammamish Water District Receivable, net		550,062
Property		
Real estate	31,477,762	31,732,665
Real estate held for sale	766,570	184,667
Total assets	<u>\$ 34,670,357</u>	<u>\$ 35,122,143</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Related party loan	\$ 69,000	\$ 69,000
Loans - unrelated parties	76,327	351,266
Custodial liability	6,000	
Total liabilities	<u>151,327</u>	<u>420,266</u>
Unrestricted Net Assets	<u>34,519,030</u>	<u>34,701,877</u>
Total liabilities and net assets	<u>\$ 34,670,357</u>	<u>\$ 35,122,143</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, 2016 and 2015

	2016	2015
Support and Revenue		
Interest (building loans)	\$ 27,283	\$ 32,366
Interest (Bolling loans)	6,049	7,528
Interest and dividends	7,408	
Unrealized gain on investments	37,035	
Contributions and other	2	1,979
Contributed loan payments	43,328	25,632
	<hr/>	<hr/>
Total support and revenue	121,105	67,505
Expenses		
Grant expense	10,697	66,166
Bad debt expense	592,081	
Corporate/canonically required	28,174	29,523
	<hr/>	<hr/>
Total expenses	630,952	95,689
Change in unrestricted net assets before contributions and transfers of real estate and loans, losses, and forgiveness of related party loan payable	(509,847)	(28,184)
Contributions, Transfers, and Losses of Real Estate and Loans		
Loss on sale of property	(148,000)	
Assumption of property purchased by a mission	475,000	
Impairment loss on property		(73,333)
Forgiveness of related party loan payable		468,847
Loss on demolition of building		(14,500)
	<hr/>	<hr/>
Total contributions, transfers, and losses of real estate and loans	327,000	381,014
	<hr/>	<hr/>
Change in unrestricted net assets	(182,847)	352,830
Unrestricted Net Assets, beginning of year	34,701,877	34,349,047
	<hr/>	<hr/>
Unrestricted Net Assets, end of year	\$ 34,519,030	\$ 34,701,877
	<hr/>	<hr/>

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, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ (182,847)	\$ 352,830
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized gain on investments	(37,035)	
Contributed loan payments	(43,328)	(25,632)
Loss on bad debt	592,081	
Loss on sale of property	148,000	
Assumption of property purchased by a mission	(475,000)	
Forgiveness of related party loan payable		(468,847)
Impairment loss on property		73,333
Loss on demolition of building		14,500
Changes in operating assets and liabilities		
Other assets		2,153
Net cash flows from operating activities	1,871	(51,663)
Cash Flows From Investing Activities		
Proceeds from certificates of deposit	1,154,013	248,292
Parish loan repayments, net	134,569	149,683
Purchases of investments in the DIF	(1,007,408)	
Purchases of certificates of deposit		(1,154,013)
Net cash flows from investing activities	281,174	(756,038)
Cash Flows From Financing Activities		
Change in custodial liability	6,000	
Payments of loans	(231,611)	
Net cash flows from financing activities	(225,611)	
Net change in cash and cash equivalents	57,434	(807,701)
Cash and Cash Equivalents, beginning of year	727,542	1,535,243
Cash and Cash Equivalents, end of year	<u>\$ 784,976</u>	<u>\$ 727,542</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. – 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 one to ten 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 ("the DIF"), 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.

Investments

Investments are held in the DIF and are reported at net asset value ("NAV") provided by the DIF, which is a practical expedient to fair value. The NAV is based on the value of the underlying assets (which are primarily equity investments in the common stock of individual companies, government-sponsored debt instruments, and mutual funds holding government-sponsored debt instruments; all traded in active markets), less liabilities, and then divided by the number of shares outstanding.

The practical expedient would not be used if it is determined to be probable that the investment would sell for an amount different than the NAV. There are no funding commitments and no restrictions on redemptions.

Loan Interest

Interest and service fees on loans are recognized when earned over the loan term. Interest on outstanding loans receivable are charged until the loan balance is fully paid or the loan has been written off as a bad debt. Interest receivable on loans has been accrued to December 31, 2016 and 2015. Based on materiality, it has been grouped within loans receivable. At the board's discretion, in some instances, interest is not charged on certain loans.

Loans Receivable

The Diocese's loans receivable are stated at their outstanding principal balances, less an allowance for loan losses. Loans receivable are generally collateralized by property. The Diocese attempts to maintain collateral that has a value at a level equal to or in excess of the loan receivable balance; however, the Diocese generally does not foreclose on loans and assume the collateral.

An allowance for loan losses is established to provide for loans that may be uncollectible. The specific allowance is assessed by individual loans within a portfolio group. No general allowance for credit losses was applied to the balance at December 31, 2016 or 2015. Loans are charged against the allowance for loan 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 loan losses, it is at least reasonably possible that the estimates will change in the near term.

In 2014, the Diocese assumed a loan receivable from the Sammamish Good Samaritan Church mission due from the Sammamish Water District. The loan had a carrying value of \$550,062 on the date of assumption. In 2016, management recorded an allowance against the entire amount of the loan receivable.

Credit Quality

The key to the Diocese'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 business credit history, the ability of the parish or mission 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 Diocesan Council and management of the Diocese. 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. Loans are placed into one of the following three categories based on attributes of the loan, which are evaluated by management:

Good Standing: Loans are considered to be in good standing if payments are consistently made for the agreed-upon amount, including any interest accrued.

Under-Performing: Loans are considered under-performing when payment is not made in full as of its due date.

Non-Performing: Loans are considered non-performing when the Diocese has not received any payments as of their due dates.

The Diocese's loan impairment indicators include untimely or missed payments, or restructuring requests and modifications.

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. No missions became parishes in 2016 or 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. No parishes reverted to mission status in 2016 or 2015.

In 2016, the St. Antony of Egypt in Silverdale, a mission, purchased land amounting to \$475,000, which has been treated as a contribution to the Real Estate Fund.

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.

The Diocese has committed to provide \$1,000,000 to St. Mark's Cathedral Parish to help fund the preservation and renovation of its cathedral.

Additionally, the Diocese has committed to provide \$238,000 to St. Antony's of Egypt in Silverdale to assist in its transition to a new location.

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

	2016	2015
Land	\$ 7,538,034	\$ 7,680,937
Buildings/improvements	23,939,728	24,051,728
	<u>\$ 31,477,762</u>	<u>\$ 31,732,665</u>

Real Estate Held for Sale

Land in Silverdale with a carrying value of \$148,000 was held for sale at December 31, 2015. In 2016, the property was sold and proceeds from the sale were paid to the congregation, resulting in a loss to the Funds of \$148,000.

At December 31, 2016 and 2015, one-third of the Poulsbo land with a carrying value of \$36,667 was held for sale.

Property in Mill Creek and Vancouver with carrying values of \$212,000 and \$517,903, respectively, were also held for sale at December 31, 2016. The Vancouver property was sold subsequent to December 31, 2016.

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.

Reclassifications

Certain items from the December 31, 2015, 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 Funds have evaluated subsequent events through the date these financial statements were available to be issued, which was September 21, 2017.

Note 2. Loans Receivable

Loans receivable consist of the following at December 31:

	2016	2015
Parishes		
Sammamish, Good Samaritan	\$ 287,383	\$ 287,383
Tacoma, St. Mary	220,536	225,252
Port Townsend, St. Paul	56,324	68,613
Vancouver, Good Shepherd	19,600	37,863
Shelton, St. David	9,516	68,362
Tacoma, St. Andrew		80,000
Interest receivable	3,247	5,721
	<u>\$ 596,606</u>	<u>\$ 773,194</u>

All parish loans are classified internally to be in good standing at December 31, 2016 and 2015. No allowance for loan losses was recorded against parish loans at December 31, 2016 or 2015.

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:

	2016	2015
Missions		
Kent, St. Columba's	\$ 929,316	\$ 931,516
Edmonds, St. Hilda's - St. Patrick's	429,729	431,029
Cathlamet, St. James'	306,853	302,784
Auburn, St. Matthew's	238,105	238,106
Vancouver, All Saints'	160,490	177,395
Snoqualmie, St. Clare's	49,369	52,384
Washougal, St. Anne	34,499	38,671
	<u>\$ 2,148,361</u>	<u>\$ 2,171,885</u>

Note 3. Combination

As previously stated, inter-entity loans are eliminated in combination. Eliminated loans are summarized as follows:

	2016	2015
BLF to Real Estate Fund	\$ 2,148,361	\$ 2,171,885
MDF to Real Estate Fund	202,661	168,440
	<u>\$ 2,351,022</u>	<u>\$ 2,340,325</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 an unsecured loan to a congregation in Battle Ground bearing no interest, due in full in December 2017. The loan has a balance of \$69,000 at both December 31, 2016 and 2015. No interest expense is recorded by the Funds as the amounts are paid and expensed by other related entities or funds.

The Trust Accounts also made unsecured loans to congregations in Des Moines and Cathlamet amounting to \$468,847. Each of these loans were forgiven in 2015.

Note 5. Loans Payable

	2016	2015
Loan from a family trust to purchase property. The loan is not secured bearing interest at 5.0% with monthly principal and interest payments of \$2,118 until maturity in July 2020.	\$ 76,327	\$ 117,335
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
	<u>\$ 76,327</u>	<u>\$ 351,266</u>

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

2017	\$ 19,947
2018	20,967
2019	22,040
2020	13,373
	<u>\$ 76,327</u>

Note 6. Contingencies and Commitments

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.

September 21, 2017

To the Audit Committee
Diocese of Olympia, Inc.
Seattle, Washington

In planning and performing our audit of the financial statements of the Diocese of Olympia, Inc., including the James F. Hodges Diocesan Investment Fund, the Trust Accounts, and the Building Loan Fund, Mission Development Fund, and Real Estate Fund (collectively, "the Diocese") as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States, we considered the Diocese's internal control over financial reporting ("internal control") as a basis for designing 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 Diocese's internal control. Accordingly, we do not express an opinion on the effectiveness of the Diocese's internal control.

Our consideration of internal control 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. However, as discussed below, we identified a certain deficiency in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 Diocese'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.

The Audit Committee
Diocese of Olympia, Inc.
Page 2
September 21, 2017

MATERIAL WEAKNESS

We consider the following deficiency in the Diocese's internal control to be a material weakness:

Review and Reconciliation of Debt Held in the Real Estate Fund

The Real Estate Fund holds debt incurred by a mission under the Diocesan umbrella, or debt held by a parish that reverts to mission status. In 2016, the Real Estate Fund held three loans on its books that were not updated at year-end to reflect changes based on payments and advances that occurred throughout the year, the cumulative effect of which resulted in a material misstatement. Adjustments were recorded to correct the values of these outstanding loans on the Diocese's books. We believe that formal policy to review the debt held in the Real Estate Fund will mitigate the risk of having future misstatements occur.

SIGNIFICANT DEFICIENCY

We consider the following deficiency in the Diocese's internal control to be a significant deficiency:

Review and Reconciliation of Property Held in the Real Estate Fund

The Real Estate Fund holds property held by the Diocese and property assumed when a parish reverts to mission status. In 2016, a mission property was sold but had not been removed from the Real Estate Fund's books. This same mission had purchased land that was not recorded on the Real Estate Fund's books. Additionally, a property was approved to be held for sale but was not properly classified on the Real Estate Fund's books. Adjustments were recorded to correct the values and classifications of these properties. We believe that timely communication of decisions made by the Diocesan Council to the accountant, along with a formal policy to review the properties held in the Real Estate Fund, will mitigate the risk of having future misstatements occur.

* * * * *

This communication is intended solely for the information and use of management, the Audit Committee, and others within the Diocese, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us by all of your employees. We would be pleased to discuss these matters with you in more detail and to provide any assistance you may desire in their implementation.

Peterson Sullivan LLP

**DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES
DIOCESAN INVESTMENT FUND**

FINANCIAL REPORT

DECEMBER 31, 2017

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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 and schedules of investments as of December 31, 2017 and 2016, 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, 2017 and 2016, 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.

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

STATEMENTS OF ASSETS AND LIABILITIES

December 31, 2017 and 2016

ASSETS	2017	2016
Investment Income Receivable	\$ 92,310	\$ 80,240
Investments, at fair value		
Equity securities	53,021,434	46,609,806
Bonds, notes, and other	21,173,774	18,681,737
Cash equivalents	4,707,752	2,738,082
Total investments	78,902,960	68,029,625
Total assets	78,995,270	68,109,865
LIABILITIES AND NET ASSETS		
Liabilities		
Participant income payable	225,447	178,621
Investment fees payable	16,052	15,625
Total liabilities	241,499	194,246
Net Assets	\$ 78,753,771	\$ 67,915,619

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 2017

EQUITY SECURITIES	Number of Shares	Fair Value
Abbot Laboratories	9,300	\$ 530,751
AbbVie Inc.	9,300	899,403
Air Products and Chemicals, Inc.	5,700	935,256
Alphabet Inc. Class A	1,103	1,161,900
Apple Inc.	6,540	1,106,764
Automatic Data Processing	8,600	1,007,834
Becton Dickinson & Co	5,200	1,113,112
Berkshire Hathaway Inc. Class B	5,800	1,149,676
Blackrock Inc.	2,485	1,276,569
Boeing Company	1,995	588,345
Chevron Corp	8,871	1,110,560
Chubb Ltd	6,255	914,043
Coca Cola Company	12,900	591,852
ConAgra Foods, Inc.	17,100	644,157
Costco Wholesale, Inc.	6,874	1,279,389
Emerson Electric	8,060	561,701
Enterprise Products Partners LP	27,400	726,374
Exxon Mobil Corp	9,845	823,436
Gilead Sciences, Inc.	8,000	573,120
Honeywell International, Inc.	7,100	1,088,856
Intel Corp	12,700	586,232
iShares S&P Mid Cap ETF	21,560	4,091,658
iShares S&P Small Cap ETF	55,150	4,236,072
Johnson & Johnson	5,200	726,544
JP Morgan Chase & Co	15,165	1,621,745
Lamb Weston Holdings Inc.	7,000	395,150
Microsoft	18,740	1,603,020
Nextera Energy Inc.	5,900	921,521
Novartis Ag A	7,200	604,512
Omnicom Group Inc.	10,000	728,300
Paccar, Inc.	12,000	852,960
Parametric Tax Managed Emerging Markets	22,067	1,153,901
Pfizer, Inc.	20,978	759,823
Procter & Gamble Co	9,424	865,877
Public Storage Inc	1,473	307,857
Qualcomm Inc.	8,700	556,974
Schlumberger Ltd	9,615	647,955
Starbucks Co	13,620	782,196
Sysco Corp	14,400	874,512
United Technologies	7,500	956,775
Vanguard Developed Markets Index	367,346	5,293,463
V F Corporation	14,884	1,101,416
Ventas Inc.	7,315	438,973
Verizon Communications, Inc.	21,500	1,137,995
Walt Disney Co	9,900	1,064,349
Wells Fargo & Co	17,950	1,089,027
Zoetis Inc	6,570	473,303
3M Co	4,530	1,066,226
Total equity securities		<u>\$ 53,021,434</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

(Continued)

December 31, 2017

<u>BONDS, NOTES, AND OTHER</u>	<u>Rate of Interest</u>	<u>Maturity</u>	<u>Shares or Face Value</u>	<u>Fair Value</u>
Federal Farm Credit Bank Debenture	3.050	7/27/22	500,000	\$ 516,715
Federal Home Loan Bank Debenture	4.375	6/14/19	1,000,000	1,035,850
Federal Home Loan Bank Debenture	3.125	12/11/20	500,000	514,695
Federal Home Loan Bank Debenture	2.875	12/10/21	500,000	512,675
Federal National Mortgage Association	1.125	7/20/18	900,000	897,426
Federal National Mortgage Association	2.625	9/6/24	900,000	911,988
Fidelity Conservative Income Bond Fund	Variable	n/a	99,701	1,000,997
U.S. Treasury Note	2.250	7/31/21	1,000,000	1,005,820
U.S. Treasury Note	1.750	5/15/23	900,000	877,815
Vanguard GNMA Admiral Fund	Variable	n/a	64,220	671,743
Vanguard Intermediate-Term Investment Grade	Variable	n/a	534,420	5,210,597
Vanguard Short-Term Investment Grade	Variable	n/a	754,229	8,017,453
Total bonds, notes, and other				<u>\$21,173,774</u>
<u>CASH EQUIVALENTS</u>				
First America Prime Obligation Fund	Variable	n/a	4,707,752	<u>\$ 4,707,752</u>
Total cash equivalents				<u>\$ 4,707,752</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 2016

EQUITY SECURITIES	Number of Shares	Fair Value
Abbot Laboratories	9,300	\$ 357,213
AbbVie Inc.	9,300	582,366
Advansix Inc.	284	6,288
Air Products and Chemicals, Inc.	5,700	819,774
Alphabet Inc. Class A	555	439,810
Alphabet Inc. Class C	556	429,132
Apple Inc.	7,700	891,814
Automatic Data Processing	8,600	883,908
Becton Dickinson & Co	5,200	860,860
Berkshire Hathaway Inc. Class B	5,800	945,284
Blackrock Inc.	2,905	1,105,469
Boeing Company	4,750	739,480
Chevron Corp	9,735	1,145,809
Chubb Ltd	6,255	826,411
Coca Cola Company	12,900	534,834
ConAgra Foods, Inc.	17,100	676,305
Costco Wholesale, Inc.	7,180	1,149,590
Emerson Electric	8,060	449,345
Enterprise Products Partners LP	27,400	740,896
Exxon Mobil Corp	10,992	992,138
General Electric	27,200	859,520
Gilead Sciences, Inc.	8,000	572,880
Honeywell International, Inc.	7,100	822,535
Intel Corp	12,700	460,629
International Business Machines	4,865	807,541
iShares S&P Mid Cap ETF	23,400	3,868,956
iShares S&P Small Cap ETF	27,575	3,792,114
Johnson & Johnson	5,200	599,092
JP Morgan Chase & Co	15,165	1,308,588
Lamb Weston Holdings Inc.	5,700	215,745
Microsoft	22,900	1,423,006
Nextera Energy Inc.	5,900	704,814
Novartis Ag A	7,200	524,448
Omnicom Group Inc.	10,000	851,100
Paccar, Inc.	12,000	766,800
Parametric Tax Managed Emerging Markets	14,938	625,751
Pfizer, Inc.	20,978	681,365
Procter & Gamble Co	10,600	891,248
Qualcomm Inc.	8,700	567,240
Schlumberger Ltd	9,615	807,179
Starbucks Co	13,620	756,182
Sysco Corp	14,400	797,328
United Technologies	7,500	822,150
Vanguard Developed Markets Index	272,392	3,197,879
V F Corporation	14,884	794,061
Ventas Inc.	7,315	457,334
Verizon Communications, Inc.	21,500	1,147,670
Versum Materials Inc.	2,850	80,000
Walt Disney Co	9,900	1,031,778
Wells Fargo & Co	17,950	989,225
3M Co	4,530	808,922
Total equity securities		\$ 46,609,806

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS
(Continued)

December 31, 2016

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	\$ 524,820
Federal Home Loan Bank Debenture	4.375	6/14/19	1,000,000	1,071,190
Federal Home Loan Bank Debenture	3.125	12/11/20	500,000	525,215
Federal Home Loan Bank Debenture	2.875	12/10/21	500,000	519,005
Federal National Mortgage Association	1.125	7/20/18	900,000	900,018
Federal National Mortgage Association	2.625	9/6/24	900,000	908,712
Fidelity Conservative Income Bond Fund	Variable	n/a	99,701	1,000,000
U.S. Treasury Note	2.250	7/31/21	1,000,000	1,015,660
U.S. Treasury Note	1.750	5/15/23	900,000	876,582
Vanguard GNMA Admiral Fund	Variable	n/a	64,220	676,881
Vanguard Intermediate-Term Investment Grade	Variable	n/a	391,854	3,777,473
Vanguard Short-Term Investment Grade	Variable	n/a	647,806	<u>6,886,181</u>
Total bonds, notes, and other				<u>\$ 18,681,737</u>
 <u>CASH EQUIVALENTS</u>				
First America Prime Obligation Fund	Variable	n/a	2,738,082	<u>\$ 2,738,082</u>
Total cash equivalents				<u>\$ 2,738,082</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, 2017 and 2016

	2017	2016
Investment Income		
Dividends and interest	\$ 1,718,048	\$ 2,069,127
Securities lending and other income	3,161	19,008
Total investment income	1,721,209	2,088,135
Expenses		
Agency fees	63,230	77,686
Audit and accounting fees	11,400	12,400
Printing and postage	250	800
Miscellaneous expense	1,917	713
Total expenses	76,797	91,599
Excess investment income over expenses	1,644,412	1,996,536
Realized and Unrealized Investment Gain		
Net realized investment gain	1,926,638	226,718
Net unrealized investment gain	5,259,301	3,899,167
Net gain on investments	7,185,939	4,125,885
Change in net assets resulting from operations	\$ 8,830,351	\$ 6,122,421

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, 2017 and 2016

	2017	2016
Change in Net Assets Resulting from Operations	\$ 8,830,351	\$ 6,122,421
Distributions of Dividends Paid to Shareholders	(1,681,136)	(1,998,979)
Capital Share Transactions		
Proceeds from shareholder purchases	6,137,329	5,400,630
and dividends reinvested		
Shareholder redemptions	(2,448,392)	(2,829,040)
Increase in net assets resulting from capital share transactions	3,688,937	2,571,590
Change in net assets	10,838,152	6,695,032
Net Assets, beginning of year	67,915,619	61,220,587
Net Assets, end of year	<u>\$ 78,753,771</u>	<u>\$ 67,915,619</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 James F. Hodges Diocesan Investment Fund ("the Fund") was organized in 1951 as an investment pool for the endowments of the Diocese and 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 U.S. 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 Operating Funds, Trust Funds, and the Building Loan, Mission Development, and Real Estate Funds. 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, or 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 U.S. Bank in the subsequent month. Shares are purchased at the net asset value at the beginning of the month after U.S. Bank receives the funds. At December 31, 2017 and 2016, the Diocese held \$102,701 and \$11,495 in funds for purchase in January 2018 and 2017, respectively. These amounts are not included in the financial statements until shares are purchased. They are included in the financial statements of the Diocese.

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 those estimates.

Concentrations

Investments in the Vanguard short-term investment grade bond fund represent 10% of total investments at both December 31, 2017 and 2016.

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.

Reclassifications

Certain items from the December 31, 2016, 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 Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was _____.

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 (Depreciation)

Unrealized appreciation (depreciation) on investments was as follows at December 31, 2017:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 26,714,266	\$ 53,021,434	\$ 26,307,168
Bonds, notes, and other	21,239,559	21,173,774	(65,785)
Cash equivalents	4,707,752	4,707,752	
	<u>\$ 52,661,577</u>	<u>\$ 78,902,960</u>	<u>\$ 26,241,383</u>

Unrealized appreciation (depreciation) on investments was as follows at December 31, 2016:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 25,603,462	\$ 46,609,806	\$ 21,006,344
Bonds, notes, and other	18,706,159	18,681,737	(24,422)
Cash equivalents	2,738,082	2,738,082	
	<u>\$ 47,047,703</u>	<u>\$ 68,029,625</u>	<u>\$ 20,981,922</u>

Note 4. Shareholders

The Fund's investment pool activity is as follows:

	<u>Number of Shares</u>	<u>Per Share Value</u>
Shares outstanding, December 31, 2015	264,711	<u>\$ 231</u>
Shares purchased and dividends reinvested	22,863	
Shares redeemed	<u>(11,958)</u>	
Shares outstanding, December 31, 2016	275,616	<u>\$ 246</u>
Shares purchased and dividends reinvested	23,740	
Shares redeemed	<u>(9,429)</u>	
Shares outstanding, December 31, 2017	<u>289,927</u>	<u>\$ 272</u>

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.