

THIS IS US

LOOKING BACK  MOVING FORWARD



2018 DIOCESAN CONVENTION



JOURNAL OF THE DIOCESE OF OLYMPIA

108th Annual Convention

SeaTac, Washington

October 26-27, 2018

Journal of Proceedings
2018 Annual Convention

Section 1: 2018 Convention Minutes

2018 Convention Minutes	1-19
Action Items	
2019 Diocesan Operating Budget Ratification	7
Constitution and Canons	11-13
Ballot Reports	
Report of the First Ballot	6
Report of the Second Ballot	7
Report of the Third Ballot	n/a
Resolutions	
Resolution #1: <i>2019 Assessment Rate Reduction</i>	4
Resolution #2: <i>2020 Assessment Rate</i>	7
Resolution #3: <i>Cost of Living Adjustment (COLA)</i>	7
Resolution #4: <i>Adoption of the Model Policy for The Protection of Children & Youth</i>	13
Resolution #5: <i>Adoption of the Model Policy for The Protection of Vulnerable Adults</i>	13
Resolution #6: <i>Absurd Translation of the Nicene Creed</i>	13
Resolution #7: <i>Aligning Diocesan Fossil Fuel Divestment & Reinvestment with The Episcopal Church</i>	13
Resolution #8 (Six-Hour): <i>Preventing Sexual Harassment and Discrimination</i>	15
Resolution #9 (Six-Hour): <i>Recognition and Affirmation of the Inherent Dignity of Transgender and Nonbinary Persons as Beloved Children of God</i>	17
Courtesy Resolutions	7-9
Awards / Appointments / Recognitions	
Bishop Appointments	4
Ky Chen Award: <i>Kathryn Chamberlain</i>	3
Ky Chen Award: <i>Kris Lawless</i>	3-4
Bishop's Cross: <i>Page Eney</i>	10
Bishop's Cross: <i>Mary O Haller</i>	10-11
Bishop's Preaching Award: <i>Aaron Scott</i>	9
<u>Section 2: Addresses</u>	
Convention Address: <i>The Rt. Rev. Greg Rickel</i>	20-26
Eucharist Sermon: <i>The Ven. Gen Grewell</i>	27-34

Section 3: Reports to the 105th Annual Convention

Convention Guide (A.1)	35-36
Rules of Order (A.2)	37
Clergy & Staff Transitions (A.5)	38
Vision Statement (A.6)	39
Final Agenda (A.13)	40-42
Nominations Committee (B.2)	43-48
Resolutions Committee (D.2)	49-60
Committee on Constitution and Canons (E.1)	61-64
Committee on Privilege (E.2)	65-66
Convention Committees (E.3)	67
Diocesan Council (E.4)	68
Board of Directors (E.5)	69-70
Standing Committee (E.6)	71-73
Personnel Commission (E.7)	74-75
Commission on Ministry (E.8)	76
Archives & Records Management (E.9)	77-78
Historiographer (E.10)	79

Section 4: Leadership Lists

Congregations in the Diocese of Olympia	80
Diocesan Canonically Resident Clergy (A.4)	81-83
List of Delegates & Alternates (A.6)	84-91
Officers of the Convention	92
Bishop's Office Staff	93
Standing Committee	94
Board of Directors	94
Diocesan Council	94-95

Section 5: Statistics & Financial Documents

C.1 2019 Diocesan Budget	96-115
Vital Statistics—Data Year 2017	116-118
Financial Statistics—Data Year 2017	119-122
2017 Audit—Consolidated Financial Statement	123-139
2017 Audit—Operating Fund	140-468
2017 Audit—Trust Accounts	169-183
2017 Audit—Building, Mission Development, & Real Estate Fund	184-196
2017 Audit—Diocesan Investment Fund (DIF)	197-213

Section 1
Minutes of the 108th Annual Diocesan Convention of the Diocese of Olympia
Doubletree by Hilton Seattle Airport, SeaTac, Washington

Friday, October 26, 2018

Workshops

Prior to the call to order, Convention members had the option to attend one of 20 workshops offered in 2018: Getting Ready for Luke; Alzheimer’s Disease & Other Dementias – A Ministry of Help & Hope; Coaching Techniques for Ministry; Strengthening Relationships and Growing Leaders in Your Congregation in the Age of Facebook; Our Call to Advocacy – Helping Your Community Stand for Justice; Introduction to the Israel/Palestine Conflict; Complex Compassion – Mental and Spiritual Wellbeing in a Chaotic World; Unlikely but Worst-Case Scenario – the Active Assailant at Church; Update on Refugee Resettlement Programs in the Diocese of Olympia; The Joy of Blessing Prayers – How to empower Laity in their Prayer Life; Telling the Story – Mission to Seafarers; Save Money, Water and the Environment – Rain Gardens and Cisterns at Church; Having a “there” there – Identity and Marketing in the Local Congregation; Church Desk; From Maximizing Profits to Socially Responsible Investing; What’s New in our Partnership with the Diocese of Southern Philippines; A Taste of Come and See (Cursillo re-imagined in the Diocese of Olympia); Funding Future Ministry in Your Church; Convention Orientation; To Keep or Not to Keep – That is the (First) Question.

Call to Order & Welcome

The 108th 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 *This is Us: Looking Back & Moving Forward*. Convention members joined in opening worship followed.

Introduction of the Head Table

Bishop Rickel introduced those seated at the head table: Marda Steedman Sanborn, Canon to the Ordinary (whom the bishop appointed as secretary pro-tempore in the absence of Karen Gusse, secretary of convention, who was home sick); 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 Marda Steedman Sanborn 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 108th 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.13 for acceptance, with the addition of a special order prior to consideration of Resolution #7.

**No objection; special order added
Motion carried
Agenda adopted as amended**

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

Committee on Privilege

Bishop Rickel recognized the Rev. Joseph Mikel, rector, St. David of Wales, Shelton, and chair, Committee on Privilege, to present the report on the granting of privilege for this convention. Mikel referred to document E.2 and moved that seat and voice be granted to those listed.

No objection; privilege granted

Office of the Bishop Report on Congregational Status

Bishop Rickel recognized Secretary Steedman Sanborn who reported, pursuant to Canon 2, section 4(b), she had received from the Office of the Bishop the 2018 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 2018 report shows three congregations not in compliance as of the deadline – Church of the Holy Apostles, Bellevue; St. Matthew, Castle Rock; and St. Martin/St. Francis, Rockport; all other congregations are in either Good Standing or Provisional Good Standing. As no members from the three congregations were present, no additional action was taken.

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**

Steedman Sanborn, secretary pro-tempore, appointed Tonja Mathews assistant secretary serving this convention.

No action required

Parliamentarian

Bishop Rickel appointed K. Ann McCartney as the parliamentarian for the 108th Convention.

No action required

Chancellor and Vice Chancellor

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

Appointment approved

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

No action required

Video: This is Us – Welcome to St. Luke's Church in Renton

Bishop Rickel introduced the first of several videos celebrating the convention theme. All were produced by the diocesan communications office over the past year.

Bishop's Address

Bishop Rickel delivered his annual bishop's address.

Conversation: The Way of Love (Turn & Learn)

Bishop Rickel called on Canon Dede Moore who introduced the process for conversations using The Way of Love from Presiding Bishop Michael Curry, which provides seven spiritual practices that form a Rule of Life:

Turn, Learn, Pray, Worship, Bless, Go, and Rest; two-minute presentations were followed by conversation in triads. Presenters: Turn: the Rev. Karen Haig, St. Barnabas, Bainbridge Island. Learn: the Rev. Doyt Conn, Epiphany Parish of Seattle.

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 the Diocesan House. The 13 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 **Kathryn Chamberlain**, Christ Church, Seattle.

Kathy Chamberlain, of Christ Episcopal Church in Seattle, is a gift from God. Ever since her experience with a service organization in her undergraduate life, she has been focused on generous, diligent service, to be in the place where she most devoutly seeks and finds God. Aside from being Christ Church's exemplary treasurer for 8 years, she is one of those miraculous people who both sustains our highest level conversations about mission while also being the person who is constantly getting her hands grubby pulling weeds around the church. Kathy paints the walls and convenes the Endowment Committee. She runs coaxial cables between buildings to install internet service and she is an acolyte. She climbs the 32' ladder to the rafters in the Sanctuary to replace light bulbs and she sings in the choir every week. She attended the College for Congregational Development and scrapes graffiti off the alley wall. She installs, maintains and troubleshoots the computers, internet, and copier at Christ Church. She interfaces with the bank and with vendors and manages all the HR tasks of hiring and resignations. Kathy co-ordinates the parochial report, the annual report, and the facility use report. She writes the annual budget and provides extensive and clear monthly financial reports as well as a complex one for the annual meeting. She organizes the parish audit. She always comes when we have a party. When the Rev. Shelly Fayette was new, Kathy introduced her to the neighborhood by taking her on a walking tour of the flora of the University of Washington campus. They still take that walk when there are church situations to talk out. Here is another example: when Kathy was nervous about joining the choir, she found a computer program that would let her enter the notes of her part, and have it play back to her, so she could practice at home. She could have just done this, but instead she decided to enter all the other parts and share the program, which the other choir members have loved. This is signature Kathy: to serve despite fear, to work for excellence, and always to include and share. Kathy's truest aim is to be of service. She is 100% aboveboard; she does not cut corners. She is never in it for herself, and she deflects praise. The church sees Christ shining through her.

Bishop Rickel presented the Ky Chen Employee Excellence "No Problem" award to **Kristeen Lawless**, St. Luke-San Lucas, Vancouver.

Kris Lawless has served faithfully and with great success as the Parish Administrator at St. Luke's ~ San Lucas in Vancouver for over 12 years, retiring in 2017. Kris ended up returning to work as the Parish Administrator Trainer. Due to the extraordinary turnover in that position, Kris has been working nearly full time to cover gaps, teach new employees the ropes, and prepare documentation and instructions for future use. As a daughter of a priest, Kris has been instrumental in brainstorming and compiling liturgical resources, bringing to the Rector's attention a wide and rich variety of forms that have salted the worship of St. Luke's ~ San Lucas, Vancouver. Kris is dedicated in her choices to forms of inclusion and hospitality. Kris also fine-tuned and tinkered with Sunday booklets, learning how to put together a Spanish bulletin without knowing Spanish. Kris leads the Women's Spirituality Group, meeting once a month in reading on women's issues and mutual support with prayer and sharing.

Clergy and Diocesan Staff Transitions

Bishop Rickel referred convention members to document A.5, and recognized new clergy through transfer, licensing, or ordination. He read the names of those clergy deceased since our last convention: Jack Bigford, Tom Minifie, Dick Garlichs, Anna Maria Korathu, W. Gerald Lonergan, Pamela Armstrong, Joan Niemann, C. Le Roy Borders. He also introduced new diocesan staff: K. Elizabeth Myers, receptionist & resource assistant; Valerie Reinke, canon for faith formation: 35 & Under; Aaron Scott, missionary for anti-poverty organizing; and, Brian Sellers-Petersen, missionary for agrarian ministry. *[Document, pg. xx]*

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

Christina Jillard, St. Margaret, Bellevue (clergy, reappointed); Jeff Maxwell, St. Aidan, Camano Island (lay); Vicki Setzer, All Saints, Vancouver (lay).

Commission on Ministry

Karen Haig, St. Barnabas, Bainbridge Island (clergy, reappointed); Mary Lyons, St. Stephen, Longview (lay, reappointed); Pat McGuire, St. Bede, Port Orchard (lay).

Personnel Commission

Linda Bruen, St. Margaret, Bellevue (lay); Jennifer King Daugherty, St. Mark's Cathedral, Seattle (clergy); Sabeth Fitzgibbons, St. Hilda-St. Patrick, Edmonds (clergy, chair).

Board of Examining Chaplains

Missy Couch (clergy).

No action required

Disciplinary Board

Bishop Rickel appointed the following members for three-year terms: Mac Brown, St. Mark's Cathedral, Seattle (reappointed); Sarah Mac, Trinity Church, Everett; The Rev. Katherine Sedwick, St. Michael, Issaquah. Marvin L. Gray, Jr., and Douglas Oles were appointed Church Attorneys.

Appointments ratified

Presentation: Saint 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: Annie Wright Schools

Bishop Rickel recognized Chaplain Bill Hulseman to speak to the convention about the Annie Wright Schools in Tacoma.

Committee on Resolutions

Bishop Rickel recognized co-chairs the Rev. Rilla Barrett and the Rev. Jonathan Weldon, to present on behalf of the Resolutions Committee. With reference to document D.2, they presented and moved Resolution #1 with a committee recommendation of "do pass."

Resolution #1 – 2019 Assessment Rate Reduction

Resolved, That this 108th Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2019 diocesan assessment rate factor be reduced from 15% to 14.5% of the Net Disposable Income (NDI).

**Motion carried
Resolution #1 adopted**

Video: This is Us – Presiding Bishop Curry’s Visit

Bishop Rickel introduced the second video looking back at the June 2018 visit of the presiding bishop.

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 following persons were nominated for diocesan offices:

Standing Committee – Clergy

Steve Danzey, Good Samaritan, Sammamish

Nominations closed

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

Standing Committee – Lay

Charla Conner, All Saints, Tacoma

Stuart Case, St. Barnabas, Bainbridge Island

Nominations closed, ballot prepared

Diocesan Council—Clergy Columbia Regional Ministry

Joseph Scheeler, All Saints, Vancouver

Nominations closed

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

Diocesan Council – Lay Eastside Regional Ministry

Thomas G. Andrew, Jr., St. Margaret, Bellevue

Heather Irwin, Holy Cross, Redmond

Nominations closed, ballot prepared

Diocesan Council – Clergy Holy C Regional Ministry

Edmund Harris, St. Peter, Seattle

Nancy Ross, St. Mark’s Cathedral, Seattle

Nominations closed, ballot prepared

Diocesan Council – Lay Sno Isle Regional Ministry

Sharon Kay Radar, St. Hilda-St. Patrick, Edmonds

Carolyn Forbes, St. Philip, Marysville

Nominations closed, ballot prepared

Diocesan Council—Clergy Mount Baker Regional Ministry

Diane Ramerman, Christ Church, Anacortes

Nominations closed

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

Diocesan Council—Lay Willapa Regional Ministry

Jeff Zahir, St. Benedict, Lacey

Nominations closed

With no objection, convention dispensed with the ballot; Zahir 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

Introduction to voting procedures

First ballot

Bishop Rickel recognized Katrina Hamilton, elections official; Hamilton introduced the balloting system to be used for 2018 elections. Bishop Rickel declared the polls open.

First ballot completed

Evening Liturgy / Recess

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

Recessed at 5:44 pm

Saturday, October, 27, 2018

Morning Liturgy / Call to Order / Dispatch of Business

Following the morning liturgy, Bishop Rickel called the convention to order. Dispatch of Business chair, Jamie Balducci, provided reminders and rules for voting and speaking to the convention. Bishop Rickel welcomed Karen Gusse, Secretary of Convention, to the head table.

Report of the first ballot

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

Standing Committee – Lay

Majority in each order (59 clergy/131 lay) needed to elect.

Charla Conner	77 clergy	171 lay
Stuart Case	40 clergy	91 lay

Conner elected

Diocesan Council – Eastside Lay

Majority (189) needed to elect.

Thomas G. Andrew, Jr.	99
Heather Irwin	277

Irwin elected

Diocesan Council – Holy C Clergy

Majority (195) needed to elect.

Edmund Harris	177
Nancy Ross	212

Ross elected

Diocesan Council – Sno Isle Lay

Majority (201) needed to elect.

Carolyn Forbes	179
Sharon Radar	201

Second ballot

With elections complete, the second and further ballots were not required.

Video: This is Us – Community Garden at St. Columba, Kent

Bishop Rickel introduced the third video highlighting the community garden at St. Columba's Church in Kent.

Report from the Treasurer

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

Action on the 2019 Budget

Diocesan Treasurer, Barbara Fox, commended to convention the 2019 operating budget, which was developed and balanced based on reduction of the assessment rate to 14.5%, and moved for its ratification.

**Motion carried
2019 Budget ratified**

Committee on Resolutions

Bishop Rickel called on co-chairs the Rev. Rilla Barrett and the Rev. Jonathan Weldon, to continue the report from the Resolutions Committee. With reference to document D.2, they presented and moved Resolution #2 with a committee recommendation of "do pass."

Resolution #2 – 2020 Assessment Rate

Resolved, That this 108th Convention of the Diocese of Olympia approve the recommendation of the Diocesan Council that the 2020 diocesan assessment rate factor be set at 14.5% of the Net Disposable Income (NDI).

**Motion carried
Resolution #2 adopted**

The co-chairs presented and moved Resolution #3 with a committee recommendation of "do pass."

Resolution #3 – Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2019

Resolved, That this 108th Convention of the Diocese of Olympia set the Cost of Living Adjustment for 2019 parochial clergy salary scale at 3.3%.

**Motion carried
Resolution #3 adopted**

Courtesy Resolutions

BE IT RESOLVED, that the 108th Annual Convention of the Diocese of Olympia give thanks for the two congregations in the Diocese which celebrate the 50th anniversary of their first services this year, Tahuya, St. Nicholas; Vancouver, Church of the Good Shepherd.

BE IT RESOLVED, that the 108th 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 108th 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 108th 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 108th 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 108th 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 108th 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 108th 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 108th Annual Convention of the Diocese of Olympia sends its greetings to the Most Rev. Melissa Skelton, Bishop of the Diocese of New Westminster and Archbishop of the Ecclesiastical Province of BC and Yukon and to all of the clergy and people of the Diocese of New Westminster and the Ecclesiastical Province of BC and Yukon.

BE IT RESOLVED, that the 108th 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 108th 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 108th 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 108th 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 108th 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 E. Michael Jackson, the Rev. Canon Rebecca McClain, the Rev. Canon Jerry Shigaki, the Rev. Canon Ed Sterling, the Rev. Canon Patricia Taylor, and the Rev. Canon Richard K. Toll.

BE IT RESOLVED, that the 108th 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 Ms. Deede Woods as she completes her term on the Standing Committee.

BE IT RESOLVED, that the 108th 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 Mr. George Garcia and Ms. Pat McGuire as they complete their terms on the Board of Directors.

BE IT RESOLVED, that the 108th Annual Convention of the Diocese of Olympia express its thanks and appreciation for the Rev. Rilla Barrett, the Rev. Doyt Conn, Ms. Sally Farrell, Ms. Denice Patrick, and the Rev. Michael Wright, as they complete their terms on Diocesan Council.

BE IT RESOLVED, that the 108th Annual Convention of the Diocese of Olympia expresses its thanks for the able work of our Chancellor Judith Andrews.

BE IT RESOLVED, that the 108th 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 108th 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 108th Annual Convention of the Diocese of Olympia thanks all the staff of the Doubletree, Seatac, for their care for us.

BE IT RESOLVED, that the 108th 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 108th 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, the Rev. Josh Hosler, 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.

With no objection; courtesy resolutions adopted

Conversation: The Way of Love (Pray & Worship)

Presenters: Pray: Pat McGuire, St. Bede, Port Orchard. Worship: the Rev. Jaime Case, St. Luke/San Lucas, Vancouver.

Preaching Award

Bishop Rickel presented the Bishop's Preaching Award to Aaron Scott, Chaplains on the Harbor.

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.

Greetings: Canon John Peterson

Bishop Rickel recognized Canon John Peterson, current Canon for Global Justice and Reconciliation at Washington National Cathedral, to bring greetings to the convention.

Convention Eucharist & Ordinations

Bishop Rickel presided; The Ven. Gen Grewell, archdeacon, preached. The offering was designated to the Cuba Clergy Pension Campaign. Ordained to the permanent diaconate: Emily Colleen Meacham Austin; Michelle Allen “Missy” Couch; Elizabeth Helen Van Dyke; Barbara L. Weza.

Bishop’s Cross Awards

In 1953, at our 43rd 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, 401 crosses have been given out to 400 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.

Bishop Rickel presented the Bishop’s Cross to **Page Eney**, St. John, Kirkland.

While Page Eney would express that she hasn’t done anything to deserve a Bishop’s Cross Award, the way she wears the indelible cross she received on her forehead at her baptism in serving Christ and his Church suggests otherwise. Her faithful witness of selfless service is a shining example of what it means to give one’s own time and God given gifts to further the mission of the Church and specifically, through healthy stewardship of finances and property. Page has served and serves many churches across the Diocese of Olympia doing bookkeeping, assisting treasurers, and performing audits for no compensation, all with an uncommon joy and while turning 80 this year! She travels to congregations that are hours away from home and to ones nearby to help others in their ministries because she knows that these ministries empower these congregations to do Christ’s work in the world. Page has done this for years as a dedicated Episcopalian and spends countless hours, really full-time, each week serving in this ministry. In addition to this, these past three years she has given of herself to do these ministries while also babysitting her now three-year old grandson for 40 hours a week. Page is a servant saint among saints, and she has long deserved a Bishop's Cross Award. The only reason Page hasn’t received one before now is that she serves so many churches the nominators feared that might leave one off in her nomination. I am not going to list them all here, but you know who you are, and there are many. When Bishop Bayne instituted the Bishop’s Cross he ended with this, “These crosses 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 those who receive them.” Page, you are an abundant blessing to the Diocese of Olympia and many of her congregations.

Bishop Rickel presented the Bishop’s Cross to **Mary O Haller**, Church of the Good Shepherd, Federal Way.

At 92 years old, Mary O.’s calling card reads ‘Professional Volunteer.’ Her lifetime of service to the Episcopal Church and the community, with focus on Women and Children, are as follows: In the Diocese of Olympia, Mary O. served on the Diocesan Council, the Commission for Congregations for six years, one of three who initiated the Episcopal Charities Appeal for the Diocese, and a delegate to the ECA national convention in New York. She co-chaired the first Social Action Workshop, served as Hispanic Commission chair and Diocesan Aging Commission chair. At the Congregational level, Mary O. was building chairs for St. Columba’s church in Kent and has been a chalice bearer for over 40 years. She was the point person for St. Teresa’s Catholic Church and Good Shepherd in Federal Way, initiating the weekly community meal at Good Shepherd. Mary O. was also a

point person for Good Shepherd, setting up the twice weekly 'coffee house' continental breakfast for the Federal Way Caregivers. She chaired the group that supported the Lake Grove School's 14-year effort to provide school supplies for approximately ninety-five percent of the students and chaired the committee to include the St. Fillippe congregation at St. Columba's. In addition, she served on the Bishop Committee for six terms. She and Allen, her late husband of 58 years, were youth leaders at Lebanon, Oregon and Bogalusa Louisiana. In the Communities where the family lived, Mary O. was a Seattle Childhaven Board member, and held the office of President for one year. She was on the Washington State Commission for children and a member of the first Port Townsend Art Commission. In Oregon City, she was a YWCA charter member. On Women's and Children's Issues, Mary O. worked tirelessly on the team developing the national Child Development Associate Credential, a credential for certifying aids in early childhood settings and with Gloria Pollis facilitated the credential being adopted by the state of Washington, the first state in the nation to do so. Later, she participated in 150 candidate evaluations in seven states including Alaska. Mary O. was the first Head Start teacher/director in Washington State, later becoming director of the Washington State Head Start Training office at Seattle University and afterward at the University of Washington.

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. The following amendments are proposed for their first vote.

Constitution, Art. II (Acceding to ~~General Convention~~ ~~National Constitution and Canons~~)

The Church in the Diocese of Olympia accedes to the Constitution and Canons for government of the Protestant Episcopal Church in the United States of America and recognizes the authority of the General Convention of the same.

**Motion carried in each order (clergy & lay) voting separately
Amendment to Article II approved on first reading; second reading 2019**

Second vote on changes to Constitution

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 research 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 each order (clergy & lay) voting separately
Amendment to Article VII adopted on second reading**

Vote 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 26: Ecclesiastical Discipline

Canon 26 generally implements procedures that are standardized under Title IV of the Episcopal Church Canons as established by General Convention. The Committee recommends the following updates and clarifications.

Section 1: The ecclesiastical discipline of a priest or deacon shall be governed by Title IV of the Canons ~~for the Government of the~~ Episcopal Church. Capitalized terms in this Canon shall have the meanings set forth in Title IV, unless otherwise specified herein.

Section 2(c): A Board member may be removed from office by the Bishop, ~~subject to following consultation with~~ (i) obtaining advice and a recommendation from the Standing Committee, and (ii) ~~with ratification of the Bishop's decision~~ by the Diocesan Council.

Section 3: In any proceeding under this Title, if any member of a Conference Panel or Hearing Panel shall become aware of a personal conflict of interest or ~~undue~~ bias, that member shall notify the President of the Board and request a replacement member of the Panel. Respondent, Respondent's Counsel and the Church Attorney shall have the right to challenge any member of a Panel for conflict of interest or ~~undue~~ bias by motion to the Panel for disqualification of the challenged member. The members of the Panel who are not the subjects of the challenge shall promptly consider the motion and determine whether the challenged Panel member shall be disqualified from participating in that proceeding. ~~If in the event that~~ recusals or challenges reduce the number of qualified Panel members below the number required to act in a particular matter, the President may appoint enough other Board members to achieve the required number. If there are insufficient Board members to qualify the Panel to act, Bishop may appoint a number of other additional persons sufficient to qualify the Panel to act in that particular matter.

Section 4: Within sixty (60) days following the annual Convention, the Secretary of Convention shall convene the Board to elect a President from among its members to serve for the following calendar year, ~~provided that, in the case of the initial ratification of members, the members shall meet and elect a President prior to July 1, 2011 to serve during the short year of 2011.~~ Education and training in the requirements of Title IV should be conducted each year under supervision of the diocesan Chancellor ~~prior to the commencement of the terms of office of the Disciplinary Board.~~

Section 7: ...The person(s) so selected [as Church Attorney] must be a member of the church and a duly licensed attorney, ~~but need not reside within the Diocese.~~

Section 8: The Bishop ~~may appoint~~ shall make available an Advisor for the complaining party and an Advisor for the Respondent. Persons serving as Advisors shall not hold any other position ~~no other appointed or elected position provided for~~ under Title IV, and shall not include chancellors, ~~or vice chancellors~~ or assistant chancellors of this ~~Diocese~~ nor any person likely to be called as a witness in the proceeding. Parties should be advised in all cases that the appointed ~~a~~ Advisor is not intended to act as lawyer for any party and should not be so considered. A party is free to reject a proposed ~~an~~ Advisor and to who has been offered and select an alternative, their own, who may also be an attorney and act in that capacity. In any case, any party is entitled to retain an attorney to assist in the proceeding.

Section 9: The Board ~~may~~ shall appoint a ~~Board~~ Clerk to assist the Board with records management and administrative support. The ~~C~~ clerk may be a member of the Board.

Section 10 (a): The reasonable costs and expenses of the Board, the Intake Officer, the Investigator, the Church Attorney(s), the Advisor(s), the Board ~~C~~ clerk and ~~the~~ Par ~~pastoral~~ R ~~response~~ coordinator ~~(if any)~~ shall be the obligation of the Diocese, subject to such budgetary constraints as may be established by Diocesan Council.

Section 11: Records of active proceedings...shall be preserved...in the custody of the Board ~~C~~ clerk, if there be one,...

Section 12: The Bishop shall make provision for the storage of records...as prescribed in Title IV of the ~~General Canons of the Episcopal Church.~~

Section 13: Any meeting...other than a hearing...may be conducted either in person or through telephonic or other electronic communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

**Motion carried in each order (clergy & lay) voting separately
Amendments to Canon 26 adopted**

Committee on Resolutions

Bishop Rickel called on co-chairs the Rev. Rilla Barrett and the Rev. Jonathan Weldon, to continue the report from the Resolutions Committee. With reference to document D.2, they presented and moved Resolution #4 with a committee recommendation of “do pass.”

Resolution #4 – Adoption of the Model Policy for the Protection of Children & Youth

Resolved, That this 108th Convention of the Diocese of Olympia adopt the Model Policy for the Protection of Children and Youth, as approved by the Task Force to Update Sexual Misconduct Policies in accordance with resolutions of the 2015 General Convention.

**Motion carried
Resolution #4 adopted**

Resolution #5 – Adoption of the Model Policy for the Protection of Vulnerable Adults

Resolved, That this 108th Convention of the Diocese of Olympia adopt the Model Policy for the Protection of Vulnerable Adults, as approved by the Task Force to Update Sexual Misconduct Policies in accordance with resolutions of the 2015 General Convention.

**Motion carried
Resolution #5 adopted**

Resolution #6 – Absurd Translation of the Nicene Creed

Resolved, that this 108th Convention of the Diocese of Olympia request the Office of the Bishop to communicate with the Standing Commission on Music and Liturgy, on behalf of this convention, requesting that the Standing Commission on Music and Liturgy consider the submitted analysis by Bishop William Choi, et al, of translation issues of the Nicene Creed, specifically into East Asian languages, as the Standing Commission updates liturgies.

Discussion: The Rev. Joseph Peters Matthew, St. Joseph-St. John, Lakewood, questioned the proper title for the commission. Speaking against the motion: the Rev. Jeff Sharp, All Saints, Tacoma. Speaking in favor of the motion: Earle Beede, St. John Snohomish.

**Motion carried
Resolution #6 adopted**

Special Order

Bishop Rickel reviewed the process for the Special Order to be undertaken prior to consideration of Resolution #7: Aligning Diocesan Fossil Fuel Divestment & Reinvestment with The Episcopal Church. He recognized Nancy McConnell to speak on Behalf of the Bishop’s Committee for the Environment, and George Robertson to speak on behalf of the Board of Directors; ten minutes of table discussion followed.

Committee on Resolutions

Bishop Rickel called on co-chairs the Rev. Rilla Barrett and the Rev. Jonathan Weldon, to continue the report from the Resolutions Committee. With reference to document D.2, they presented and moved Resolution #7 with a committee recommendation of “no opinion.”

Resolution #7 – Aligning Diocesan Fossil Fuel Divestment & Reinvestment with The Episcopal Church

Resolved, that this 108th Convention of the Diocese of Olympia acknowledges Resolution C045, Call for Investing in Clean and Renewable Energy, which was passed by the 78th General Convention of The Episcopal Church in 2015; and be it further Resolved, that this 108th Convention of the Diocese of Olympia supports the steps the Investment Committee of the Executive Council of The Episcopal Church has taken to implement the divestment goals of Resolution C045; and be it further Resolved, that this 108th Convention of the Diocese of Olympia requests the Board of Directors to align the Diocese of Olympia’s investments with the provisions of Resolution C045 and to honor the provisions of Resolution #5, Divestment from Fossil Fuels, which was passed by the 103rd Convention of the Diocese of Olympia in 2013; and be it further Resolved, that this 108th Convention of the Diocese of Olympia exhorts the Board of Directors to fulfill its fiscal responsibilities while making this investment decision consistent with our Christian faith rather than making decisions solely to maximize financial profits regardless of the costs to God’s people and creation; and be it further Resolved, that this 108th Convention of the Diocese of Olympia requests the Board of Directors to report annually on their progress in implementing these actions and principles, and that this report be submitted in writing to the Bishop of the Diocese of Olympia at least 90 days prior to each future diocesan convention until such time as the divestment from fossil fuels is complete, as defined in Resolution #5 passed by this Convention in 2013.

Discussion: Bishop Rickel clarified that this resolution is an advisory vote as the final decision on investment policy remains with the diocesan Board of Directors. Speaking in favor of the motion: Cheryl Pierson, Epiphany Parish of Seattle; Nancy Vanderberg, St. John, Snohomish; Dick Hall, St. Augustine’s in-the-Woods, Freeland; the Rev. Kendall Haynes, St. Matthew, Tacoma; the Rev. Nigel Taber Hamilton, St. Augustine’s in-the-Woods, Freeland. Speaking against the motion: the Rev. Walter Knowles, St. Paul, Seattle; Elijah Adrian, Church of the Good Shepherd, Vancouver; Tyler Philip, St. Christopher, Olympia; Martha Liska, St. Benedict, Lacey.

Amendment: the Rev. R.C. Laird, St. John, Olympia, moved an amendment to delete lines 10-22, and to replace with the following new resolve: *“That the ... request the diocesan Board of Directors to create and present a plan to the 109th convention for fully offsetting the fossil fuel investments in the DIF as well as that of individual parishes and missions of the diocese...”*

Discussion on the amendment: Speaking against the amendment: Earl Beede, St. John, Snohomish; Jimmy Collins, St. Mary, Lakewood. Speaking in favor of the amendment: Mary Lyons, St. Stephen, Longview; Coralee Brewer, Church of the Good Shepherd, Vancouver.

Question called: the Rev. Jedediah Fox, Church of the Redeemer, Kenmore, called the question on the amendment.

Motion carried
Question called
Motion failed
Laird amendment rejected

Continued discussion on the main motion: Speaking in favor of the motion: Arnell Hall, St. Augustine’s in-the-Woods, Freeland.

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

Motion carried
Question called
Motion carried
Resolution #7 adopted

Video: This is Us – The Community of St. Bernard’s Chapel on Snoqualmie Pass

Bishop Rickel introduced the fourth video highlighting the chapel at the Snoqualmie Ski Resort.

Presentation: Seattle Service Corps

Bishop Rickel recognized Adam Conley, program director, to speak about the Seattle Service Corps; the 2018-2019 corps members were introduced.

Personnel Commission Report

Bishop Rickel recognized the Rev. Sabeth Fitzgibbons, Personnel Commission chair, who presented the report on the work of the commission this past year.

Conversation: The Way of Love (Bless, Go & Rest)

Presenters: Bless: The Rev. Nancy Ross, St. Mark’s Cathedral, Seattle. Go: The Rev. Jonathan Weldon, St. Paul, Bellingham. Rest: The Rev. Elizabeth Riley, Emmanuel Church, Mercer Island.

General Convention Deputation Report

Bishop Rickel recognized Judy Andrews, deputation member, who read the report written by the Rev. Kate Wesch, deputation chair, who was injured and unable to be present. Catie Rosario-Kilmer spoke on her experience as a member of the Diocese of Olympia youth presence at the General Convention.

Presentation: Episcopal Relief & Development (ERD)

Bishop Rickel recognized Chuck Hamilton, diocesan coordinator for ERD, who, in a very brief Haiku, updated convention members on the work of ERD.

Presentation: Faith Action Network (FAN)

Bishop Rickel recognized Elise DeGooyer, co-director of FAN, who provided an update on the work of this organization in our diocese.

Video: This is Us – The Story of St. Peter, Seattle

Bishop Rickel introduced the fifth video telling the story of this Japanese congregation and what happened to its’ member during WWII.

Presentation: Mission to Seafarers

Bishop Rickel recognized Ken Hawkins, executive director, to share updates on the work of the Mission to Seafarers ministry.

Six Hour Resolutions

Bishop Rickel announced that two six-hour resolutions had been submitted; the process for these resolutions was explained to convention members. Resolution Committee co-chairs the Rev. Rilla Barrett and the Rev. Jonathan Weldon, referred convention members to the two six-hour resolutions noting that the committee had met and considered each resolution and presents it with a recommendation of “do pass.” They placed on the floor for consideration six-hour Resolution #8 – Preventing Sexual Harassment and Discrimination.

Motion made and seconded to consider

Motion carried

Consideration approved

Resolution #8 (Six Hour) – Preventing Sexual Harassment and Discrimination

Resolved, That the 108th Convention of the Diocese of Olympia ratifies and joins in the work set forth by Resolution A109 – Create Task Force on Sexual Harassment—of the 79th General Convention of the Episcopal Church by declaring that “sexual harassment of adults by clergy, church employees, and church members are abuses of trust, a violation of the Baptismal Covenant, contrary to Christian Character, and are therefore

wrong”; and Be it further Resolved, that this Convention hereby establishes a Diocesan Task Force on the Prevention of Sexual Harassment and Discrimination, to be appointed by the Bishop or the Bishop’s designee, with preference given to those who have experience in dealing with harassment and its effects, such as psychologists/psychiatrists, medical doctors, employment lawyers, HR professionals, and with the following duties: a. To coordinate on a local level with The Episcopal Church Task Force on Sexual Harassment in its duty to “study, educate, develop curriculum, and propose and promulgate model policy and standards of conduct on different forms of harassment, and to advise the Church as resource persons”; and, b. to support and advise diocesan staff, if requested, in any planned development and/or updating of preventative education tools (including those contained in Safeguarding God’s People: Preventing Sexual Exploitation in Communities of Faith training), standards for the continued care of those who have been affected, and guidelines for the appropriate response of ministry leaders; and, c. to report to the 109th Convention of the Diocese of Olympia on their findings and recommendations; and, d. to accompany that report with suggested appropriation of funds and expenditures to be included in the 2020 Diocesan Budget. Explanation: We applaud the 79th General Convention of the Episcopal Church for taking on the important work of studying best practices to address sexual harassment and discrimination within our communities of faith. While it is vital to adopt consistent best practices throughout the Church, we also advocate that immediate and concurrent work take place on the local level to begin shifting the culture toward greater health and awareness, rather than waiting for the next triennial meeting of the General Convention to take any steps. While the Church has made significant progress in protecting vulnerable populations such as children, differently-abled, and elderly members of our communities, we have not provided the same education and resources to prevent and address the occurrence of sexual harassment and discrimination as it may be experienced by any member of our diocese at large. Our hope in creating this Resolution is to advance a culture of increasing safety, trust and healthy behaviors for all of God’s People in the church. The understanding of sexual harassment behind this resolution expands toward a definition put forth in the Equality Act of 2010 in the United Kingdom as “unwanted conduct of a sexual (and gender related) nature which has the purpose or effect of violating someone’s dignity, or creating an intimidating, hostile, degrading, humiliating or offensive environment for them”. Moreover, this definition can extend beyond the workplace to include harassment as it may be present among parish members, volunteers, staff, and clergy in circumstances where power differentials may be more nuanced and complicated. Whereas Title IV of the Canons of The Episcopal Church addresses the accountability and discipline of clergy, this resolution is intended to encourage the discussion of and focus on preventing sexual harassment and discrimination as it may be experienced between leaders or in any other person to person interaction, including abuse of or between clergy, abuse between parishioners, staff, non-parochial volunteers, and program conveners. Submitted by: The Rev. Dr. Joyce Parry Moore, St. James, Kent; the Rev. Dr. Kevin D. Pearson, St. Luke, Renton. Endorsed by: The Rev. Shelly Fayette, Christ Church, Seattle; the Rev. Alfredo Feregrino, Our Lady of Guadalupe, Renton.

Discussion: Speaking in favor of the motion: the Rev. Dr. Joyce Parry Moore, St. James, Kent.

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

Motion carried
Question called
Motion carried
Resolution #8 adopted

Resolution Committee co-chairs the Rev. Rilla Barrett and the Rev. Jonathan Weldon placed on the floor for consideration six-hour Resolution #9 – Recognition and Affirmation of the Inherent Dignity of Transgender and Nonbinary Persons as Beloved Children of God.

Motion made and seconded to consider
Motion carried

Resolution #9 (Six Hour) – Recognition and Affirmation of the Inherent Dignity of Transgender and Nonbinary Persons as Beloved Children of God

Resolved, that this 108th Convention of the Diocese of Olympia affirms that all transgender and nonbinary people, and anyone whose gender identity and expression differs from that assigned at birth, are beloved children of God and are to be treated with equal rights and privileges as other human beings; and be it further Resolved, that this 108th Convention of the Diocese of Olympia opposes any legislation or public policy that defines sex and/or gender on the basis of physical appearance of external genitalia present at birth or presence of certain chromosomes within a person's DNA; and be it further Resolved, that this 108th Convention of the Diocese of Olympia encourages educational, pastoral, liturgical, and legislative efforts that seek to end systemic violence against transgender people, calling special attention to violence against transgender women of color; and be it further Resolved, that the Secretary of Convention convey this resolution to appropriate state and federal legislative bodies. Explanation/Rationale: On October 21, 2018, The New York Times reported on a US Department of Health and Human Services memo they had received which outlined a plan to strip transgender people of any legal recognition in the US. According to the article: *The department argued in its memo that key government agencies needed to adopt an explicit and uniform definition of gender as determined "on a biological basis that is clear, grounded in science, objective and administrable." The agency's proposed definition would define sex as either male or female, unchangeable, and determined by the genitals that a person is born with. Any dispute about one's sex would have to be clarified using genetic testing. "Sex means a person's status as male or female based on immutable biological traits identifiable by or before birth," the department proposed in the memo, which was drafted and has been circulating since last spring. "The sex listed on a person's birth certificate, as originally issued, shall constitute definitive proof of a person's sex unless rebutted by reliable genetic evidence."* The article states that this proposed definition would affect approximately 1.4 million Americans who identify as a gender other than that assigned at birth. Trans advocates and allies have reacted swiftly and negatively. Within hours, the hashtag #WontBeErased began trending on social media and rallies were held around the country. Mara Keisling, executive director of the National Center for Transgender Equality, said, "What this feels like to transgender people is trying to make us invisible, trying to say that we don't exist, trying to say that we are nothing." The Episcopal Church has a history of taking action to affirm that trans and nonbinary people as beloved children of God, and of taking material action to ensure their safety and full inclusion in society and the church. In addition, Presiding Bishop Michael Curry and President of the House of Deputies the Rev. Gay Clark Jennings have spoken against discrimination against trans people, and in June 2016, the Executive Council of The Episcopal Church passed a resolution "decrying the wave of anti-trans bills that have been sweeping the country." Links to General Convention legislation, statements by the Presiding Bishop and PHOD, and the Executive Council resolution can be found at the TransEpiscopal website. A swift and public response to public attempts to erase trans people or enshrine discrimination against them in legislation or public policy is essential. According to a 2015 survey of over 28,000 trans people (funded by the National Center for Transgender Equality), 46% of respondents said they were verbally harassed and 9% physically attacked for being trans within the past year. Over half reported being physically attacked during K-12 school, and 17% said they stopped attending school due to harassment. Trans women of color experienced violence at nearly twice the rate of white trans men. Nearly 40% were living in poverty. In most states, including Michigan, it is legal to discriminate in employment matters because someone is trans or perceived to be. As a result of this pervasive violence and discrimination, 39% of respondents said they had experienced severe mental distress during the past month, and 40% have attempted suicide within their lifetime (which is nine times the national average – and keep in mind that those who have died by suicide are not included in these figures). The good news is that support from families, friends, and allies can improve quality of life and reduce the likelihood of death by suicide for trans people. Based on survey responses, having supportive family members reduced the risk of suicide attempts by 32%. Risk of homelessness was cut almost in half. And reported incidence of severe mental distress was 40% lower. As Christians, we are called to love and to put our love into action. We are called by

our baptismal covenant to respect the dignity of every human being. Further, Jesus gave us the great commandment: “Love the Lord your God with all your heart and with all your soul and with all your mind. This is the first and greatest commandment. And the second is like it: Love your neighbor as yourself.” (Matthew 22:37) Romans tells us that “love does no harm to its neighbor.” (Romans 13:10) More discussion of how scripture affirms transgender individuals and their experience can be found in *The Bible and the Transgender Experience: How Scripture Supports Gender Variance* by Linda Tatro Herzer. For those unfamiliar with the terms, transgender or nonbinary, the National Center for Transgender Equality offers this definition: “Transgender people are people whose gender identity is different from the gender they were thought to be at birth. ‘Trans’ is often used as shorthand for transgender.” These are not the only definitions and ways to think about being trans or nonbinary. The right of individuals to define themselves and their identity, like other rights of self-determination, is given by God, inherent, and unalienable. We are all “created equal” and are “endowed” by our “Creator with certain unalienable rights, that among these are Life, Liberty, and the pursuit of Happiness” so reads the Declaration of Independence (1776). The National Center for Transgender Equality has resources for being a good ally, which goes into more detail about these issues and many others. In particular, these resources focus on effectively supporting trans people, both on an interpersonal level and through public policy and advocacy. Submitted by the Rev. Robert C. Laird, St. John, Olympia; The Rev. Shelly Fayette, Christ Church, Seattle; Aaron Scott, Christ Church, Seattle; The Rev. Carla Robinson, Christ Church, Seattle.

**Motion carried
Resolution #9 adopted**

Recognition of youth, pages, volunteers and diocesan staff

Bishop Rickel thanked the following groups and individuals for their dedication and hard work in putting together the 108th Convention of the Diocese of Olympia: those working with him at the head table; our regional youth members from all 10 regions, as well as 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 Resource Team who worked many hours both before the convention and here onsite – Matt Koski, Tonja Mathews and Elizabeth Myers, led by executive assistant to the bishop, April Caballero; liturgists and worship leaders who designed our worship: the Rev. Josh Hosler, the Rev. Eric Stelle, the Rev. Steve Danzey, the Rev. Sabeth Fitzgibbons, the Rev. Judith McDaniel, Michael Monnikendam (our convention musician), the Rev. Laura Murray, Maeve Wyatt, and the Ven. Gen Grewell; Dent Davidson for the anthem that will be sung by our choir during the closing worship; our Spanish-language, ASL and CART interpreters; the hotel staff serving us behind the scenes, as well as the Audio/Visual staff and banquet staff; and to all the diocesan staff, especially Josh Hornbeck and Greg Hester for the amazing videos shared throughout these two days. Additional thanks were expressed for Canon Dede Moore and her work on putting together this event.

Final Announcements

Secretary Gusse announced the 2019 Convention will be November 8-9 at the Lynnwood Convention Center north of Seattle.

Closing Liturgy

Bishop Rickel officiated the closing liturgy, which included commissioning of those elected and appointed during the convention.

Adjournment

Bishop Rickel adjourned the 108th Convention sine die at 4:32 p.m.

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

October 26, 2018 – SeaTac, Washington

“This Is Us, Looking Back, Moving Forward.” That’s our theme for this 2018 Convention. And I know some of you have asked why did we steal the title of an Emmy Award-winning TV drama? Well, I would just say, because it’s good. As I said to you at the Bishop’s Leadership Conference, I believe in the CASE method: Copy and Steal Everything. Which you can of course, when you can. And that title seemed to fit us as a diocese and a church – the Body of Christ – and us as a country, a society, and the world.

Gary Wills in his book *Certain Trumpets*, which was about leadership, but even more about what it is to be a good and conscientious follower – the art and demand of that which he of course asserts we have lost – once powerfully remarked about any organization (that’s certainly about any church, country, or world), “Show me your leader and you have bared your soul.”

“Show me your leader and you have bared your soul.” It’s easy to blame leaders of anything, the local Rotary Club, the church, the country. And yet what is good and what is not as good in those leaders is often the result of our followership.

When I watch what is happening around us on a daily basis, like any of you, I want to distance myself from it – kind of broken off as something happening outside of me. But the reality is just as our theme suggests, “This Is Us.” At least right now, “This Is Us.” This is what we have become, this is what we are. As we participated in getting it to this place, it’s our call and responsibility to take it wherever we feel it needs to go. That’s what good followers do. In essence, that is how followers are leaders. Following is not a passive thing, we are not powerless. For now, these two days, and continuing in the year to come for me and you, we’re going to focus on this

thing we share, this church we made and hold and steward together, that we lead and follow.

We call it a diocese. It’s a confusing concept and one that has been for as long as the church has used the term. I find myself constantly reminding people that the diocese is not the house on Capitol Hill where my office is and where most diocesan staff work. That’s the Office of the Bishop, part of the diocese. We, all of us, every congregation in every town, every person who claims the Episcopal tradition, that is the diocese. We have to keep working on that.

And while I’m at it and I have the microphone – please, please let’s stop using the term the National Church, please. The Episcopal Church is not a national church. We are no longer the Episcopal Church U.S.A., ECUSA. I’m so glad that one’s gone, I always wanted to say *gesundheit* after that.

We are an international church. When we call ourselves a national church, we are writing off the Episcopalians in Colombia, Haiti, Taiwan, Honduras, Ecuador, Venezuela, Micronesia, and the Dominican Republic. And those bishops from those places remind us in the House of Bishops every time the term’s used and it’s used far too often, still in the House of Bishops. “This Is Us.” We are an international church, not a national one.

I also like the theme “This Is Us,” because packed into those three little words is both declaration and indictment. It’s the same time both a description and a challenge. And when we stop at the moment in time as we do today, hopefully this next year, and say “This Is Us,” we do well to look back at what got us to this point. Hopefully to the good, but also where we went wrong.

I’ve been doing that, looking back. When I look back, I see in the mirror a young bishop who ain’t so young

anymore and one that was far more frightened and stressed than he was want to let on. In our beginning, that stress and a fear that maybe he made some mistakes. I'm still making them. There's a lot of on the job training in this gig, and I learned a lot in those first few years. I've told you the story before of the usher dutifully doing his job at my consecration in Bellevue. I had decided to walk to the event with my alb already on straight down the streets of Bellevue, right into the Eisenhower Center. When I got to the lobby, I was making my way through that usher came to me and said, "Son, all the Acolytes are lining up in room 32B." And I just told him, "I'll get up there as quickly as I can."

I often long for those days now. When I look back, I see a diocese that seemed a bit lost, somewhat fragmented, where trust needed to be built again. I sensed a great deal of fear about the future and a thing called "The None Zone" – a place where it seemed the church was becoming more and more irrelevant. There was a huge amount of concern for finances and for the fact that we were an aging church.

A reporter asked me just a few days after the election what I hoped for this diocese. I told him I hoped for a diocese that was healthy, connected, growing. And one that would be looked to by others in the Episcopal church as a model for the church in the future.

I'm not sure we're there yet. But I do believe we've made some significant steps toward it. The College of Congregational Development, now a decade old, has had significant impact on our collective life in this diocese, but even more on the Episcopal Church.

When our presiding Bishop visited this past June, this was one of the various specific requests he had to see it in action.

Many dioceses across the Episcopal Church have come to the College, have taken it back, adopted this model, and still today new dioceses are exploring it to do there. Most all of our congregations have participated in it in some way.

When I look back, I know we have lowered assessments consistently over those years so that more money can be left at the local level for you to use for ministry there. Those assessments in that time have moved from 20% to this convention where we will take up a resolution to lower it yet again to 14.5%. All the while, your leaders have been careful in increasing the diocese budget not to decrease funds going back to the congregation through grants and other funding. Over all of these years, we've been pretty much able not to cut those.

Even more when I look back at that first convention, we had a nonpayment rate of assessments of more than 10%. In successive years, and especially the last few, we've had the lowest percent of nonpayment in our history. Lower than 1%, and even in one brief, shining moment a few years ago, we were at 0% nonpayment that lasted for about 15 minutes. I actually never thought we could ever hit it.

Along with that shift is the new vision about the last year, which turns the working Diocese more toward global, and calls us deeper into the reality where we have connected to that work, done where you are, not focused on becoming something, someone, somewhere has decided you should be.

We have shifted the Office of Bishops to being more of a teacher of skills you can use back home, with the power to convene, so we can share with one another and learn from one another, instead of a provider of programs that often do not fit are not culturally appropriate and do not have room in the particular context in which you live.

It's a shift to helping you lead where you are, in the context you've been given, not centralizing the solution. And when I think what is left yet to do, this is a big one, this is the moment questions I'm asking now: What is a diocese for today? How should the diocese function in this new world? We have a lot of work to do on that yet.

The most recent Bishop's Leadership Conference for me was an incarnation of this shift. For one thing the response was tremendous, over 70% of that congregation's participated. We actually had people from outside of the diocese want to register to attend, which was extremely flattering, but we had to tell them this was for those inside the diocese. It was kind of hard to do, when we want to be inclusive. The incarnation I referred to is just how connected we seemed, how much more willing we are to share our ideas, and to learn from one another, and how unfragmented that seemed. There is more trust in transparency in our life yet, and that seems different to me.

Our staff was worried no one would come to the Bishop's Leadership Conference, and yet we sold it out, and we had waiting lists. We're planning this again, new and different based on the same model in the Spring of 2020.

That conference also made me believe that we are, indeed, that much more healthy, focused, and ready to grow spiritually, numerically, and not accepting the declines in our faith, and discovering what it is to be the relevant church in this region at this time. I feel that, like I haven't felt it before.

This diocese has always been on the forefront of peace and justice issues, and I believe that is going to continue and refine and become more of a collective effort and is more necessary now more than ever. Whether it's speaking out on behalf of in support of transgender people, or refugees and immigrants, the #MeToo Movement, the marching

against gun violence, standing up for the care of creation and our environment... it's speaking out against mass incarceration and the misuse of power against the people of color, or standing on the side of any who are discriminated against, I say here, emphatically, this is not done out of politics, it's done out of theology. It is done out of the vows you made at baptism. And out of the call of the Gospel in each of us as people of faith.

This is us. This courage is needed now more than ever, and it's also the great connection we have in the world that often sees very little and hears very little from us on these vexing issues that seem to so resonate with our Lord and Savior, Jesus Christ, the One we say we follow. And I believe many of the world are waiting to see us pray, speak, and act in concert with that Jesus. To be his followers in the world aren't domesticating his message in life in a way for our convenience, but instead living courageously as he lived. We have a lot more to do in all of that.

One place is sexual harassment, sexual discrimination, and systems in the church designed to mitigate those. The #MeToo movement's brought that to the steps of the church every bit as much as to the steps of all organizations. Much of our general convention this past summer focused in this area, both legislatively and simply around the edge of us at that gathering, as well it should. That same attention will be need to be paid to here. And there are many directions being taken, many leaders stepping up here to do, and there is much to do and around the feeling reconciliation equally and reforming our systems.

One such way will come to this convention in resolutions from general convention, but one will come as a six-hour resolution. This convention, for various reasons, has a penchant for not taking enough six-hour resolutions, and there's a tradition in the bishops here in this convention try to remain

as nonpartisan as possible during that, but on my part, I'm going to break that tradition by sharing with you my very real support, my very real encouragement, that this six-hour resolution will be voted on to consider, and then voting confirmatively to be put in motion. And, in turn, I ask that you'll break this convention's tradition of not taking that six-hour resolution by taking this one up and go before it, no matter where we are on Saturday afternoon.

It's only one step, and it's a very good one, that I support. I hope you will, too. There is much to do on this and many more resolutions and policy changes, and more to be done, but we have to start, and I hope we will continue the momentum by passing all of these resolutions.

We have witnessed of late, our public discourse to become mean, hate-filled, and violent. And I believe this diocese, all of us, have a call now to reveal to the world how to be in civil conversations. To state our truths without regret or apology, but not to be demonizing or belittling. We simply have to model and insist on decency and basic respect. Jesus was not a retiring wallflower. He said tough things, but he always based such things in the solid foundation of the love of God for every one of God's children, even the one he opposed. We must live out that same place and model the same in our lives.

So. This is just a bit of my little feedback on the "This is Us," that I can be proud of, and some of "This is Us" that I believe remains undone. Declaration and indictment, we have to own both.

That brings us to now, what do we do with that reflection, that look back? This convention with this theme is a call by myself and the governing bodies for a year of discernment together. As I have reminded you, and reminded myself for that matter, just about every convention we've had over the past several years, we have arrived at the window of time

I declared when you elected me bishop is a time when I said I would leave this office. To remind those who have not been through it typically during the process of receiving a new bishop the diocese goes through the search process, which usually, although we are seeing this change a bit of late, results in a slate of candidates, who are presented to the diocese and then asked to come here and to move around the diocese in a model which has been referred to in our Church as the "Walkabouts."

I've participated in those 11 years ago traveling all this diocese and falling in love with it. During those, I had vowed that if I were elected, I would most likely leave somewhere around 10-12 years, believing the system needs change, and that I might be bored by then, knowing my inclinations and past experiences as a leader.

Now, it's been interesting about the numbers people heard when I've said that or even if they had heard it. Some swear they had never heard me say it, some believed I said five years. And those who had that faint hope and wish did begin asking me back then. "Didn't you say you were leaving in about five years?" I apologized to them over these last five, realizing that to them, I may have overstayed my welcome.

So, last year, I brought in several of the governing bodies of our retreat, and I shared that if I were to live up to my vow, then it's time to begin a transition. And this incited a bit of stress and conversation, and thought on both our parts that we seemed to be right in the middle of things, perhaps even right at the cusp of some new things happening, some new directions taken and maybe it was not such a good time for a change. I had to admit to them when I was in those Walkabout this job to be when I was in those walkabouts and made that vow, what it has turned out to be are very different things. I also had to say, I'm certainly not bored.

So, out of that uncertainty on their part and mine, we have come to the process I would like to, at least initially, orient you to today. With some of you, I've shared over the years I really don't like how we do our search processes for priests and bishops. I likened it to cheating on your spouse. In most cases when we decide it's time to leave, we'd sneak around finding that next spot and then announce and then leave fairly abruptly. It seems contrary to what I believe is a discerning tradition that we are a part of. I've modeled this in my congregation, back when I was discerning the call to be your bishop. Having a discerning committee in the congregation, walking with Marti and I, we discerned whether it was time to leave that place, and even whether the call to the Office of Bishop was right for me, we reported regularly to the whole congregation. And I cannot tell you how difficult that was, and how rich.

I think everyone involved was supportive doing it that way, by the time we got to the end of it as difficult as it would be at times, than to do it the usual way. This belief about our search process is what made me make the vow in the first place.

So, in some ways, we here are asking you, us, to do the same thing. Instead of doing this as it's normally done, we're going to try something new: Discernment together, about our future. Which will very much include if I should be in this future or not. We have researched this a bit and pretty much believe this is not been tried quite like this before. And so we have no experiences to go back on, and we are creating this together, too. It might be rich and fulfilling, and it might blow up in our face. We hold that up as a possibility, too.

You are going to hear a lot more about the proposals in your standing committees at this convention, but it's simply, essentially, you and I are going to discern together the future of this diocese, and my future, too. We're going to do some of the work producing a profile of our diocese now, as if we were asking a

typical process whereby the Bishop announce their retiring resignation and had a day and was now riding off into the sunset, delaying when that was released. Instead, we're going to try to do that together.

Instead of walkabouts, we're going to have in this next year, "WalkAgains." These are literal events which have been planned and which dates exist, and these will be shared with you by the standing committee in a presentation. These four events will be held in diverse places around the diocese. I will be present for the beginning of them, doing some of what our theme suggests, looking back and giving my perspective of where we have come from and who we are now, then I will leave, and you will be together without me here to talk about the future you see and discuss how you think that future should be led and by what kind of leader it should be led. After those events, and very much a part of this process, even though it might seem I'm benefiting the most from this, I'm going on sabbatical July 6th through November 5th next year. As Canon Dede Moore reminded me this week returning just two days before this convention needs to end, so that convention will be mostly planned by you and the staff, and if you haven't figured it out, pretty much mostly it's all ready.

My sabbatical will focus on the practices of Christianity for our age, with a special look at pilgrimage. My wife and I plan to walk some of the Camino and to make pilgrimage. I have other plans to write, and perhaps even produce video web-based confirmation and inquirers class for our diocese and the rest of the church. But the bulk of it, will be about my personal discernment, with all we hear in our work on this year leading up to it including feedback, hopes, and dreams, that I hope to hear from you.

You at that same time will, without me in the mix, do some discerning, too. And then we will come back

together. One of the things we will be deciding at this convention next year is whether I stay or whether I go. There's a song. You will have the say in that, I will have a say in that. As I said, it has not been done this way before, and so who knows what it all means?

I am convinced, as is your staff, that I believe your governing bodies as well... that no matter the outcome, we will grow. We will learn a great deal about who we are, what we want to become.

In other words, this process will help us more fully round out what it means when we say, "This is Us." That is our goal. Through our collective work of this next year, we hope we will be better prepared to turn, to move forward, using that past, using our assessment now, using that very thing reality that "This is Us." What looks good? And what looks not-so-good, as we move into our future? To make it better, to work, and grow, ourselves, into a better vision, so that we might stand at a place sometime hence and use the same lens, "This is Us," and see something there.

That might include me, it might not. I hope you can trust my discernment on that, as I will trust yours.

When we see the remarkable good our work as Episcopalians in the world, it's good and right to declare, "This is Us," but equally, when we look at the ways we have failed to engage the world, pay attention to what we could do, "This, also, is us." Declaration and indictment. We have to own both. We are all equals in both.

In congregations like St. Luke, Ballard; and Saint Mark's Cathedral; St. Luke ~ San Lucas, Vancouver; Christ Church, Seattle; St. Dunstan, Shoreline; St. Timothy, Chehalis; St. Paul, Port Townsend. And countless others. Feed and house the homeless, "This is Us." Do. "This is Us, not just Them but Us." And equally, when the homeless crisis worsened

right at all our doorsteps without our response, "This is Us," too.

When ministries like Chaplains on the Harbor and St. James Family Center in Cathlamet and Episcopal Harvest meet the very real needs of the economically depressed areas of our diocese, and advocate for people that suffered the most because of it, "This is Us." And when we failed to see this in our own neighborhoods, or even in our own Church, or shrink at the challenge of addressing the same where we are, "This is Us," also.

When our Refugee Resettlement Office and Mission to Seafarers welcome people from all over the world to our land, "This is Us." We do this together. And when our inclinations in this country seem to be moving to close the borders, build walls, to curtail our sharing of our abundance with the world, "This is Us," also.

When we profess that our God, and therefore our church, is a house of prayer for all people, all people, people of all races, colors, creeds, beliefs, "This is Us." And when the reality of our gathering is to remain some of the whitest and ancient, and too often exclusive by our actions, "This is Us."

When our Presiding Bishop rocks the world of the message that is so needed and so right, that our God is as God of love, our way is the way of love, "This is Us." And when we face the reality that our church is still too-often unsafe for children and women, and a place where authority can be misused, and still is, where processes are often more legal than pastoral, where leaders cover up rather than expose, "This is Us," too.

Of course, I could go on, and I hope you will in your minds, and in your hearts, and in especially over this next year of discerning. Go on with this theme, this analogy. Yes. Stolen from a TV drama, because they knew it was good, too. It's not either-or, it's both-

and. We are called to celebrate the good of this faith of ours compels us to do. And to also reckon with the failures that follow, complete whole, right, "This is Us."

I have to say I'm so glad for you. I'm so glad to be part of the "Us" in "This is Us." Whether that goes on

for a time or it's coming to a close, it has been the richest gift that I've been blessed about the work and and by all of you.

My sisters and brothers, I've said these words to you in the Name of the Father, and of the Son, and of the Holy Spirit. Amen.

**Emily Meecham Austin, Michelle Couch, Elizabeth Helen Van Dyke,
and Barbra L. Weza**

The Ordination to the Sacred Order of Deacons – October 27, 2018 –
108th Diocesan Convention – DoubleTree by Hilton

Propers: Isaiah 52: 1-7; Canticle 9; Acts 6:2-7; Luke 22:24-27

*May the words of my mouth and the meditation of my heart be
acceptable in your sight, O Lord, my strength and my redeemer.
Amen.*

Well, I have to say in the interest of transparency, this certainly was NOT my plan to be standing in this spot today. I guess the Bishop and the Holy Spirit had other ideas. I will admit for me it is a bit daunting to be asked to preach at an ordination especially here at Diocesan Convention. You see, about a month ago, when the Bishop and I were discussing that there would be ordinations at Convention and who would preach, he said to me, “Actually, I think you should preach”. At that point, I remember sinking back into the chair in his office and saying “Really, no, not me! Please, not me!” Well, guess you can see how far that got me!

Anyway....here we are this morning soon to ordain four wonderful women - **Emily, Missy Liz and Barb** to the Sacred Order of Deacons.

When this happens their lives will be transformed, changed forever.

Just as it said in the reading from Acts, “select from among yourselves seven men of good standing, full of the Spirit and of wisdom, whom we may appoint to this task.” So today, we have selected four women -

Emily, Missy, Liz and Barb who are of strong character; full of wisdom and who exude true humility to transform the Body of Christ by making them deacons in the church.

I have journeyed and gotten to know these women during the past several years. As I began to think about what I might say, I decided to take an idea from the bishop when he does confirmations. Prior to his visit to the congregation, he invites the confirmands to write him a letter so that he has an opportunity to get to know them a little better and then often will share something in his homily. So I recently invited each ordinand to send me a paragraph about her journey to this moment. Let me share a line from each of their short stories – and yes, they are aware I might do this.

When we concentrate on Jesus first, we discover that we are never truly alone or without help. Community is where I finally made a commitment as an adult Christian to seek, serve and love Jesus Christ

with all that I am. Scripture, especially Matthew 25:35-36 where we are taught by Jesus how to engage in ministry has been fundamental in discerning and recognizing my call to the diaconate. I came to understand my call later in life even though I learned something about deacons in my youth. It was my commitment to the leadership in the church that lead me to discern a diaconal call.

A common thread here seems to be commitment and service through each of their short stories. So where do we go from here, what does this mean for the ordinands, but also what does this mean for us – all of us. Well, yesterday afternoon you may recall we renewed our Baptismal Covenant in which we responded to several questions each asking for a different commitment and responding with: **(PAUSE)..... I WILL WITH GOD’S HELP.** Today, in a few minutes, the ordinands – **EMILY, MISSY, LIZ and BARB** will be asked several questions in **THE EXAMINATION** which bears a great similarity. Um... did you ever wonder why? **(PAUSE)**

BAPTISM is our foundation regardless of the ministry we are called to whether we are ordained or not. As deacons we are called to a special role, but our foundation is baptism. As priest or bishop, each are

also called to a special role, but again their foundation is baptism. And, the most important of all, laity, are called to a special role too. And, yes, their foundation is baptism.

If deacons are called to a special role, what then are their identifying characteristics. Some of you may know Stephen Crippen, a deacon, who is now in process to become a priest liked to describe deacons this way: “Deacons have a three-fold identity: they are Iconic Servants; Fiery Prophets and Charismatic Gospellers.” As the Iconic Servant you will see the deacon as the one who sets the Table and oversees that all have been fed before clearing the table. As the Fiery Prophet, we observe the deacon bidding the Prayers of the People and inviting the Confession. We also observe the deacon dismissing the community into the world. As the Charismatic Gospeller, we observe the deacon joyfully proclaiming the Good News. While these are all outward and visible signs there is much more to a deacon’s role. The real work and challenge of a deacon comes when we go out into the world, are on the streets and in anyplace we meet the poor, the weak, the lonely, and the marginalized. However, this does not mean, that we, the deacons, are to handle this all on our own.

As deacon's we are called to empower, encourage, and inspire by giving focus to the ministry of all the baptized. Just as a lens helps to focus rays of light...focus being the point where rays of light meet after being reflected or refracted....focus then brings vision which allows the needs to be seen more clearly. Deacons are the Fire Starters, the Messengers and the "Persistent Goad" calling all to go out and leave our place of comfort. We are to connect with those on the margins, be welcoming and to see the face of Christ in all whom we encounter. We are to seek out and discover who or what is outside the faith community – those who are in need of Christ's transforming love. When this is revealed to the faith community, deacons can then invite the faith community to action.

Deacons have a special relationship with their bishop. While we serve in a parish at the pleasure of the rector, we are directly accountable to the bishop. As priests are called by a congregation, deacons are appointed to the congregation by the bishop. We are not members of the congregation.

Deacons are unique. They are called to specific tasks. One task in particular is of special importance. I believe it is one of the keys to all

that we do. It is the last official act a deacon does before the service ends. Here, the deacon stands at the back of the church, symbolically, with one foot in the church and one foot in the world. It is **THE DISMISSAL**. The congregation is being told to go out into the world to share the Good News of Jesus Christ and to make Christ's Redemptive Love known. There are a number of ways to offer the dismissal. One of our deacons likes to preface the dismissal with "Our worship has ended, our service now begins" and then go on to finish with the familiar words of the dismissal. Former Presiding Bishop Katherine Jefferts Schori offered this to a gathering of deacons: "Get up!, Get out!, Get Lost!" and then again completed with the familiar words of the dismissal.

However, this happens I hope all will make the connection that what happens in the Eucharistic Service is meant to be shared. Shared to bring Christ's love to all those we encounter in the world.

Our Community of Deacons in the diocese helps to bring this to life in the myriad of ministries. So you might get an idea let me just mention a few. Deacon Pat Grodt who was ordained last year at this time, has been involved with the St. Dunstan's Feeding Ministry which feeds between 100 to 130 individuals every Tuesday evening. And this

group also delivers meals to five different tent encampments. Another of our deacons, Brian Wright from St. John's Episcopal Church in Kirkland seeks to serve veterans and those on the edge by acting as a bridge between county agencies, non-profits and faith communities. Deacon Eric Johnson from Christ Episcopal Church in Anacortes serves on the board of the Anacortes Community Health Council which seeks to bring together area churches, government agencies and other area non-profits in an effort to connect people and services in Anacortes and the Skagit Valley. Deacon Polly Shigaki at St. Peter's Episcopal Church in Seattle has several opportunities for members to work together serving outside church walls. One such example is helping to prepare food for the Lord's Table, ministry of sharing food to people on the streets. Each deacon's ministry is unique, but each ministry is about mission.

So, this morning, **Emily, Missy, Liz and Barb**, I ask you these questions: "What is the mission that resides within you?" "How will you, as a deacon, put into action Christ's redemptive love in the world so that the Word of God continues to spread and the number of disciples

increases?”, just as those first Seven did we heard about in our Acts reading.

So, I thought to give you a boost as you begin this next phase of your journey, I would prepare for you a Diaconal Tool Box. If you will reach under your seat at this time you will find your Tool Box. The Tool Box contains: 1) a flashlight to symbolize the “light of Christ” so that it may light the way in the darkness. 2) a compass to symbolize scripture which is your guide and to keep you from going astray. 3) a globe of the world to remind you that you are a part of something bigger and you are never alone. AND, 4) a pocket prayer shawl so that you will always be surrounded with prayer and the Holy Spirit.

Go in peace, my friends. **AMEN**

The Diocese of Olympia

2018 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	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, 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 11, 2018, 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 11, 2018).

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 2018 Convention will set the assessment rate for 2020.

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 2018 will be 8:30 p.m. on Friday, October 26 (although the Resolutions Committee would appreciate any new resolutions be submitted prior to the recess at 5:30 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.3.

Written votes for 2018 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. In order to vote, voting members of the Convention must be in their assigned seats during the time that the polls are open. Further instructions on the voting system will be given prior to the first ballot.

Clergy and Staff Transitions 2018

Canonical clergy transferring in from other dioceses:

Wren Blessing (Montana), Sarah Colvin (Virginia), Sarah Ginolfi (Indianapolis), William Hardwick (Connecticut), Joseph Peters-Mathews (California), Robert Rhodes (Southern Ohio), Elizabeth Riley (California), Josephine Robertson (Texas).

Clergy transferred to other dioceses:

Todd Foster (New Jersey), Juli Mallett (British Columbia, Anglican), Nancee Martin (Florida), Stephen Shaver (Northern California), William Tarter (British Columbia, Anglican).

Clergy licensed:

Robert Beicke (ELCA), Kay Flores (Wyoming), Ruth Anne Garcia (New York), ClayOla Gitane (Fort Worth), Blaine Hammond (El Camino Real), Nicholas Mather (Spokane), Diana Peters (Colorado), Stephen Rodgers (New York), William Tarter (British Columbia, Anglican).

Deacons ordained (vocational):

Patricia Grodt, William Thaete.

Priests ordained:

Brian Gregory, Brian Lennstrom.

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

Joan Anthony, D. Corbet Clark, Marilyn Cornwell, Stephen Moore, Ann Sauderson, Terrance Steig, Robert Taylor, Nancy Wynen.

Deceased:

Jack Bigford, Tom Minifie, Dick Garlich, Anna Maria Korathu, W. Gerald Lonergan, Pamela Armstrong, Joan Niemann, C. Le Roy Borders.

New to the diocesan staff:

K. Elizabeth Myers, Receptionist & Resource Assistant; Valerie Reinke, Canon for Faith Formation 35 & Under; Aaron Scott, Missioner for Anti-Poverty Organizing; Brian Sellers-Petersen, Missioner for Agrarian Ministry.

As of the 108th Convention of the Diocese of Olympia through October 19, 2018.

VISION STATEMENT

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.

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 worshipping communities are stronger when there are connections that allow our congregations to share stories, resources, challenges, and triumphs with one another.

FORMING CHRISTIAN LEADERS

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.

SACRAMENT & SERVICE

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.

*The Diocese of Olympia is comprised of **Locally Centered and Networked Communities, Forming Christian Leaders through Sacrament and Service.***

Diocese of Olympia 108th Annual Convention
Friday-Saturday, October 26-27
"This is Us: Looking Back & Moving Forward"

Friday, October 26

- 9:00 AM **Registration opens** (*Grand Foyer*)
- 10:00 AM **Exhibits open** (*Northwest Ballroom*)
Childcare (by reservation) (*Olympic 1 & 2*)
- 10:00 AM **Workshop Session #1** (*Cascade rooms, second floor*)
- 11:00 AM Break
- 11:15 AM **Workshop Session #2** (*Cascade rooms, second floor*)
- 12:15 PM Lunch (*optional, ticket required*) (*Grand Foyer (pre-made) / NW Ballroom (build your own)*)
- 1:00 PM **Workshop Session #3** (*Cascade rooms, second floor*)
- 2:00 PM Break & Exhibit Exploration
- 2:30 PM **Convention Business Session #1** (*Grand Ballroom*)
Call to Order **A.7**
Opening Worship *Jannie Meisberger, St. John, Gig Harbor*
Introduction of the Head Table
Certification of quorums / Declaration convention organized for business
Dispatch of Business report **A.13 A.2 A.3**
Privilege Report **E.2** *The Rev. Joseph Mikel*
Congregational Status Report
Election of Secretary / Appointment of assistant secretary **B.2 or B.3**
Appoint Parliamentarian / Chancellor / Assistant Chancellors
This is Us: Welcome to St. Luke, Renton
- 3:00 PM **Bishop's Address** *The Rt. Rev. Greg Rickel*
Conversations – The Way of Love
TURN: The Rev. Karen Haig, St. Barnabas, Bainbridge Island
LEARN: The Rev. Doyt Conn, Epiphany Parish of Seattle
- 3:35 PM Break & Exhibit Exploration
- 3:55 PM **Convention Business Session #2** (*Grand Ballroom*)
Ky Chen Awards
Clergy & Staff transitions / Postulants & candidates **A.5**
Bishop appointments / Disciplinary Board **E.3**
St. Mark's Cathedral *The Very Rev. Steve Thomason*
Annie Wright presentation *Chaplain Bill Hulseman*
Resolutions **D.2**
• *Resolution #1: 2019 Assessment Rate Reduction*

This is Us: Presiding Bishop Curry's Visit

Nominations **B.2 or B.3**

Sally Farrell

Introduction to Voting procedures

Bobby Gusse, elections official

Ballot #1

5:05 PM **Evening Liturgy** *The Rev. Ed Sterling, St. Andrew, Tacoma*

5:30 PM Recess

5:30 PM "Food Truck Meet Up" Dinner (*optional, ticket required*) (*Maxi's, 14th floor*)

This is Us: College for Congregational Development

Saturday, October 27

7:30 AM – on Registration open

8:30 AM **Convention Business Session #3** (*Grand Ballroom*)

Morning Liturgy

Kim Eichner, Holy Cross, Redmond

Call to Order / Dispatch of Business

Report of the first ballot **B.4**

Second ballot

This is Us: The Community Garden of St. Columba, Kent

Treasurer's report

Barbara Fox, Diocesan Treasurer

Action on 2019 budget

Resolutions **D.2 D.3**

- *Resolution #2: 2020 Diocesan Assessment Rate*
- *Resolution #3: Cost of Living Adjustment to Clergy Salary Scale for 2019*
- *Courtesy Resolutions*

Conversations – The Way of Love

PRAY: Pat McGuire, St. Bede, Pt. Orchard

WORSHIP: The Rev. Jaime Case, St. Luke/San Lucas, Vancouver

Preaching award

Standing Committee report

Karen McCarthy Casey, president

Report of the second ballot **B.4**

Third ballot

10:00 AM Break / Exhibit Exploration

10:45 AM **Convention Eucharist & Ordinations** (*Grand Ballroom*)

Presiding: *The Rt. Rev. Greg Rickel, Bishop*

Preaching: *The Ven. Gen Grewell, Archdeacon*

Offering: *Cuban Clergy Pension Campaign*

12:15 PM Lunch (*optional, ticket required*) (*Grand Foyer (pre-made) / NW Ballroom (build your own)*)

12:15 PM Lunch: Clergy Spouses (*By invitation only/RSVP required*) (*Maxi's Ballroom*)

1:00 PM	Convention Business Session #4 (<i>Grand Ballroom</i>)	
	Bishop's Cross Awards	
	Report of the third ballot B.4	
	Constitution & Canons Committee report	<i>Douglas Oles, chair</i>
	Resolutions D.2	
	<ul style="list-style-type: none"> • <i>Resolution #4: Policy for the Protection of Children & Youth</i> • <i>Resolution #5: Policy for the Protection of Vulnerable Adults</i> • <i>Resolution #6: Absurd Translation of the Nicene Creed</i> • <i>Resolution #7: Aligning Diocesan Fossil Fuel Divestment ...</i> 	
	This is Us: The Community of St. Bernard's Chapel on Snoqualmie Pass	
	Seattle Service Corps	<i>Adam Conley, program director</i>
	Personnel Commission report	<i>The Rev. Sabeth Fitzgibbons, chair</i>
	Conversations – The Way of Love	
		<i>BLESS: The Rev. Nancy Ross, St. Mark's Cathedral</i>
		<i>GO: The Rev. Jonathan Weldon, St. Paul, Bellingham</i>
		<i>REST: The Rev. Elizabeth Riley, Emmanuel, Mercer Island</i>
	General Convention report	<i>The Rev. Kate Wesch, deputation chair</i> <i>Catie Rosario-Kilmer, youth deputation</i>
	Episcopal Relief & Development	<i>Chuck Hamilton, diocesan coordinator</i>
	This is Us: The Story of St. Peter, Seattle	
	Faith Action Network	<i>Elise DeGooyer, co- director</i>
	Mission to Seafarers	<i>Ken Hawkins, executive director</i>
	Recognitions	
	Six-hour Resolutions	
	Final announcements	
3:30 PM	Closing worship	<i>Aaron Scott, Chaplains on the Harbor</i>
4:00 PM	Adjournment	

Nominations Committee

2018 Report to Convention

This draft report reflects information received by October 16. Additional information and, hopefully, a full slate of candidates will be presented at the convention. If you are interested in standing for election to an open position please send an email to nominations@ecww.org.

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

Nominees at-a-Glance:

STANDING COMMITTEE (pg. 3)

Clerical Order

The Rev. Steve Danzey

Lay Order

Charla Connor
Stuart Case

DIOCESAN COUNCIL (pg. 3-5)

Columbia - Clergy

The Rev. Joseph Lester Scheeler

Eastside - Lay

Heather Irwin
Thomas G. Andrew, Jr.

Holy C – Clergy

The Rev. Edmund Harris
The Rev. Canon Nancy Ross

Mount Baker - Clergy

The Rev. Diane Ramerman

Sno Isle – Lay

Sharon Kay Rader
Carolyn Forbes

Willapa – Lay

Jeff Zahir

OFFICERS OF CONVENTION (pg. 6)

Secretary

Karen Gusse

Archivist & Records Manager

Diane Wells

Treasurer

Barbara Fox

Historiographer

Carle Griffin

BRIEF DESCRIPTION OF EACH GOVERNING BODY/OFFICE

Standing Committee: The Standing Committee serves as a council of advice for the bishop and becomes the diocesan ecclesiastical authority in the bishop's absence. It makes decisions about the sale, encumbrance or disposal of real property belonging to parishes of the Diocese. It interviews and makes recommendations to the bishop on candidates for Holy Orders, and the consent of the Standing Committee is required for ordination. The Standing Committee also gives or withholds consent to the election of bishops throughout the church and has judicial responsibilities in the case of clergy misconduct where the clergy or the complainant does not accept the adjudication of the bishop. By canon, no two members of the Standing Committee may be from the same congregation.

Diocesan Council: Between Diocesan Conventions, the Council oversees the budget and program goals of the Diocese, carrying out priorities adopted by Convention. Council develops a proposed budget to be ratified by the next convention. Members assume and accept the role of public relations and goodwill toward individuals and congregations facilitating connectedness within the Diocese. Members accept assignments, work on task groups, and attend regional, committee and commission meetings as necessary. The Diocesan Council includes the bishop, and two members (one clergy and one lay) representing each of the regional ministries.

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

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

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

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

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



The Rev. Steve Danzey – Rector, Good Samaritan, Sammamish. My interest in serving on the Standing Committee stems from my love for the Episcopal Church and a deep desire to see it grow, thrive, and embody the Kingdom of God here in western Washington. Having served on the Standing Committee for a year, and in four parishes and three dioceses in our Church, I've gained a broad understanding of how our Church functions in various contexts, and our strengths and challenges as a Christian movement in the 21st century. I would also bring to the Standing Committee a passion for and experience in church planting, evangelism, discipleship, and theological education. Having also served as CEO of a small company before becoming a priest, my experience in administration, leadership development, and finances could be useful in supporting the work of our diocese and our bishop.

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

Nominees from the floor

Charla Connor – All Saints, Tacoma.



Stuart Case – St. Barnabas, Bainbridge Island. I feel that bringing my prior experiences in community and church activities may benefit the diocese. My previous activities include a board position with Ravenna Bryant Community Association during which my lobbying efforts along with others resulted in the construction of a multi-use community center. President/chair of board of Ruth Dykeman Children's Center during which launched a fully funded \$1.8Million capital campaign. Served as Sr. Warden during which we hired Rev. Karen Haig. I worked with the Vestry to improve the safety of the campus. I received accolades for my leadership.

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



The Rev. Joseph Scheeler – Vicar, All Saints, Vancouver. Greetings and Thank you for this nomination for the position of clergy member of Diocesan Council. I am grateful for this opportunity to serve The Council if called. When I was younger, one of my Elders admonished me as I was describing an accomplishment of mine with great pridefulness, that leadership is demonstrated; it is never announced. Leading is a gift, given by those who would be led. When leadership ceases to be demonstrated the People simply turn away and follow another. I hope you would find leadership in my thoughtful, quiet, humble, and intentional participation in this Diocesan Council. I am by nature and by Culture a searcher and finder of consensus. The Elders have shown us that "Circular" rather than "linear" decisions are best. There are times when decisions and consensus are elusive, buried deep in words or hiding in feelings. These are the times when we contemplatively pray; quietly wait; patiently sit and respectfully speak again. Often, we find the we and Creator have cleared the mist; and the path forward is bright with clarity.

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



Thomas G. Andrew, Jr. – *St. Margaret, Bellevue.* I have been an active Christian all of my life and have participated as a member of the Vestry, Treasurer, Finance and Outreach Committees at Saint Margaret's as well as participating as a Eucharistic Visitor and Lector. In my "civilian" life, prior to retirement, I was an Executive Vice President of US Bank of Washington (formerly Peoples Bank) and, after banking, was a consultant and advisor to numerous family owned businesses in the western US. Service has been a hallmark of my professional and personal life, and I would look forward to

continuing to offer my organizational, financial and marketing skills as a member of the Diocesan Council for the Eastside.



Heather Irwin – *Holy Cross, Redmond.* I chose the Episcopal Church after a wide variety of other church experiences and think the work of the Episcopal Church needs to be more widely known. I enjoy meeting people and hearing their unique faith journeys and believe that the Gospel must be good news for everyone. At Holy Cross, I've been a youth group leader, worship leader, broccoli planter for the Food Bank Farm, and that person to call when you need dinner for 40 at the homeless shelter tomorrow. Professionally, I've worked as a math tutor for individuals going back to school later in life

and as an optical engineer designing laser mapping systems. I am accustomed to breaking down top-level ideas into smart goals, and, if given the opportunity to be on council, look forward to getting to work with additional people in this diocese.

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



The Rev. Edmund Harris – *St. Peter, Seattle.* As a lifelong Episcopalian, I've been actively involved in many different congregations across the Episcopal Church. Prior to being called as rector of St. Peter's, Seattle, I served in the Diocese of RI, where I founded a street church in the Episcopal tradition called Church Beyond the Walls, started an Episcopal Service Corps community, and served as assistant rector at a thriving congregation in East Providence.

I've seen what the Episcopal Church can do and be, given the right vision and resources, and I'm excited to offer my gifts and experiences to support the mission and priorities of local congregations here in western Washington.

In addition to my voice on Council, I'll bring a commitment to listening, lots of questions, an eagerness to learn from fellow Council members, and a collaborative spirit.

Alongside my priestly ministry, I share my life with my spouse Michael and our seven-month old son, Ben.



The Rev. Canon Nancy Ross – *Saint Mark, Seattle.* I would be glad to bring my energy and varied experience to the Diocesan Council. My background is nonprofit communications, where budgets that serve diverse constituencies were bedrock for ongoing mission.

I'm drawn to ministry by a heart for pastoral care and a seeker spirit, and I'm passionate about connection in every sphere. How we express ourselves as Christians in the world and in relationship to each other in this Diocese, and how we facilitate relationships and collaborative actions here, is a listening/communicating/doing job. I would bring skills as a writer and public relations professional; experience organizing programs and working sessions, including World Water Day for the U.N.; and a zeal for this life in ministry that includes being a point person for Sanctuary and developing relationships with partner organizations, to the seminal work we share of preaching the Gospel of Jesus through our actions, individually and as Church.

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



Sharon Kay Rader – *St. Hilda St. Patrick, Edmonds*. As a member of St Hilda St Patrick. I have (with my husband) started a feeding program working with Trinity Lutheran and Maplewood Presbyterian to provide hot meals to the homeless. I served on our Bishop’s Committee as junior warden. During my tenure I worked to provide a new roof for the facility and hired a contractor to restore an overgrown bioswale on the property. These processes have helped me to understand why stewardship is so important which in turn will help me to provide good financial input to the Council. I am a Sunday school teacher, a Lay Eucharistic Minister, manage our food Pantry which provides assistance to local homeless and hungry neighbors, serve on the Worship Committee, and help lead our congregation through faith and love. I have attended CCD. All of my talents will help me to serve the Council and the Diocese.



Carolyn Forbes – *St. Philip, Marysville*. I was previously on Council representing a Commission. I am currently on vestry. My past experiences have been in leadership positions with Camp Fire (I started it in Uruguay) and also with Hospice of Tacoma volunteers. I have been a communicant of the Episcopal Church in the diocese for 60 years and think that my experience in the church in various capacities qualifies me for a position on Council.

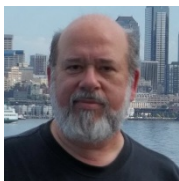
DIOCESAN COUNCIL MOUNT BAKER REGIONAL MINISTRY – CLERGY [one three-year term]



The Rev. Diane Ramerman – *Christ Church, Anacortes*. I serve as priest at Christ Episcopal Church, Anacortes. Christ Church is one of seven Total Common Ministry congregations in the Diocese of Olympia. Over the last thirty-eight years, I have participated in various lay and ordained activities of the Diocese of Olympia, including serving on the Board of DSOMAT (former school of Ministry and Theology of the Diocese), the Pastoral Care Committee, and as trainer for Safeguarding God’s Children and Safeguarding God’s People. I believe the Diocesan Council has an important role in our governance, supporting the churches of the Diocese with a sustained and faithful framework for their ministries.

Prior to my ordination, I was an attorney and mediator. I am married to Dale Ramerman, retired King County Superior Court judge; we have six adult children and thirteen grandchildren.

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



Jeff Zahir – *St. Benedict, Lacey*. I think I’ve been moderately successful at articulating visions for my church. I know that whenever I’ve been successful, it’s been in articulating the vision of others and not my own. In fact, I’ve learned that no matter how good an idea I think I may have, others will think of it and surpass it with their own...and we’ll all be in a happier/holier place for their having participated in the synergy of collective thought.

SECRETARY OF THE DIOCESE OF OLYMPIA



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

ARCHIVIST AND RECORDS MANAGER



Diane Wells – *Archivist and Records Manager for the Diocese of Olympia; member of Messiah Lutheran Church, Auburn.* This will be my 25th convention as your diocesan archivist and records manager. I strive every day to manage and improve our archives and records program for the benefit of the diocese and our congregations. I believe that the watchwords, Stewardship and Service, describe the mission of this program: Stewardship, because of the importance of keeping, maintaining and protecting the diocese's irreplaceable documentary heritage - and Service, because it is also the goal of this program is to provide appropriate and timely access to these materials. I hope I am

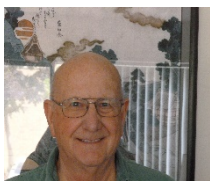
successful at implementing this mission.

TREASURER



Barbara Fox – *Retired escrow officer/limited practice officer; St. John, Kirkland.* : It would be my pleasure to continue working with congregations in providing the resources we have and will develop in the Accounting/Finance Office to help in their ability to proclaim the good news of God and be part of the Jesus movement.

HISTORIOGRAPHER



Carle Griffin – *Retired; St. Mark's Cathedral, Seattle.* This year, as Historiographer, I posted a brief history of the diocese on the diocesan website. I also converted the material on the website into a booklet for distribution at this year's Convention. I'm hoping our leaders find this brief history interesting and encouraging. I've taken a new look at the controversy over declining numbers and found reason to project a return to the slow and steady growth that we experienced before WWII. Much of our decline in numbers was due to a retreat from the post-war birth rate which produced

the Baby Boom. Current diocesan policies should give us hope for the future. Production of a comprehensive history continues.

*Diocese of Olympia
Resolutions Committee
2018 Report to Convention*

MEMBERS OF THE RESOLUTIONS COMMITTEE: **The Rev. Jonathan Weldon**, co-chair, St. Paul, Bellingham; **the Rev. Rilla Barrett**, co-chair, St. Stephen, Oak Harbor; **the Rev. Jedediah Fox**, Church of the Redeemer, Kenmore; **the Rev. Bonnie Malone**, St. George, Maple Valley; **Ms. Mary Maxon**, St. Luke, Vancouver; **Ms. Susan Rolfe**, St. Mark, Montesano.

Seven Resolutions were received by the September 11 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	2019 Assessment Rate Reduction	Page 2
Resolution #2	2020 Diocesan Assessment Rate	Page 3
Resolution #3	Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2019	Page 4
Resolution #4	Adoption of the Model Policy for the Protection of Children & Youth	Page 6
Resolution #5	Adoption of the Model Policy for the Protection of Vulnerable Adults	Page 7
Resolution #6	Absurd Translation of the Nicene Creed	Page 9
Resolution #7	Aligning Diocesan Fossil Fuel Divestment and Reinvestment with The Episcopal Church	Page 10

1 **Resolution #1 – 2019 Assessment Rate Reduction**

2 *Submitted by the Diocesan Council*

3 **Resolved**, That this 108th Convention of the Diocese of Olympia approve the recommendation
4 of the Diocesan Council that the 2019 diocesan assessment rate factor be reduced from 15% to
5 14.5% of the Net Disposable Income (NDI).

6 Explanation: The assessment rate is set two years prior to its inception. Thus, in 2017, Diocesan
7 Convention approved an assessment rate for 2019 of 15% of Net Disposable Income (NDI).
8 However, based on the financial analysis by Diocesan Council, it proposes that the assessment
9 rate for 2019 be lowered to 14.5%. To do so, requires a separate resolution presented to
10 Diocesan Convention to change the previous resolution passed in 2017. Since it is a reduction
11 in the assessment rate, the motion requires a simple majority vote.

12 The Budget and Finance Committee of Diocesan Council monitors the operating budget
13 revenues and expenditures quarterly throughout each year. Over the past two years, the level
14 of assessment funds collected has risen to almost 100% of the projected amount. Additionally,
15 the diocesan staff stewards our funds well and often manages to spend less than the budget
16 permits while still completing all programs and expectations. As has been noted elsewhere, the
17 diocese has also benefited from a strong investment market.

18 In reviewing all budget requests for 2019, the Budget and Finance Committee realized
19 that it could reduce the assessment rate for 2019 and still meet all funding requests as
20 presented. To do so does require that the diocese use some of its realized capital gains from
21 2017 and increase the draw on unrestricted net assets. Moreover, staff has made some
22 selected reductions in proposed expenditures but none of these reductions will impact
23 expected needs of the diocese. The proposed budget also includes some new areas of
24 expenditures that grew out of Diocesan Council work in 2017 and 2018.

25 Diocesan Council believes it is important to support all congregations in their local
26 ministry by keeping the assessment rate at the “right” level. This budget change will do just
27 that and will also continue to provide strong support for congregations through a variety of
28 grant programs and direct support to congregations.

Resolutions Committee Recommendation: DO PASS

1 **Resolution #2 – 2020 Assessment Rate**

2 *Submitted by the Diocesan Council*

3 **Resolved**, That this 108th Convention of the Diocese of Olympia approve the recommendation
4 of the Diocesan Council that the 2020 diocesan assessment rate factor be set at 14.5% of the
5 Net Disposable Income (NDI).

6 Explanation: In accordance with Canon 7, Diocesan Convention determines the assessment
7 rate for the second year of assessment following determination; thus the 2018 Convention sets
8 the 2020 assessment rate. Over the past few years the rate has been reduced to the current
9 level of 15%; the rate was 20% from 2004 to 2006, 18% from 2007 to 2011, 17.5% in 2012 and
10 17% in 2013, 2014, & 2015, 16% in 2016 and set at 15% for 2017 and 2018. A separate
11 resolution proposes to reduce the assessment rate for 2019 to 14.5%, changing the resolution
12 approved at the 2017 Diocesan Convention.

13 As a result of collective congregational efforts made in previous years, the assessments
14 actually collected by the diocese in 2017 rose to almost 100% of budget projections. The
15 continued efforts of all congregations to pay their full assessment, in the year requested, has
16 been exemplary. Coupled with the careful expenditures of budgeted funds by diocesan staff,
17 the continued strength of the investment market in the past several years, and a judicious use
18 of both capital gains and unrestricted net assets has enabled the Budget and Finance
19 Committee of Diocesan Council to support this reduced rate of assessment while meeting the
20 expressed vision of the Diocese of Olympia previously adopted by Diocesan Convention.

21 The Budget and Finance Committee wishes to commend the entire diocesan staff for its
22 careful use of funds, the finance staff for its close tracking of diocesan funds and excellent data
23 reporting, and the efforts of all congregations to commit the necessary resources to enable our
24 collective diocesan vision.

Resolutions Committee Recommendation: DO PASS

1

1 **Resolution #3 – Cost of Living Adjustment (COLA) to Clergy Salary Scale for 2019**

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

3 **Resolved**, That this 108th Convention of the Diocese of Olympia set the Cost of Living
4 Adjustment for 2019 parochial clergy salary scale at 3.3%.

5 Explanation: As required by Canon 23, sections 2 and 5, the Personnel Commission, in August
6 2018, proposes the Cost of Living Adjustment (COLA) for 2019 for the parochial clergy salary
7 scale. This is based on the Bureau of Labor Statistics Consumer Price Index for the Seattle-
8 Tacoma-Bellevue area for June 2017 to June 2018, which showed an increase in the cost of
9 living of 3.3%. For information purposes the Personnel Commission offers the clergy salary
10 scale adjusted for the proposed COLA increase:

11 Personnel Commission - 2019 Proposed Parochial Clergy Salary Scale

12 GRADE	MINIMUM	MID-POINT	MAXIMUM
13 A	\$ 91,721	\$ 114,652	\$ 137,582
14 B	\$ 83,381	\$ 104,227	\$ 125,072
15 C	\$ 75,788	\$ 94,735	\$ 113,682
16 D	\$ 69,281	\$ 86,602	\$ 103,922
17 E	\$ 62,722	\$ 78,403	\$ 94,083

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

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

37 **Advisory Policies:**

- 38 1. For additional paid clergy (associate, assistant), it is recommended that
39 minimum compensation be established at two salary grades below that
40 established for the parish or mission, depending upon qualifications and
41 experience.

- 42 2. If a congregation is moving toward a higher grade, that congregation would be
43 wise to increase toward that new salary grade incrementally.
- 44 3. Congregations are encouraged to consider clergy performance when
45 deliberating compensation increases in excess of the COLA.
- 46 4. For interim clergy of a parish or mission, it is recommended that compensation
47 shall be at the grade level of the parish or mission, prorated for the percentage
48 of time committed.

Resolutions Committee Recommendation: DO PASS

1 **Resolution #4 – Adoption of the Model Policy for the Protection of Children & Youth**

2 *Submitted by the Office of the Bishop and Diocesan Chancellor*

3 **Resolved**, That this 108th Convention of the Diocese of Olympia adopt the Model Policy for the
4 Protection of Children and Youth, as set forth by the 2018 General Convention of The Episcopal
5 Church.

6 Explanation: This document is a statement for the Episcopal Church, setting forth expectations
7 for its leaders in their relationships with children and youth. The purpose of these model
8 policies is to foster the highest standards of behavior in ministry settings. The document
9 includes:

- 10 · Screening and Training Protocols (Appendix A), which explains the level of screening
11 and training required before engaging in ministry with children and youth;
12 · A description of requisite training that is specialized and tailored to ministry role and
13 function;
14 · Behavioral standards designed to ensure that children and youth and all who engage in
15 ministry with them are treated with dignity and respect in all settings; and
16 · Recommended Practices and Guidelines for Social Media and Electronic
17 Communications (Appendix B).

18 This model policy sets forth statements of general expectations and guidelines of behavior for
19 ordained and lay people in the church when engaged in ministry with children and youth. This
20 policy is mandated for all such activities sponsored by every congregation, institution,
21 organization, school, and agency of each diocese. The purpose of these policies is to create
22 safe and welcoming space for all children and youth in our communities and those engaged in
23 ministry with children and youth and to prevent sexual abuse. It presents best practices for
24 creating such safe space. Circumstances in many localities may make some of these best
25 practices difficult to implement or even unworkable. As a result, local entities may make
26 additions or revisions in developing local policy so long as they meet or exceed the
27 requirements of these policies. This requires that local leadership understand this policy
28 thoroughly enough to make appropriate judgments about local circumstances. Any such
29 additions or revisions must be submitted in writing for the approval of the bishop. No
30 provisions may be omitted from a local policy. Church governing bodies and all leaders should
31 understand these policies and all local requirements thoroughly enough to make appropriate
32 judgments and should consult with the Office of the Bishop when unanticipated situations
33 arise.

Resolutions Committee Recommendation: DO PASS

[MODEL POLICY FOR THE PROTECTION OF CHILDREN & YOUTH](#)

35

1 **Resolution #5 – Adoption of the Model Policy for the Protection of Vulnerable Adults**

2 *Submitted by the Office of the Bishop and Diocesan Chancellor*

3 **Resolved**, That this 108th Convention of the Diocese of Olympia adopt the Model Policy for the
4 Protection of Vulnerable Adults, as set forth by the 2018 General Convention of The Episcopal
5 Church.

6 Explanation: The Church is called to embody and advance God’s mission. Ministry is the
7 vocation of the whole community: laypersons, deacons, priests, and bishops who together
8 represent Christ and the Church in the world. The obligation to seek and serve Christ in all
9 persons and to respect the dignity of every human being is binding for all the baptized. The
10 authority with which leaders – ordained persons and adults who minister with vulnerable
11 adults – are entrusted, creates an inherent power imbalance in the pastoral relationship. This
12 power imbalance derives from the leadership role and, in the case of clergy, the symbolic
13 authority of an ordained person.

14 Christian leadership is intended to provide occasions for guidance and grace, and its
15 abuse is always and unequivocally wrong. Ministry involves a necessary tension between a
16 Gospel-based integrity and a Gospel-based intimacy as modeled by the life of Christ. A rigid
17 adherence to a system of rules leads to an unproductive legalism. Yet, without the framework
18 of the law, the intimate relationships into which Christ calls us risk distortion and harm. All the
19 people of God are called to minister attentively within this tension. These policies are intended
20 to provide a pattern for attentive practice of ministry.

21 This document is a statement for The Episcopal Church, setting forth expectations for
22 its leaders in their relationships with vulnerable people. The purpose of these model policies is
23 to foster the highest standards of behavior in ministry settings. The document includes:

- 24 · Screening and Training Protocols (Appendix A), which explains the level of screening and
25 training required before engaging in ministry with vulnerable adults;
- 26 · A description of requisite training that is specialized and tailored to ministry role and
27 function;
- 28 · Behavioral standards designed to ensure that vulnerable adults and all who engage in
29 ministry with them are treated with dignity and respect in all settings; and
- 30 · Recommended Practices and Guidelines for Social Media and Electronic Communications
31 for Vulnerable Adults (Appendix B); which contains recommended Practices and Guidelines
32 for Social Media and Electronic Communications.

33 This model policy sets forth statements of general expectations and guidelines of behavior for
34 ordained and lay people in the church when engaged in ministry with vulnerable adults. This
35 policy is mandated for all such activities sponsored by every congregation, institution,
36 organization, school, and agency of each diocese. The purpose of these policies is to create
37 safe and welcoming space for all vulnerable adults and those engaged in ministry with
38 vulnerable adults, and to prevent sexual abuse. This policy is a model and, as such, it presents
39 best practices for creating such safe space. Circumstances in many localities may make some of
40 these best practices difficult to implement or even unworkable. As a result, local entities may
41 make additions or revisions in developing local policy so long as they meet or exceed the
42 requirements of these policies. This requires that local leadership understand this policy

43 thoroughly enough to make appropriate judgments about local circumstances. Any such
44 additions or revisions must be submitted in writing for the approval of the bishop. No
45 provisions may be omitted from a local policy. Church governing bodies and all leaders should
46 understand these policies and all local requirements thoroughly enough to make appropriate
47 judgments and should consult with the Office of the Bishop when unanticipated situations
48 arise.

Resolutions Committee Recommendation: DO PASS

[MODEL POLICY FOR PROTECTION OF VULNERABLE ADULTS](#)

1 **Resolution #6 – Absurd Translation of the Nicene Creed**

2 *Submitted by Bishop William Choi, St. John, Snohomish*

3 **Resolved**, that this 108th Convention of the Diocese of Olympia request the Office of the Bishop
4 to communicate with the Standing Commission on Music and Liturgy, on behalf of this
5 convention, requesting that the Standing Commission on Music and Liturgy consider the
6 submitted analysis by Bishop William Choi, et al, of translation issues of the Nicene Creed,
7 specifically into East Asian languages, as the Standing Commission updates liturgies.

8 Explanation: William Choi, Retired Bishop of the Anglican Church of Korea, former chaplain to
9 Seafarers of the Diocese of Olympia, and member of this Diocese, and others have identified
10 undesired meanings in the selection of key words in the translation of the Nicene creed,
11 specifically in the characters used in East Asian (e.g. Korean, Mandarin, Japanese). For example,
12 the characters used for Holy Spirit in the East Asian translation have a strong association with
13 ancestor reverence. William Choi has written up a lengthy analysis of these issues. He has been
14 informed that the proper way to get this analysis to the Standing Commission on Music and
15 Liturgy is through a Diocesan Convention resolution. This resolution fulfills this instruction and
16 begins a conversation between William Choi, et al, and the Standing Commission on Music and
17 Liturgy. This resolution has no impact on the budget or funding of programs.

Resolutions Committee Recommendation: DO PASS

Background document: [NICENE CREED](#)

1 **Resolution #7 – Aligning Diocesan Fossil Fuel Divestment and Reinvestment with The**
 2 **Episcopal Church**

3 *Submitted by Moira Fulton; sponsored by The Bishop’s Committee for the Environment*

4 **Resolved**, that this 108th Convention of the Diocese of Olympia acknowledges Resolution
 5 C045, Call for Investing in Clean and Renewable Energy, which was passed by the 78th General
 6 Convention of The Episcopal Church in 2015;¹ **and be it further**

7 **Resolved**, that this 108th Convention of the Diocese of Olympia supports the steps the
 8 Investment Committee of the Executive Council of The Episcopal Church has taken to
 9 implement the divestment goals of Resolution C045;² **and be it further**

10 **Resolved**, that this 108th Convention of the Diocese of Olympia requests the Board of Directors
 11 to align the Diocese of Olympia’s investments with the provisions of Resolution C045 and to
 12 honor the provisions of Resolution #5, Divestment from Fossil Fuels, which was passed by the
 13 103rd Convention of the Diocese of Olympia in 2013;³ **and be it further**

14 **Resolved**, that this 108th Convention of the Diocese of Olympia exhorts the Board of Directors
 15 to fulfill its fiscal responsibilities while making this investment decision consistent with our
 16 Christian faith rather than making decisions solely to maximize financial profits regardless of
 17 the costs to God’s people and creation; **and be it further**

18 **Resolved**, that this 108th Convention of the Diocese of Olympia requests the Board of Directors
 19 to report annually on their progress in implementing these actions and principles, and that this
 20 report be submitted in writing to the Bishop of the Diocese of Olympia at least 90 days prior to
 21 each future diocesan convention until such time as the divestment from fossil fuels is
 22 complete, as defined in Resolution #5 passed by this Convention in 2013.

Resolutions Committee Recommendation: NO OPINION

23 ¹ *Resolution C045, Call for Investing in Clean and Renewable Energy, was passed by the 78th General Convention*
 24 *of The Episcopal Church in 2015. It called on the Investment Committee of the Executive Council, the Episcopal*
 25 *Church Endowment Fund, and the Episcopal Church Foundation “to divest from fossil fuel companies and*
 26 *reinvest in clean renewable energy in a fiscally responsible manner.” It also called on the same entities “to*
 27 *refrain from purchasing any new holdings of public equities and corporate bonds of fossil fuel companies.”*
 28 *https://www.episcopalarchives.org/cgi-bin/acts/acts_generate_pdf.pl?resolution=2015-C045*

29 ² *The Episcopal Church’s Investment Committee adopts guidelines of Resolution C045 (March 5, 2018)*
 30 *<https://www.episcopalchurch.org/posts/publicaffairs/investment-committee-adopts-guidelines>*

31 ³ *Resolution #5, Divestment from Fossil Fuels, was passed by the 103rd Convention of the Diocese of Olympia in*
 32 *2013. It requested the Board of Directors to divest within five years from the direct ownership of public equities*
 33 *and corporate bonds of the world’s leading 200 fossil fuel companies as identified by the Carbon Tracker*
 34 *Initiative, and it requested the Board to adopt a policy to refrain from that time forward from direct ownership*
 35 *of these public equities and corporate bonds.*
 36 *<https://resources.ecww.org/sites/default/files/resources/2013Journal.pdf> (at pages 11-12)*

37 **Explanation:** God calls us to be good stewards of Creation (Gen. 1:31, 2:15). The Fifth Mark of
 38 Mission of the Anglican Communion is “To strive to safeguard the integrity of creation and
 39 sustain and renew the life of the earth.” Our Baptismal Covenant calls us to care for the least
 40 among us; this applies especially to the coming generations and other species who have little
 41 or no voice in our society. Climate change is a threat to all life. The scientific consensus¹ is
 42 overwhelmingly clear that anthropogenic greenhouse gas emissions from the burning of fossil
 43 fuels have already caused and will continue to cause climate change. Without a rapid global

44 shift away from the burning of fossil fuels, the effects of climate change will displace and
 45 impoverish hundreds of millions of people in the coming century and condemn many species
 46 to extinction.²

47 For over two decades, the Episcopal Church and the wider faith community utilized
 48 shareholder and legislative advocacy on climate change, to very little effect. As the climate
 49 crisis has worsened, the national church has acted to increase the scope of its response and
 50 resolved (through Resolution C045, Call for Investing in Clean and Renewable Energy, passed at
 51 the 2015 General Convention) to divest of fossil fuels and reinvest in sustainable energy
 52 sources as a way to both use its voice and to live by its religious beliefs. A growing number of
 53 religious,³ educational and civic institutions⁴ have divested from fossil fuel holdings, having
 54 concluded that it is immoral to profit from an industry whose core business creates climate
 55 disruption and whose financial and political influence has undermined legislation to address
 56 and mitigate climate change.

57 Consumer fossil fuel use is affected by industry influence; and though reducing every
 58 individual's carbon footprint is important, the actions of the fossil fuel industry also must
 59 change. The fossil fuel industry's value and future depend on burning these fuels. The industry
 60 has used its financial power to prevent legislation to reduce carbon emissions, spending an
 61 estimated \$115,000,000 annually to prevent climate policy,⁵ and has deceived the public for
 62 decades about its knowledge of the danger of climate change resulting from burning these
 63 fuels.⁶

64 Climate scientists informed us five years ago of the absolute need to limit global
 65 warming to just 2 degrees Celsius (3.6 degrees Fahrenheit) above the norm prior to the
 66 Industrial Revolution. Even this cap is fraught with risks,⁷ but it is one that even the most
 67 conservative governments in the world have agreed to meet.⁸ To avoid exceeding this 2-degree
 68 Celsius cap, we must emit no more than approximately 565 more gigatons of carbon dioxide.⁹
 69 Yet the fossil fuel industry already possesses in their reserves enough carbon that if burned
 70 would emit approximately five times that amount (2,795 gigatons) of carbon dioxide.¹⁰ And still
 71 the industry continues to expand its production¹¹ and its research to access new sources of
 72 fossil fuels to sell to be burned.¹²

73 Given this stark situation, the biblical mandate and our church's teachings could not be
 74 clearer: we must respond with faithful, prophetic action by following the lead of the national
 75 church to divest of fossil fuel and reinvest in clean energy. The time has come for the Diocese
 76 of Olympia to take this action regarding the preeminent moral issue of our time and to divest
 77 and reinvest as a natural alignment with our core religious beliefs.

78 ¹ NASA. (Updated 2018, August 8). *Scientific consensus: Earth's climate is warming*. Retrieved from
 79 <https://climate.nasa.gov/scientific-consensus/>

80 ² Intergovernmental Panel on Climate Change (IPCC). (2014). *Climate change 2014 synthesis report summary for
 81 policy makers*. Retrieved from http://ipcc.ch/pdf/assessmentreport/ar5/syr/AR5_SYR_FINAL_SPM.pdf

82 ³ *Green Faith. Divest and reinvest central; A listing of known religious divest and reinvest efforts*. Retrieved from
 83 <http://www.greenfaith.org/programs/divest-and-reinvest/listing-of-known-religiousdivestment-efforts>

84 ⁴ *Fossil Free: Divestment. Divestment commitments*. Retrieved at
 85 <https://gofossilfree.org/divestment/commitments>

86 ⁵ *Bloomberg (2016, April 7). Trying to put a price on big oil's 'climate obstruction' efforts*. Retrieved at
 87 [https://www.bloomberg.com/news/articles/2016-04-07/trying-to-put-a-price-on-big-oil-s-climate-](https://www.bloomberg.com/news/articles/2016-04-07/trying-to-put-a-price-on-big-oil-s-climate-obstructionefforts)
 88 [obstructionefforts](https://www.bloomberg.com/news/articles/2016-04-07/trying-to-put-a-price-on-big-oil-s-climate-obstructionefforts)

- 89 ⁶ *Climate Liability News*. (2018, April 5). What oil companies knew about climate change and when: A timeline.
90 Retrieved at <https://www.climateliabilitynews.org/2018/04/05/climate-change-oil-companiesknew-shell-exxon>
- 91 ⁷ *Yale Environment 360*, Yale School of Forestry & Environmental Studies. (2018, March 16). Stark differences in
92 climate impacts between 1.5 and 2 degrees of warming. Retrieved at [https://e360.yale.edu/digest/stark-](https://e360.yale.edu/digest/stark-differences-in-climate-impacts-between-1-5-and-2-degrees-ofwarming)
93 [differences-in-climate-impacts-between-1-5-and-2-degrees-ofwarming](https://e360.yale.edu/digest/stark-differences-in-climate-impacts-between-1-5-and-2-degrees-ofwarming)
- 94 ⁸ *United Nations Climate Change*. (2015). The Paris agreement. Retrieved at [https://unfccc.int/process-](https://unfccc.int/process-andmeetings/the-paris-agreement/the-paris-agreement)
95 [andmeetings/the-paris-agreement/the-paris-agreement](https://unfccc.int/process-andmeetings/the-paris-agreement/the-paris-agreement)
- 96 ⁹ *350.org*. (2018). Do the math. Retrieved at <http://math.350.org/questions>
- 97 ¹⁰ Same as 9 above.
- 98 ¹¹ *U.S. Energy Information Administration*. (2018, January 18). EIA expects total US fossil fuel production to reach
99 record levels in 2018 and 2019. Retrieved at <https://www.eia.gov/todayinenergy/detail.php?id=34572>
- 100 ¹² *Hart Energy E&P*. (2018, July 13) Study: U.S. Oil, Gas Companies Add to Reserves. Retrieved at
101 <https://www.epmag.com/study-us-oil-gas-companies-add-reserves-1709271>
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**DIOCESE OF OLYMPIA
COMMITTEE ON CONSTITUTION AND CANONS**

REPORT TO 2018 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. 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. II (Acceding to **General Convention)**

The Church in the Diocese of Olympia accedes to the Constitution and Canons of the Episcopal Church and recognizes the authority of the General Convention of the same.

Second Vote on Changes to Constitution

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”. It was therefore 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 ...

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 26 (Ecclesiastical Discipline):

Canon 26 generally implements procedures that are standardized under Title IV of the Episcopal Church Canons as established by General Convention. The Committee recommends the following updates and clarifications:

Section 1:

The ecclesiastical discipline of a priest or deacon shall be governed by Title IV of the Canons of the Episcopal Church. Capitalized terms in this Canon shall have the meanings set forth in Title IV, unless otherwise specified herein.

Section 2(c):

It seems vague to require "consultation" with Standing Committee before the Bishop removes someone from the Disciplinary Board. Although the Standing Committee does not have a veto on such a removal decision, it seems reasonable to require that Committee at least to make a recommendation. This would result in the following clarification:

- c. A Board member may be removed from office by the Bishop, subject to (i) obtaining advice and a recommendation from the Standing Committee, and (ii) ratification of the Bishop's decision by the Diocesan Council.

Section 3:

There is an ambiguity as to whether the President of the Disciplinary Board or the Bishop appoints supplemental Panel members as needed to vote on a disqualification motion or other matters. The Committee recommends the following clarification:

In any proceeding under this Title, if any member of a Conference Panel or Hearing Panel shall become aware of a personal conflict of interest or bias, that member shall notify the President of the Board and request a replacement member of the Panel. Respondent, Respondent's Counsel and the Church Attorney shall have the right to challenge any member of a Panel for conflict of interest or bias by motion to the Panel for disqualification of the challenged member. The members of the Panel who are not the subjects of the challenge shall promptly consider the motion and determine whether the challenged Panel member shall be disqualified from participating in that proceeding. If recusals or challenges reduce the number of qualified Panel members below the number required to act in a particular matter, the President may appoint enough other Board members to achieve the required number. If there are insufficient Board members to qualify the Panel to act, Bishop may appoint additional persons sufficient to qualify the Panel to act in that particular matter.

Section 4:

We can delete language that was included only to cover the initial setting up of the Disciplinary Board in 2011:

Within sixty (60) days following the annual Convention, the Secretary of Convention shall convene the Board to elect a President from among its members to serve for the following calendar year. Education and training in the requirements of Title IV should be conducted each year under supervision of the diocesan Chancellor.

Section 7:

...The person(s) so selected [as Church Attorney] must be a member of the church and a duly licensed attorney.

Section 8:

The Bishop ~~may appoint~~ shall make available an Advisor for the complaining party and an Advisor for the Respondent. Persons serving as Advisors shall not hold any other position appointed or elected under Title IV, and shall not include chancellors, vice chancellors or assistant chancellors of this Diocese nor any person likely to be called as a witness in the proceeding. Parties should be advised in all cases that the appointed Advisor is not intended to act as lawyer for any party and should not be so considered. A party is free to reject a proposed Advisor and to select an alternative, who may also be an attorney and act in that capacity. In any case, any party is entitled to retain an attorney to assist in the proceeding.

Section 9:

The Board may appoint a clerk to assist the Board with records management and administrative support. The clerk may be a member of the Board.

Section 10:

- a. The reasonable costs and expenses of the Board, the Intake Officer, the Investigator, the Church Attorney(s), the Advisor(s), the Board clerk and a pastoral response coordinator (if any) shall be the obligation of the Diocese, subject to such budgetary constraints as may be established by Diocesan Council.

Section 11:

Records of active proceedings...shall be preserved...in the custody of the Board clerk, if there be one,...

Section 12:

The Bishop shall make provision for the storage of records...as prescribed in Title IV of the Canons of the Episcopal Church.

Section 13:

Any meeting...other than a hearing...may be conducted either in person or through electronic communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

Faithfully submitted,

COMMITTEE ON CONSTITUTION & CANONS

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

Diocese of Olympia
108th 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 108th 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

Retired bishops residing in the Diocese of Olympia

Bishop William Choi

Others who are not members of Convention

Michael Monnikendam, Convention Musician

K. Ann McCartney, Parliamentarian

Diocesan Mission Station Representatives

Marie Bolla, Apostles (COTA), Seattle

Lacey Brown, Apostles (COTA), Seattle

Francisco Lopez, Resurreccion, Mt. Vernon

Baudelina Paz, Resurreccion, Mt. Vernon

James Ayuen, St. John Sudanese, Tukwila

Mary Bol, St. John Sudanese, Tukwila

Those presenting reports to this Convention (voice only)

Paul Benz, Faith Action Network

Adam Conley, Seattle Service Corps

Chuck Hamilton, Episcopal Relief & Development

Ken Hawkins, Mission to Seafarers

Chaplain Bill Hulseman, Annie Wright Schools

Bobby Gusse, Elections

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

Adams, Richard

Armer, Susan

Arnold-Boyd, Annette

Berge, W. Clark

Bogel, Marianne

Carroccino, Michael

Chrisman, Robert

Clark, D. Corbet

Cleveland-Stout, Jennifer

Collins, Paul

Conklin, Daniel

Corrigan, Candice

Crippen, Stephen

Dement, Thomas

Deng Deng, William

Hampton, Sanford

Hopkins, Vivian L

Hosea, Beverly

Keller, Patterson
Kolbet, Paul
Leech, John
Maier, Andrea
Mason, Eric
McCaw, Mary
McClain, Rebecca
McCulloch, Kent
Miller, A. Scott
Perry, Lawrence

Porter, Gerald
Reid, M. Sue
Ruder, John
Schnack, Peggy
Sells, Jeffery
Sells, Patti
Smith, Jessica
Stewart, Daniel
Stewart, Ralph
Taylor, Robert

Thomas, Joshua
Tomter, Patrick
Ward, Karen
Williams, Robert
Wolfe, V. Eugene
Wolford, Rachael
Wong, Philip
Yearwood, Kirtley

Clergy licensed in the Diocese of Olympia, if present:

Ayers, Phillip
Barrett, Patricia
Blubaugh, Susan
Bourne-Raiswell, Margaret
Brown, Marilynn
Caguiat, Carlos
Echols, Beth
Fleischer, Theodore
Friedrich, James
Gallagher, Robert
Garcia, Ruth Anne
Gaumer, Susan
Grant, Hugh McPhail
Green, Mary
Greenwood, Don
Hall, Alwyn

Hammond, Blaine
Hillesland, Ivar
Holly, Francis Eugene
Illas, Antonio
Jellison, Mary
Kirking, Kerry
Kyllo, Terry
Maxwell, William
McGlannan, Dorian
McLuen, Roy
Minter, Russell
Mix, Lucas
Peters, Diana
Pope, Stina
Rodgers, Stephen
Ross-Hunt, Lindsay

Scannell, Alice
Scannell, John
Shippen, Sallie
Sipe, Robert
Tarter, Bill
Thompson, Susan
Totman, Glenn
Tudor, William
Vollkommer, Marsha
von Wrangel, Carola
Watson, Stennis
Whitmore, Charles
Zimmerman, John
Zinga, Millicent

Submitted by,

Committee on Privilege

The Rev. Joseph Mikel, St. David of Wales, Shelton, chair

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

Canon Dede Moore, Canon for Governance & Human Resources

Diocese of Olympia
2018 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, retired
The Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary

Resolutions Committee

The Rev. Rilla Barrett, St. Stephen, Oak Harbor *
The Rev. Jed Fox, Church of the Redeemer, Kenmore
The Rev. Bonnie Malone, St. George, Maple Valley
Mary Maxon, St. Luke, Vancouver
Susan Rolfe, St. Mark, Montesano
The Rev. Jonathan Weldon, St. Paul, Bellingham *

Nominations Committee

Ms. Jan Akin, St. Benedict, Lacey
The Rev. Rilla Barrett, St. Stephen, Oak Harbor
Sally Farrell, Good Samaritan, Sammamish
Karen Casey, Grace Church, Bainbridge Island
Denice Patrick, St. Hilda-St. Patrick, Edmonds
The Rev. Michael Wright, St. Stephen, Longview

Committee on Privilege

The Rev. Joseph Mike, St. David of Wales, Shelton *
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
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
Church Attorney: Marvin L. Gray, Jr.

Commission on Personnel

Linda Bruen, St. Margaret, Bellevue, Lay Professional Rep
Leanne Damborg
The Rev. Jennifer King Daugherty, St. Mark's Cathedral, Seattle
The Rev. Sabeth Fitzgibbons
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

Commission on Ministry

Diana Bender, Epiphany Parish of Seattle
The Rev. Bonnie Campbell, St. Mark, Montesano
The Rev. Doyt Conn, Epiphany Parish of Seattle
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 Rt. Rev. Greg Rickel, bishop diocesan, ex officio
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. Sabeth Fitzgibbons, St. Hilda-St. Patrick, Edmonds
The Rev. Gen Grewell, Archdeacon
The Rev. Josh Hosler, St. Paul, Bellingham *
The Rev. Judith McDaniel, St. Barnabas, Bainbridge Isl.
Michael Monnikendam, St. Stephen, Seattle
The Rev. Laura Murray, Faith Church, Poulsbo
The Rev. Eric Stelle, St. John, Gig Harbor *
Maeve Wyatt, St. Columba, Kent

Diocesan Council Report to Convention 2018

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. In 2018 DC members focused on:

- Developing a policy on providing needed services & accommodations at convention & pre-convention gatherings;
- Continued support for implementation of our new diocesan vision including priorities and next steps;
- Joining the bishop on and learning from visitations to congregations; and,
- Participation with the other governing bodies in the Mutual Ministry Review for the bishop, as well as the presiding bishop's visit.

Official actions taken by the Council December 2017 through September 2018:

- *Budget & Finance:*
 - Agreed to forward a resolution to the fall convention recommending the 2019 assessment rate be reduced from 15% to 14.5% of the Net Disposable Income (NDI).
 - Agreed to forward a resolution to the fall convention recommending the 2020 assessment rate be set at 14.5% of the Net Disposable Income (NDI).
 - Adopted a balanced 2019 operating budget to be forwarded for ratification at the fall 2018 convention.
 - Approved 2019 grants to congregations as presented in the report from the Grants Committee.
- *Everett, Trinity:* Approved relief from unpaid assessment, accumulated 2010-2016.
- *Bremerton, St. Paul:* Approved relief from unpaid 2016 assessment, after congregation paid 10% of the balance owing.
- *Miscellaneous:* Approved the request of the diocesan bishop to provide bonuses to diocesan staff. / Recorded 2018 housing allowances as required by the IRS. / Approved revision to the 2018 supply clergy rates to reflect addition of a separate rate for one liturgy without preaching.

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; **Amelia Carroll**, Rainier-Lay, Christ Church, Tacoma; **David Coburn**, Evergreen-Lay, St. James, Kent; **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; **Jim Eichner**, Eastside-Clergy, Holy Cross, Redmond; **Sally Farrell**, Eastside-Lay, Good Samaritan, Sammamish; **Drew Foisie**, Sno Isle-Clergy, St. Aidan, Camano Island; **John Forman**, Evergreen-Clergy, St. Elizabeth, Buriem; **Jedediah Fox**, Be Attitudes-Clergy, Church of the Redeemer, Kenmore; **Joslin Harris-Gane**, Be-Attitudes-Lay, Christ Church, Seattle; **Libby Jensen**, Columbia-Lay, Good Shepherd, Vancouver; **R.C. Laird**, Willapa-Clergy, St. John, Olympia; **Denice Patrick**, Sno Isle-Lay, St. Hilda-St. Patrick, Edmonds; **Gail Wheatley**, Peninsula-Clergy, St. Andrew, Port Angeles; **Michael Wright**, Columbia-Clergy, St. Stephen, Longview; **Martin Yabroff**, Rainier-Clergy, St. Andrew, Tacoma; *Others with seat and voice:* **Judith Andrews**, Diocesan Chancellor; **April Caballero**, Recording Secretary; **Marda Steedman Sanborn**, Canon to the Ordinary; **Barbara Fox**, Diocesan Treasurer; **Hal Hall**, Consulting Canon for Finance; **Dennis Tierney**, chair, Budget & Finance Committee & Diocesan Property Manager; **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 – 2018

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 2017 – 2018 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; **Mr. George Garcia**, St. Joseph St. John, Lakewood; **the Rev. Christina Jillard**, St. Margaret, Bellevue; **Mr. Collie Liska**, St. Benedict, Lacey; **Mr. Marc Malone**, St. Stephen, Seattle; **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; **the Rev. Dennis Tierney**, diocesan property manager.

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, 2018

	2018	2017
Available Funds	\$ 810,082	\$ 720,451
Notes Receivable	<u>\$ 0</u>	<u>\$ 29,456</u>
Net Assets	\$ 810,082	\$ 749,907

Building Loan Fund (BLF)

As of Sept. 30, 2018

	2018	2017
Available Funds	\$ 989,298	\$ 1,859,542
Notes Receivable	\$ 4,203,732	\$ 3,209,181
Interest Receivable	\$ 85,406	\$ 82,622
Sedro Woolley Rec.	<u>\$ 166,786</u>	<u>\$ 160,326</u>
Net Assets	\$ 5,445,222	\$ 5,311,671

Specific Board actions on behalf of congregations (and former congregation properties) Nov. 2017–Oct. 2018:

- *Battle Ground, Holy Spirit*: Under resolution of diocesan convention, relieved balance of an old Capital Campaign loan.
- *Blaine property (not in use by congregation)*: Approved a purchase and sale agreement, as well as a back-up offer. Sale did not go through due to zoning issues.
- *Issaquah, St. Michael & All Angels*: Approved request to increase bridge loan amount and extend the term from 3 years to 5 years.
- *Mill Creek property*: Approved a purchase and sale agreement; did not go through. Authorized funds for a wetlands study. Accepted an offer for the property in September 2018.
- *Poulsbo, Faith Church*: Authorized funds to upgrade the fire alarm system.
- *Poulsbo property (not in use by congregation)*: Extended a purchase and sale agreement several times; later withdrawn. Authorized funding with new potential buyer to determine if wetlands obstacles can be overcome.

- *Seattle, St. John the Baptist*: Transferred a charitable trust to the Diocesan Investment Fund.
- *Seattle, Lake City property*: Approved the Thornton Creek Community LLC for development of the property. Approved use of the property by Camp United We Stand, May-November 2018.
- *Seattle, St. Luke*: Authorized 50% of funds needed for painting Bennett Hall and the original church.
- *Silverdale, St. Antony*: Ratified a resolution to borrow/grant collateral for construction project.
- *Tacoma, All Saints*: Authorized execution of documents necessary for the rezone of the property.
- *Tacoma, Holy Family of Jesus*: Approved a purchase and sale agreement for a parcel of property located adjacent to the congregation.
- *Vancouver, Good Shepherd*: Under resolution of diocesan convention, relieved balance of an old Capital Campaign loan.
- *Westport, Chaplains on the Harbor*: Authorized funds for repairs to the building.
- *Approved DIF withdrawals for*: Bellevue, All Saints (2 requests); Camano Island, St. Aidan; Poulsbo, Faith; Seaview, St. Peter; Washougal, St. Anne.

Additional actions November 2017 – October 2018:

- *Financial*: Cashed out an equity with Cigna Corp; proceeds applied to Thanksgiving Fund. Corrected EIN numbers with US Bank. Updated bank signature cards as required throughout the year. Informed the Budget & Finance Committee of capital gains available as needed for use in the 2019 diocesan operating budget. Approved 2017 audits for the Building Loan Fund, Mission Development Fund and Real Estate Fund, Operating Fund, Trust Accounts, Diocese of Olympia, Inc (consolidated), and James F. Hodges Diocesan Investment Fund.
- *Building Loan Fund (BLF) & Mission Development Fund (MDF)*: Set the 2018 rates for both parishes and missions at 3.5%.
- *Bishop portrait*: Authorized the archivist to work with Yearwood Studio to produce, matte and frame a portrait of Bishop Greg Rickel.
- *Church Insurance*: Accepted premium increases and modified coverage from Church Insurance.
- *Diocesan House*: Authorized additional funds from the Diocese of Olympia Hodges Fund designated for Diocesan House for continued repair and restoration to the Diocesan House.
- *Refugee Resettlement Office*: Approved procurement and reporting policies
- *Mission property inspections*: Set aside \$20,000 to provide partial funding to missions for building inspections.
- *Diocesan Investment Fund (DIF)*: Approved an amended Investment Policy Statement.
- *Van*: Approved the gift of the van used for Jubilee Ministries to Dianne Aid, in gratitude for her hours of dedication and commitment to developing and growing this important ministry.
- *Huston Center*: Authorized the Huston Center Operations Committee to use funds from its 2017 credit balance to provide bonuses to year around staff. Authorized use of funds from the Horn Endowment to hire an architect/contractor for design and budget development to replace the Cascade cabins and a shop/storage building.
- *Church Investment Group*: Forgave a loan, plus any accrued interest, that was provided in May 2011 for organization and initial development of the entity.
- *Policies amended*: Congregation Authority to Act. Distribution of Unrestricted Gifts & Bequests.

Submitted on behalf of the Board of Directors by Dede Moore, Canon for Governance & Human Resources. Additional information provided by Barbara Fox, Diocesan Treasurer, and Harold Hall, Consulting Canon for Finance.

Standing Committee Report to the 2018 Diocesan Convention

This report reflects the actions of the Standing Committee of the Diocese of Olympia from October 2017 through October 2018. The Standing Committee held regular monthly meetings throughout the year. At the Nov. 2017 meeting, Karen McCarthy Casey (2019) was elected President and the Rev. Steve Danzey (2018) was elected Secretary. The Rev. Helen McPeak (2020) agreed to serve as Committee Chaplain; Ms. Deede Woods (2018) agreed to continue serving as our representative to the Commission on Ministry, a position she fulfills as a full voting member of the Commission; Jim Beckwith continued to serve as our representative to the Joint Finance Panel. The remaining members of the Standing Committee are The Rev. Alfredo Feregrino (2019), The Rev. Arienne Davison (2021), and Roberta Newell (2021)

The following actions were taken by the Standing Committee from November 2017 through October 2018:

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

- Consented to the Election of Brian Lee Cole as Bishop of East Tennessee;
- Consented to the Election of a Bishop Suffragan for the Diocese of Virginia;
- Consented to the Election of the Rev. Carlye J. Hughes as Bishop of the Diocese of Newark;
- Consented to the Election of the Rev. Mark Andrew Cowell as Bishop of the Diocese of Western Kansas;
- Consented to the Election of the Rev. Canon Kevin D. Nichols as Bishop of the Diocese of Bethlehem;
- Consented to the Election of the Rev. Canon Michael Buerkel Hunn as Bishop of the Diocese of Rio Grande;
- Consented to the Election of a Bishop Suffragan for the Diocese of Texas;
- Consented to the Election of the Very Rev. Joseph Kerwin Delicat as Bishop Coadjutor of Haiti.

Diaconate and Priesthood, Diocese of Olympia

- Certificate of Attestations were signed for William Thaete and Patricia Grodt, Diaconate, Oct 2017;
- Certificate of Attestation was signed for Brian Gregory, Priesthood, Feb 2018;
- Certificate of Attestation was signed for Brian Lennstrom, Priesthood, June 2018;
- Certificate of Attestations were signed for Emily Austin, Michelle Couch, Elizabeth Van Dyke, and Barbra Weza, Diaconate, Oct 2018;
- With the direction of our Standing Committee representative to the COM, Deede Woods, we have wrestled this year with the spiritual and Canonical accountabilities to those in postulant and candidacy process. We look forward to a Summit gathering this winter with others under direction of the Bishop, to bring greater clarity to this vital and precious time.

Congregational Property Matters

- Approved a request by Holy Family of Jesus Cambodian Episcopal Church to sell a vacant parcel of land on church property;
- Approved a request by Emmanuel Church, Mercer Island to obtain a bank construction loan, and then permanent loan, for the purpose of constructing a Rectory Home on Emmanuel Church property;
- Approved a proposal request by Trinity, Seattle for the sale of air rights above the historical church building with the option to sell additional feet to the property developer. This with a no-build easement and covenant to be approved by the Diocesan Chancellor;
- Approved a request by St. Stephen's, Seattle, to sell a house on St. Stephen's Church property. The proceeds will be placed in a Capital Fund to facilitate needed repairs;
- Working closely with the Board of Directors we saw completion and web-site publication of a new Guide To Congregational Transactions, clarifying the sometimes complicated process of contacting the Diocese for assistance and approval for Church loan and building proposals. And we seek your input as we all work with this new material.

Mutual Ministry Review

According to the Bishop's Letter of Agreement (LOA) signed in January, 2017, the Standing Committee is the governing body charged with working together alongside the Bishop to conduct his annual MMR. This is not a performance review, rather, it is an opportunity to consider how well we are working together as Governing Bodies within the Diocese of Olympia to achieve our agreed upon vision and goals.

Embracing the new Vision for the Diocese, the Standing Committee continued to review our specific agreed upon goals with the Bishop, pausing and revising, and adding as needed. We continue to join with other GB members as the Bishop celebrates his Annual Visits with congregations. Learning local context, we share the joys and discoveries of growing parish life. We plan onsite visits with the leadership of churches proposing property changes to our committee.

As a body we completed the IDI training and are incorporating its lessons and growth into a monthly meeting review.

Partnering with the Bishop both within our meetings and at events in our Diocese, we give careful attention to his particular goals, seeking ways to collaborate within our canonical mandates. Listening attentively to his needs and requests we continue to offer confidential pastoral support and prayer looking forward to our mutual time of discernment next year.

Given similar work was being done by all the Governing Bodies, we choose this year to take advantage of the Bishop's Mutual Ministry Review process to consider carefully where we are now, as a Diocese, after 10 years of collaboration and older goals accomplished, and a new vision and principles declared. We asked "Where do we want to be 10 years from today?"

Modeling the MMR process, we interviewed each Governing Body, - the Board of Directors, the Diocesan Council, the Standing Committee, the Staff and the Bishop - with the purpose of evaluating our new vision. We asked all to consider where their pride lies today as they look not just at their personal Governing Body accomplishments but across the Diocese as well. And we asked them to begin to consider what qualities they might look for in leadership of such a Diocese.

We have gathered our thoughts and words, considered the themes and patterns, and considered what does this data say about us?

Now, however, we are wondering, what are you thinking, out there in all of Western Washington? If each of you could choose, what are the most important issues the Diocese needs to address in the next ten years? And, what leadership qualities will be needed to address them?

And so, as we move into 2019, we are looking toward a year of discernment for the Governing Bodies as well as the Diocese. Walking once again about the Diocese, we will gather your thoughts and compile them into a Diocesan review that Bishop Greg can take with him into his sabbatical time of discernment.

In the urgencies of this messy world we have been given this gift of discernment time. A wise person once said, "We cannot practice God's love alone." Please begin now to talk with the folks in your congregations, plan to bring a car full of friends to the WalkAgain sessions, and help us wonder what it is that the Diocese of Olympia can do for Western Washington.

It has been my privilege and my honor to serve as your Standing Committee President for this past year. To work together with Bishop Greg, who continues to be a generous teacher of new meanings for leadership and love.

It has been especially gratifying to participate in shared learning and I am especially grateful for opportunities to grow in relationships with the Diocesan Governing Bodies. I look forward to meeting many more of the good people of this Diocese, during visits with your congregations, as we all continue to grow in our vision for the Diocese of Olympia.

Faithfully,
Karen McCarthy Casey

Commission on Personnel Report to Convention, 2018

Members of the Commission: Linda Bruen, St. Margaret, Bellevue, lay professional representative; Leanne Damborg; the Rev. Jennifer King Daugherty, St. Mark's Cathedral; the Rev. Sabeth Fitzgibbons, St. Hilda-St. Patrick, Edmonds; Anita Gross, Christ Church, Seattle; Robin Peterson, St. Hilda-St. Patrick, Edmonds; Canon Dede Moore, Canon for Governance & Human Resources; the Rev. Canon Dr. Marda Steedman Sanborn, Canon to the Ordinary.

The focus for the Commission in 2018 was to update the diocesan staff personnel manual, and then to turn that manual into a Personnel Manual Template for congregations. This work is expected to be complete by the end of 2018, with the roll out of the template in early 2019. It is the expectation that with this manual, every congregation – parish and mission – will have or create an up-to-date Personnel Manual for its employees.

Other actions:

- Added a new rate to supply clergy rates for “one liturgy without preaching.” Rate for 2018 was set at \$143.41. Supply clergy rates are adjusted each year by the approved COLA.
- Responding to a question, clarified that “parity” in our health insurance coverage policy refers to both medical and dental insurance. A note on this has been added to the updated Policy on Health Insurance Coverage (included below).
- Forwarded a resolution to this convention recommending the 2019 COLA (Cost of Living Adjustment) to the clergy salary scale be 3.3%. This is based on the CPI (Consumer Price Index) June to June for the Seattle-Tacoma-Bellevue area.
- Identified the 2019 medical insurance base plan as the Anthem BCBS BlueCard PPO 80.

Policy on Health Insurance Coverage

Introduction

It is the goal of the Diocese of Olympia to provide health insurance coverage (medical & dental) 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 full time 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 change, 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. **2019 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. **2019 base plan:** The Anthem BCBS BlueCard PPO 80 has been identified by the Personnel Commission as the base plan for 2019.
5. **CDHP/HSA Plan:** If an employee selects a Consumer Directed Health Plan (CDHP) (formerly High Deductible Health Plan), the employer is required to contribute the monthly rate difference between the CDHP plan and the designated base plan (see #4) to the employees' Health Savings Account (HSA). For 2019, the monthly difference is \$163 for Single coverage, \$293 for Plus 1 coverage, and \$456 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 for both medical and dental insurance 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.*

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

Report of the Commission on Ministry

Dear Bishop Rickel and the Clergy & Delegates of the 108th Convention of the Diocese of Olympia,

The work of your Commission on Ministry this past year has included 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. We have instituted more comprehensive work with Rectors, Vicars, and Aspirants as they enter Phase 2 of the Discernment process. It is our hope that this will facilitate the work of the Discernment Committees. The Bishop has instituted a new step in this Phase 2 process in which he selects one or two members to sit on the discernment team, this new addition brings the Diocese into the process at an earlier stage.

Commission members include the Chair, The Very Rev. Steven L. Thomason; Ms. Diana Bender; The Rev. Bonnie Campbell; The Rev. Doyt Conn; The Rev. Karen Haig; The Rev. Eric Johnson; Ms. Mary Lyons; The Rev. Becky Scott; The Rev. Craig Vocelka, liaison to the Examining Chaplains; Ms. Deede Woods, liaison from the Standing Committee. Ex Officio members include Ms. April Caballero; The Ven. Gen Grewell; The Rt. Rev. Gregory H. Rickel; The Rev. Cn. Marda Steedman Sanborn.



Pat Grodt and Bill Thaete were ordained to the Sacred Order of Deacons at the 107th Convention of the Diocese of Olympia, in Vancouver, WA.

Brian Gregory was ordained to the Sacred Order of Priests on February 15, 2018 at Good Samaritan, Sammamish. Brian Lennstrom was ordained to the Sacred Order of Priests on June 19, 2018 at Christ Church, Anacortes.

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

Postulants (Diaconate): David Bishop, St. Luke, Tacoma; Alan Christensen, Christ Church, Seattle.

Postulants (Priesthood): Liberato Arellano, Our Lady of Guadalupe, Renton; James Ayuen, St. John Sudanese, Tukwila; Mary Bol, St. John Sudanese, Tukwila; Shane Carlson, St. Antony of Egypt, Silverdale; Stephen Crippen, St. Paul, Seattle; Arlen Farley, St. Luke ~ San Lucas, Vancouver; Tula Habb, Holy Family of Jesus, Tacoma; Chuck Huff, St. Hugh, Allyn; Natalie Johnson, Christ Church, Seattle; Malcolm McLaurin, Saint Mark's Cathedral, Seattle; Baudeline Paz, Resurrección, Mt. Vernon.

Candidates (Diaconate): Emily Austin, Redeemer, Kenmore; Missy Couch, St. Margaret, Bellevue; Linda Potter, Good Shepherd, Federal Way; Liz Van Dyke, St. Philip, Marysville; Barb Weza, St. David of Wales, Shelton.

Candidates (Priesthood): Jonathan Hanneman, St. Dunstan, Shoreline; Christopher McPeak, Saint Mark's Cathedral, Seattle.

Faithfully,

Marda Steedman Sanborn

on behalf of The Commission on Ministry

REPORT OF THE ARCHIVIST AND RECORDS MANAGER

2018

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>



This is Us: Looking Back – Moving Forward is the theme of this year’s Diocesan Convention – and in keeping with the theme, the Archives will be offering an exhibit depicting our past while we look toward the future. The photos, taken from our diocesan archives, once again illustrate the depth of our Archives collections. The short videos prepared by our Liturgy Commission also feature photos from the diocesan archives.

2018 has flown by – with the Archivist and the Archives participating in a variety of projects both in-house and in the greater archival landscape. In March, I was asked to review grant proposals for the NHPRC (National Historical Publications & Records Commission), the granting arm of the National Archives and Records Administration of the United States. This was a new and exciting experience as reviewers are responsible for selecting projects from across the country for funding by the NHPRC. I was asked based on my experience with our own refugee case file digitization project.

Then in August, I participated in a panel on emergency preparedness at the Society of American Archivists annual meeting. My portion of the presentation concerned the development of SHERN (Seattle Heritage Emergency Response Network) which I’ve referred to in previous reports. The protection of cultural and historic materials in the city of Seattle in the event of disaster is the purpose of this organization – a mutual aid organization with which I’ve been involved since its inception.

A little closer to home, the Archives has provided research material to Alan J. Davidson, who has just published his book on the early history of St. Mark’s Cathedral – entitled: *The History of St. Mark’s Episcopal Cathedral – St. Mark’s Parish, 1889-1897* – a book I highly recommend!

I’ve also been most fortunate this year in having the services of Elaine Speer, a University of Washington student working in the Archives as part of her Directed Field Studies program. While here, Elaine processed the records of two closed churches and assisted in the Archives in a variety of

other ways. Volunteers, Andy Rodgers, a member of the Seattle Service Corps, and Evan Hershman, have worked in the Archives this year. The services of all three have been greatly appreciated.

In addition, I completed the processing of the Peter R. Hallock papers which were given to the Archives upon his death in 2014. A larger collection of Hallock papers are available at the University of Washington.

The Archives database which has been the subject of this report on several occasions is still underway – and a total revision of the *Archives and Records Management Manual* is in line for completion in 2019.

I continue to answer reference questions daily and to provide research services as requested. I also continue my consultations with congregations desiring to improve their archives and records management programs. I'm always happy to make on-site visits to congregations and to help in any way I can to make it easier to keep, protect and access their important records. In addition, at this year's diocesan convention, I'll be offering a workshop on retaining and storing church records.

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>.

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

Report of the Historiographer

Your Historiographer completed a condensed history of the diocese for the diocesan website. It is located at ecww.org/About. It will be provided to Convention delegates as part of a Convention "app." This brief history features an optimistic interpretation of Episcopal membership numbers. The decline in numbers has been interpreted by many analysts as a result of controversy over issues such as ordination of women, revision of the Prayer Book and welcoming of homosexuals. I present the view that the decline in birthrate that ended the Baby Boom produced a significant and inevitable decline in membership. Looking ahead I suggest that the Episcopal Church will continue the slow and steady growth that occurred from the 1890's to the 1940's. I believe this interpretation helps to explain the history of the Episcopal Church's last 100 years.

I will be glad to give an illustrated talk on our history to interested congregations.

I will also continue work on a comprehensive history of Episcopalians in Western Washington.

Submitted by Carle Griffin, historiographer

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)
Hoodsport, St. Germain (Developing Cong. 1976/Mission Station 2010/Mission 2015)
Issaquah, St. Michael & All Angels (Parish 1950)
Kenmore, Church of the Redeemer (Parish 1947)
Kent, St. James (Parish 1890)
Kent (Des Moines), St. Columba (Mission 1957)
Kirkland, St. John (Parish 1922)
Lacey, St. Benedict (Mission 1980)
Lakewood, St. Joseph-St. John (Mission 1969)
Lakewood, St. Mary (Parish 1949)
Longview, St. Stephen (Parish 1923)
Lopez Island, Grace Church (Mission 1954)
Maple Valley, St. George (Mission 1967)
Marysville, St. Philip (Mission 1958/Parish 1998)
Medina, St. Thomas (Parish 1943)
Mercer Island, Emmanuel Church (Parish 1909)
Monroe, Church of Our Saviour (Mission 1910)
Montesano, St. Mark (Mission 1909)
Mount Vernon, St. Paul (Parish 1891)
Oak Harbor, St. Stephen Episcopal (Parish 1952)
Olympia, St. Christopher (Mission 1959)
Olympia, St. John (Parish 1853)
Port Angeles, St. Andrew (Parish 1891)
Port Orchard, St. Bede (Mission 1963)
Port Townsend, St. Paul (Parish 1860)
Poulsbo, Faith Church (Mission 1997)
Puyallup, Christ Church (Parish 1882)
Redmond, Church of the Holy Cross (Parish 1909)

Renton, St. Luke (Parish 1892)
Rockport, St. Martin-St. Francis (Dev. Congregation 1952)
Sammamish, Good Samaritan (Mission 1990/Parish 2014)
Seattle, Christ Church (Parish 1903)
Seattle, Church of the Ascension (Parish 1938)
Seattle, Epiphany Parish of Seattle (Parish 1908)
Seattle, St. Andrew (Parish 1906)
Seattle, St. Clement (Parish 1890)
Seattle, St. John the Baptist Church (Parish 1892)
Seattle, St. Luke (Parish 1891/Mission 2011)
Seattle, St. Mark's Cathedral (Parish 1889)
Seattle, St. Paul (Parish 1892)
Seattle, St. Peter (Parish 1908)
Seattle, St. Stephen (Parish 1920)
Seattle, Trinity Church (Parish 1865)
Seaview, St. Peter (Mission 1896)
Sedro-Woolley, St. James (Mission 1890)
Sequim, St. Luke (Parish 1893)
Shelton, St. David of Wales (Parish 1890)
Shoreline, St. David Emmanuel Church (Mission 1958)
Shoreline, St. Dunstan (Parish 1949)
Silverdale, St. Antony of Egypt (Mission 1985)
Snohomish, St. John (Parish 1889)
Snoqualmie, St. Clare (Mission 1982)
Tacoma, All Saints (Mission 1890)
Tacoma, Christ Church (Parish 1889)
Tacoma, Holy Family of Jesus Church (Mission 1980)
Tacoma, St. Andrew (Parish 1890)
Tacoma, St. Luke (Parish 1879)
Tacoma, St. Matthew (Parish 1951)
Tahuya, St. Nicholas (Mission 1968)
Vancouver, All Saints (Mission 1977)
Vancouver, Church of the Good Shepherd (Mission 1966/Parish 2005)
Vancouver, St. Luke (Parish 1836)
Vashon Island, Church of the Holy Spirit (Parish 1912)
Washougal, St. Anne (Mission 1951)

Mission Stations

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

Closed Congregations

Centralia, St. John (Parish 1889/Merged with Chehalis 2000)
Chehalis, Epiphany (Parish 1883/Merged with Centralia 2000)
Enumclaw, St. Catherine (Mission 1940's, closed 2007)
Mill Creek, St. Francis (Mission 1980, closed 2009)
Port Gamble, St. Paul (Parochial Mission 1931, closed)
Poulsbo, St. Charles (Parish 1963, removed 2014)
Seattle, All Saints (Mission 1903, closed 2014)
Seattle, St. George (Parish 1954/Mission 2010, closed 2011)
South Bend, St. John (Mission 1890, closed 2016)
Westport, St. Christopher (Mission 1959, closed 2014)

**Diocesan Canonically Resident Clergy
October 2018**

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

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

277	Corrigan, Candice	296	Ortung, Tom	316	Parry-Moore, Joyce
278	Andrews, Dianne	297	Caguiat, Julianna	317	Scheeler, Joseph
279	Sedwick, Katherine	298	Rosario Cruz, Eliacín	318	Chapman, Cristi
280	Stroo, Eric	299	Schnack, Peggy	319	Dornhecker, Douglas
281	Shigaki, Polly	300	Sharp, Jeffrey	320	Mullarkey, Meghan
282	McPeak, Helen	301	Wright, Michael	321	Ross, Nancy
283	Daugherty, Jennifer King	302	Fox, Jedediah	322	Gregory, Brian
284	Forman, John	303	Olson, Britt	323	Lennstrom, Brian
285	Newton, Alissabeth	304	Betsinger, Vicki	324	Stinson, Marian
286	Murray, Laura	305	McNamara, Kim	325	Grodt, Patricia
287	Hosler, Josh	306	Vervynck, Jenny	326	Thaete, William
288	Mayor, Michael	307	Danzey, C. Steve	327	Rhodes, Robert R.
289	Behrens, Marilyn	308	Fischer, Sara	328	Peters-Mathews, Joseph
290	Robertson, Patricia Rome	309	Kennedy, Karen	329	Robertson, Josephine
291	Foisie, Stepen Drew	310	Jacobs, Marlene	330	Blessing, Wren
292	Gándara-Perea, José Roberto	311	Hubbard, Lani	331	Hardwick, William
293	Clendenin, Evan	312	Foisie, Dawn Campbell	332	Ginolfi, Sarah
294	Ashley, Danáe	314	Bower, Alice W.	333	Colvin, Sarah
295	Weyls, Rich	315	Harris, Edmund	334	Riley, Elizabeth

108th Diocesan Convention
Delegate and Alternate Report

<i>Be Attitudes</i>		
<u>Edmonds, St. Albans</u>		
Carrie	Cone	D
Sam	Magill	D
McClelland	Robin	A
McClelland	Phil	A
<u>Kenmore, Redeemer</u>		
Lee	Darrow	D
Bill	McGlinn	D
Debi	Laughlin La	D
Eivind	Nilsen	D
Peter	Ostrander	A
<u>Seattle, Christ Church</u>		
Caleb	Wilvich	D
Wes	Ono	D
Megan	Dimock	A
Marilynn	McGlashan	A
<u>Seattle, St. Andrew</u>		
Ross	TenEyck-M	D
Rachel	Herbert	D
Caleb	Hege	D
Daniel	Cassady	D
sandra	mackey	D
Vikki	Day	D
Ralph	Hicks	D
Lily	Nichols	D
David	Derse	A
Mark	Hartinger	A
Linda	Gerking	A
Becky	Moore	A
<u>Seattle, St. Luke</u>		
Paul	Bugala	D
Julia	Hunter	D
Kate	Davis	A

<i>Peninsula</i>		
<u>Bainbridge Island, Grace</u>		
Eric	Matthews	D
Marcus	Lang	D
Dusty	Collings	D
Carolyn	Morrison	D
Nancy	Peregrine	D
J. Mike	Scott	D
Carolyn	Leigh	D
Ted	Cozine	D
Jon	Quitslund	A
Pat	O'Rourke	A
Jack	MacArthur	A
Amanda	Grossman	A
Ted	Cozine	A
Liz	Powell	A
Tom	Leigh	A
Taylor	Hall	A
Marcus	Lang	A
<u>Bainbridge Island, St. Barnabas</u>		
Linda	Krause	D
Randy	Krause	D
Stu	Case	D
Susan	Beecham	D
Thomas	Beierle	A
Karen	Beierle	A
<u>Bremerton, St. Paul</u>		
Rick	Seelhoff	D
Myra	Battin	D
Hillary	Kimsey	A
<u>Gig Harbor, St. John</u>		
Megan	Ngo	D
Liz	Frisino	D
Pat	Frisino	A
Claudia	Breland	A

<i>Be Attitudes cont.</i>		
<u>Seattle, St. Stephen</u>		
Diane	Stipp	D
Chris	Pollock	D
Dave	Easton	D
Cindy	Martin	D
Laurel	Percy	A
Greg	Finger	A
Kathy	Graunke	A
William	Montgome	A
<u>Shoreline, St. David</u>		
Scott	Baker	D
Barbara	Baker	D
<u>Shoreline, St. Dunstan</u>		
Mary	Pacher	D
Jon	Pacher	D
Jill	Wear	A
Dennis	Beals	A

<i>Columbia</i>		
<u>Battle Ground, Holy Spirit</u>		
John	Bower	D
Kathy	Steffin	D
Craig	Bradley	A
Janice	Bradley	A
<u>Cathlamet, St. James</u>		
Michael	Nunes	D
cathy	patterson	D
Sally	Barnes	D
<u>Chehalis, St. Timothy</u>		
Pat	Campbell	D
David	Underwood	D
Julie	Bliss-Tyau	A
Karl	Schmidt	A
<u>Longview, St. Stephen</u>		
William	McCauslan	D
Mary	Lyons	D
Cathy	Cochrane	A
Pat	McCoy	A

<i>Peninsula cont.</i>		
<u>Port Angeles, St. Andrew</u>		
Cheryl	Young	D
Angela	Reynolds	D
Steve	Deuterma	D
John	Bays	D
Ralph	Angulo	A
Paul	Hansen	A
Deb	Hansen	A
Denise	Helehan	A
<u>Port Orchard, St. Bede</u>		
Judy	Wilkin	D
Don	Little	D
Margo	Spence	A
Tom	Wilkin	A
<u>Port Townsend, St. Paul</u>		
Val	Johnstone	D
Dawn	Spencer	D
Laurie	Neuenschw	D
David	Neuenschw	D
Karen	Bezanson	A
Linda	Nolan	A
<u>Poulsbo, Faith</u>		
Bob	Kernaghan	D
Louise	Kernaghan	D
Neil	Hurd	A
Debra	Hurd	A
<u>Sequim, St. Luke</u>		
Rob	Onnen	D
Dianne	Onnen	D
Steve	Penning	D
Sue	Clary	D
<u>Silverdale, St. Antony of Egypt</u>		
Declan	Jarry	D
Maggie	Scott	D
John	Teller	A
Allison	Carlson	A

	<i>Columbia cont.</i>	
<u>Seaview, St. Peter</u>		
Rudd	Turner	D
Michele	Turner	D
Gretchen	Goodson	A
<u>Vancouver, Good Shepherd</u>		
Andrew	Brewer	D
Coralee	Brewer	D
Perla	Hauge	D
David	Owens	D
Trish	Owens	D
Bill	Ryckman	D
Jim	Baumberger	D
Nola	Crawford	A
Steve	Jensen	A
<u>Vancouver, St. Luke</u>		
Harry	Gamble	D
Nancy	Denny	D
Pat	Lawless	D
Kris	Lawless	D
Catherine	Hennessey	D
Stu	Hennessey	D
Amy	Surface	A
<u>Washougal, St. Anne</u>		
Fran	Whitmeyer	D
Bunny	Witter	D
Steve	Whitmeyer	A
Ray	Witter	A

	<i>Eastside</i>	
<u>Bellevue, All Saints</u>		
Fred	Williams	D
Marie	Matthews	D
Art	Mabbott	A
Judy	Williams	A
<u>Bellevue, Holy Apostles</u>		
Torres	Hui	D
Matilda	Wong	D
Kathy	Truong	A
Thomas	Kuk	A

	<i>Rainier</i>	
<u>Lakewood, St. Mary</u>		
Roberta	Newell	D
Clare	Bungay	D
Maria	Gonzalez	D
Maitland	McKenzie	D
Linda	Collins	D
Holly	Bocchi	A
<u>Lakewood, St. Joseph St. John</u>		
Roberta	Newell	D
Clare	Bungay	D
Maria	Gonzalez	D
Maitland	McKenzie	D
Linda	Collins	D
Cece	Brownell	A
Charlotte	Brown	A
<u>Puyallup, Christ Church</u>		
Sandi	Carter	D
Robb	Nathe	D
John	Hopkins	A
<u>Tacoma, All Saints</u>		
Larry	Talbert	D
Liz	Larson	D
Jonathan	Green	A
<u>Tacoma, Christ Church</u>		
Robert	Hicker	D
Caroline	Huckaby	D
Amelia	Carroll	A
Steve	Kieta	A
<u>Tacoma, Holy Family of Jesus</u>		
Chantana	Lim	D
Tula	Habb	D
Chai	Yun	A
Rong	By	A

	Eastside cont.	
Bellevue, Resurrection		
Sandy	Lewis	D
Vee	Drummond	D
Becky	Owens	A
Bellevue, St. Margaret		
Scott	Backus	D
Christina	Burnett	D
Bill	Levings	D
Pete	Rothermel	D
Jeannie	Totten	D
Tom	Hughes	D
Curt	LeMaster	D
Mary	LeMaster	D
Sunshine	Pegues	D
Daryl	Storey	D
Tom	Andrew	A
Robert	Graham	A
Cathy	Dean	A
Rick	Jillard	A
Suzan	Knowles	A
Lesley	Hooker	A
Issaquah, St. Michael/All Angeles		
Tina	Blondino	D
Jenny	Hunter	D
Jenny	Pak	D
Irene	Pak	D
Robb	Mitchell	A
Morlene	Mitchell	A
Steve	Browning	A
Linda	Browning	A
Kirkland, St. John		
Mary Lou	Sales	D
Doug	Sales	D
Clayton	Hughes	D
Bernice	Atwood	D
C Ray	Allshouse	A
Jenn	De Shaw	A

	Rainier cont.	
Tacoma, St. Andrew		
Colin	McDaniel	D
Don	Ramage	D
Pam	Tinsley	D
Virginia	Gaub	D
Colin	McDaniel	A
Kristina	Younger	A
Tacoma, St. Luke		
Julie	Williams	D
Jeff	Williams	D
Betsy	Johnson	D
Dave	Olson	A
Tacoma, St. Matthew		
Lee	Holland	D
Ken	St. John	D
Francine	Dennis	A
Linda	Pomeroy-H	A
Vashon Island, Holy Spirit		
Anna	Swain	D
Paul (Sandy	Brown	A

	Mt. Baker	
Anacortes, Christ Church		
Lorne	Render	D
Judith	Render	D
Guy	Davidson	A
Sandi	Davidson	A

<i>Eastside cont.</i>		
<u>Medina, St. Thomas</u>		
Yvonne	Lamey	D
Bonnie	Grant	D
David	Paranchych	D
Mike	Allert	D
Shirley	Allert	D
<u>Mercer Island, Emmanuel</u>		
Alan	Reed	D
Peggy	Way	D
Polly	Ogden	D
Nancy	Mccraney	D
Deb	Crosby	A
<u>Redmond, Holy Cross</u>		
Heather	Irwin	D
Jim	Van der Ve	D
Carol	Van der Ve	D
<u>Snoqualmie, St. Clare</u>		
Amy	Workman	D
Julia	Richman	D

<i>Evergreen</i>		
<u>Auburn, St. Matthew</u>		
George	Gibbs	D
Anna	Lynn	D
Janet	Patterson	A
Harry	Patterson	A
<u>Burien, St. Elizabeth's</u>		
Linda	Knutson	D
Sue	Tierney	D
Carolyn	Terry	A
Janey	Montgome	A
<u>Federal Way, Good Shepherd</u>		
Don	VanBlarico	D
Karen	White	D
Tate	Egger	A

<i>Mt. Baker cont.</i>		
<u>Bellingham, St. Paul</u>		
Colin	Christie	D
Rob	Vollkomme	D
Bea	Walton	D
Debbie	McMeel	D
Amelia	Vader	D
Kyle	Davidson	D
Ed	McMeel	A
Lucy	Eggerth	A
Ed	Sugar	A
Trueda	Gooding	A
Helen	Nickerson	A
Rick	Eggerth	A
<u>Blaine, Christ Church</u>		
Carl	Bradley	D
April	Thomson	D
Jory	Mickelson	A
Mary	Rebman	A
<u>Eastsound, Emmanuel</u>		
Jennifer	Johnson-Fr	D
Peter	Schultz	D
Bill	Bangs	A
Kim	Toombs	A
<u>Friday Harbor, St. David</u>		
Fiona	Norris	D
Richard	Lind	D
Bill	Feyerherm	A
Sandy	Johnson	A
<u>Lopez Island, Grace Church</u>		
Trevor	Bryant	D
Joanne	Bryant	D
Jim	Montgome	A
Kathy	Montgome	A
<u>Mt. Vernon, St. Paul</u>		
Mary Ann	Taylor	D
Michael	Boss	D

Evergreen cont.		
Kent, St. James		
Dave	Brumbaugh	D
Garth	Fisher	D
Tyson	Gonsalves	D
Val	Brustad	D
Kathy	Hamilton	D
Jayne	Smith	D
Leslie	Malek	D
Stacy	Sage	D
Peter	Ostrander	A
Maple Valley, St. George		
John	Douglas	D
Marylyn	Yoder	D
Tina	Shafer	D
Kurt	Weis	D
Renton, St. Luke		
Karen	Uiting	D
Victor	Bright	D
Dan	Crayne	A

Holy C		
Seattle, Ascension		
Ann	Beller	D
Bill	Fay	D
Jane	Stockert	D
Dave	Stockert	D
Bob	Boyd	A
Muriel	Boyd	A
Joy	Goodenough	A
Nan	Nalder	A

Mt. Baker cont.		
Oak Harbor, St. Stephens		
Marilyn	Pierce	D
Richard	Pierce	D
Sedro Woolley, St. James		
Beulah	Stratton	D
Judy	Baker	D

Sno Isle		
Camano Island, St. Aidan		
Patty	Dunphy	D
Peter	Dunphy	D
Stanley	Fear	A
Jackie	Humes-Fear	A

Darrington, Transfiguration		
Stephen	Somsen	D
Janet	Loyd	D

Everett, Trinity		
Diana	Baird	D
John	Heberling	D
Andraya	LaFredo	D
Bob	Wheeler	D
Mary	Heileson	D
Ray	Smith	D
Robert	Wheeler	D
Ben	Baird	A
Gonzalo	Conseco	A
Melody	Oxley	A

Freeland, St. Augustine in-the-Woods		
Gail	Corell	D
Arnelle	Hall	D
Dick	Hall	D
Dann	Jergenson	D
Maureen	Masterson	A
Brian	Reid	A

Holy C cont.		
Seattle, Epiphany		
Diane	Carlisle	D
Sherilyn	Peterson	D
Richard	Coyle	D
Meghan	Hogan	D
Michele	Butler-Myle	D
Steve	Clemons	D
Mark	Rossow	D
Eun-Gyong	Lee-Rossov	D
Clemons	Steve	A
Moberly	Julie	A
Lee-Rossov	Eun-Gyong	A
Rossow	Mark	A
Seattle, St. John		
Kitt	Gassman	D
Dan	Johnson	D
Carol	Sutcliffe	D
Kitty	Pelkan	D
Jennifer	Babuca	A
Sharon	Parker	A
Harold	Willard	A
Marc	Zimmerma	A
Seattle, Saint Mark's Cathedral		
Neshia	Alaovae	D
George	Moore	D
George	Pro	D
Brian	Sellers-Pete	D
Doug	Thorpe	D
Steve	Moen	D
Phil	Haas	D
Neshia	Alaovae	D
Sandra	Smith	D
Margaret	Gaines	D
Jacquelyn	Miller	D
Kathy	Minsch	D
Roberta	Nestaas	D
Gordon	Miller	A
Peter	McClung	A

Sno Isle cont.		
Marysville, St. Philips		
Carolyn	Forbes	D
Shel	Tozer-Kilts	D
Diane	Jones	A
Dixie	Schafer	A
Mike	Wray	A
Monroe, Our Savior		
Willie	Gowdey	D
Chip	Gowdey	D
Snohomish, St. John		
Earl	Beede	D
Jay	Bourdeau	D
Jackie	Grove	D
Nancy	Vandenber	D
Jud	Chapin	A
Pat	Chapin	A
Ann	Beede	A
Nancy	McConnell	A
Gerry	Vandenber	A
Edmonds, St. Hilda St. Patrick		
Sam	Magill	D
Robin	Peterson	D
Susy	Hessel	A
Doc	Peterson	A

Willapa		
Aberdeen, St. Andrew		
Denise	Cox	D
Glenn	Dorsch	D
Dotty	Dorsch	D
Greg	Ericksen	D
Norm	Adams	A
Sheri	Heikkila	A
Allyn, St. Hugh		
John	McNamara	D
Linda	Niles	D
Wilma	Neal	A

<u>Holy C cont.</u>		
<u>Seattle, St. Paul</u>		
Kenzi	Roberson	D
Barbara	Timms	D
Daryl	Schlick	D
Gary	James	A
Sarah	Lenti	A
<u>Seattle, St. Peter</u>		
Kyle	Kumasaka	D
Bonnie	Colpitts	D
Caroline	Phan	A
Bob	James	A

<u>Seattle, Trinity</u>		
Kathryn	Bartholome	D
Eleanore	Baxendale	D
Nathan	Clark	D
Heidi	Eckman	D
Louise	Briscoe	A

<u>Willapa cont.</u>		
<u>Hoodspport, St. Germain</u>		
Sean	Gaines	D
Matthew	Hornyak	D
Skip	Hash	A
<u>Lacey, St. Benedict</u>		
Mike	Akin	D
Mark	Caldwell	D
Mary Mich	Garlichs	D
Martha	Liska	D
Fran	Frodsham	A
Larry	Frodsham	A
Gretchen	O'Connor	A
Brenda	Sloan	A
<u>Montesano, St. Mark</u>		
Jim	Campbell	D
Connie	Robertson	D
Lorna	Wargo	A
<u>Shelton, St. David of Wales</u>		
Norm	Eveleth	D
Marian	Eveleth	D
Connie	Reandeau	A
<u>Olympia, St. Christopher</u>		
Tyler	Settle	
Pat	Simmons	
<u>Olympia, St. John/ San Jaun</u>		
Troy	Atwell	D
Catherine	Atwell	D
Julia	Moore	D
TF	Moore	D
Michael	Beaton	A
Daren	Chidester	A

OFFICERS OF CONVENTION

The Rt. Rev. Gregory Rickel, President

Karen Gusse, Secretary

The Rev. Canon Marda Steedman Sanborn, Secretary Pro-Tempore

Barbara Fox, Treasurer

Judith Andrews, Esq. Chancellor

Br. Carle Griffin, OCP, Historiographer

Diane Wells, Archivist

**Bishop's Office Staff
2018**

<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
Matt Koski	Resource Coordinator
Tonja Mathews	Resource Associate
Maureen McLaughlin-Crawford	Director for Adult Faith Formation
Canon Dede Moore	Canon for Governance & Human Resources
Elizabeth Myers	Receptionist & Resource Assistant
The Rev. Canon Alissa Newton	Canon for Congregational Development
Daniel Oberg	St. Andrew's House Director
Sumonnat Puttavon	Associate Director of Refugee Resettlement Office
Valerie Reinke	Canon for Faith Formation: 35 & Under
The Rt. Rev. Gregory Rickel	Bishop Diocesan
Aaron Scott	Missioner for Anti-Poverty Organizing
Brian Sellers-Petersen	Missioner for Agrarian Ministry
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 2018	DIOCESE OF OLYMPIA
STANDING COMMITTEE	
The Rt. Rev. Greg Rickel	Bishop Diocesan
Jim Beckwith	Joint Finance Panel Liaison
Karen McCarthy Casey	President
The Rev. Steve Danzey	
The Rev. Arienne Davison	
The Rev. Alfredo Feregrino	
The Rev. Helen McPeak	
Roberta Newell	
Deede Woods	Commission on Ministry Liaison
April Caballero	Diocesan Staff Contact
BOARD OF DIRECTORS	
The Rt. Rev. Greg Rickel	Bishop Diocesan & President
Judith Andrews	Diocesan Chancellor - Ex officio
Wadell Brent	
Barbara Fox	Diocesan Treasurer
George Garcia	
Karen Gusse	Secretary of Convention
The Rev. Chris Jillard	
Collum (Collie) Liska	
Marc Mallone	
Patricia McGuire	
George Robertson	Vice President & Chair
The Rev. Jonathan Weldon	
<i>Others with seat and voice</i>	
April Caballero	Recording Secretary
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	Willapa
Jamie Balducci	Holy C
The Rev. Rilla Barrett	Mt. Baker
Amelia Carroll	Rainier
David Coburn	Evergreen
Joan Collins	Peninsula
The Rev. Doyt Conn	Holy C
Linda Donato	Mt. Baker
The Rev. Jim Eichner	Eastside
Sally Farrell	Eastside
The Rev. Drew Foisie	Sno Isle
The Rev. John Forman	Evergreen
The Rev. Jedediah Fox	Be Attitudes
Joslin Harris-Gane	Be Attitudes
Libby Jensen	Columbia
The Rev. R.C. Laird	Willapa
Denice Patrick	Columbia
The Rev. Gail Wheatley	Peninsula
The Rev. Michael Wright	Columbia
The Rev. Martin Yabroff	Rainier
<i>Others with seat and voice</i>	
Judith Andrews	Diocesan Chancellor
April Caballero	Recording Secretary
The Rev. Canon Marda Steedman Sanborn	Canon to the Ordinary
Barbara Fox	Diocesan Treasurer

Hal Hall	Canon for Finance & Property
The Rev. Dennis Tierney	Diocesan Property Manager
Canon Dede Moore	Canon for Governance & Human Resources



THIS IS US:

2019 NARRATIVE BUDGET

C.1 Fall Recommended



The Episcopal Diocese of Olympia

The Episcopal Church in Western Washington



THIS IS US:

The Episcopal Branch of the Jesus Movement in Western Washington

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 worshiping 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.

CONTENTS:

- From Bishop Greg Rickel
- From the Budget and Finance Committee
- Congregational Development & Support for Congregations & Leaders
- Multicultural Ministries
- Faith Formation for All Ages
- Stewardship and Development of All Our Resources
- Telling Our Stories
- Global Mission Work
- Supporting the Work of the Broader Church
- Corporate and Canonical Responsibilities
- Budget Graphs
- Budget Summary



**LOVING
LIBERATING
LIFE GIVING**
the Jesus Movement

from **BISHOP GREG RICKEL**

Dear Ones,

Many of you will remember the recent visit from our Presiding Bishop. It was a wonderful week with an extraordinary champion of the “Jesus Movement.” Our Presiding Bishop was so enthusiastic, impressed, and inspired by our collective work in this diocese. You may think that his visit, wonderful as it was, would have nothing at all to do with making our diocesan budget. You would be quite wrong. I believe the two are very much connected. The budget we are presenting for our upcoming Diocesan Convention is indebted to the image of the “Jesus Movement” as taught to us by our Presiding Bishop and by our own reflections on mission as shown in our most recent vision statement.



This particular budget, perhaps more than earlier ones, lives into our vision of locally-centered programs, networked communities, enhanced sacrament and service, and the formation of leaders. We have increased our commitment to locally-centered mission by both sustaining funding of continuing programs, and by adding new funding for as-yet-unknown “Jesus Movement” programs. We have enhanced support for forming leaders by removing barriers to those who seek to serve God in the church. We have reduced some diocesan expenditures to free up funds for congregations. We have altered our balance between activism and prudence by taking slightly greater financial risks to support programs we believe will enhance the “Jesus Movement.” We are doing all of that while also presenting another .5% reduction in the annual assessment rate from 15% to 14.5% leaving even more at the local level and for local ministry.

None of this would be possible without the faithful work of all congregations to support the diocese. We are now collecting virtually all of the assessments in the year they are due. I know this is not easy for all congregations, but that continued support is essential to our collective life. In addition, many people have made and continue to make bequests and gifts to support the work of the diocese and those funds make a huge difference in what we can accomplish in the name of Jesus. Finally, your diocesan staff works hard to spend diocesan dollars wisely and well. The diocesan staff is not large in number, many are part-time with duties elsewhere in the diocese, but all work extraordinarily well to serve us all. I especially thank Canons Dede Moore and Marda Steedman Sanborn for their work on this budget. I ask your prayers for all the staff as they serve God and you.

I invite you to examine this 2019 budget carefully. All congregations will receive a reduction in assessment which should assist in your chosen mission work right away. All programs have been fully funded and new programs added based on our vision. I offer my deepest and heartfelt thanks to your Budget and Finance Committee, so faithfully led by the Rev. Dennis Tierney, and all those who serve with him, as well as all of the others who worked to bring this budget into life. I am confident the Presiding Bishop would approve.

In Christ,

The Rt. Rev. Gregory H. Rickel, D.Min.
VIII Diocesan Bishop
Diocese of Olympia



from THE BUDGET & FINANCE COMMITTEE

Dear Members of the Diocese of Olympia,

It is with considerable pleasure that the Budget and Finance Committee of your Diocesan Council presents the 2019 iteration of our operating budget for the Diocese of Olympia. It takes almost a year to develop a budget of this size and complexity, and most of the work takes place quietly as lay and clergy volunteers work closely with diocesan staff to craft a financial document that reflects the mission and vision of the Diocese of Olympia. It takes many hands and many hours to sift through all the competing goods and varied desires of our congregations to arrive at a budget that is sustainable and balanced yet shot through with passion for the Jesus Movement.

We have learned much in recent years about our common financial life. The movement to “real-time” assessment calculations along with careful tracking of actual expenditures has resulted in a sharper analysis of our revenues and our expenditures. The net result is a remarkable document that testifies to the engagement of all our congregations in this work of being a diocese, the careful use of our resources by diocesan staff, the wise balance of taking some risks for the gospel while remembering that we need to be here for many more years to come, and, finally, the benefits we continue to derive from those who left bequests and gifts for our use.

- We will reduce our assessment rate to 14.5% starting in 2019. This immediate reduction means that all congregations will have more funds to spend in their local missional work right away.
- We will engage in new ministries that will benefit congregations. We will support our diaconal and locally-formed priests in their Clinical Pastoral Education requirements.
- We will keep grants to congregations as previously funded.
- We will add a “Jesus Movement” initiative line item in honor of our Presiding Bishop. These funds are for as-yet-unknown initiatives that we pray will come from our congregations.
- We will continue our support for the IONA School and for focused grants to congregations that address particular needs.
- We will make careful cuts to some areas of our diocesan budget; all of these cuts will not, in our view, adversely impact any congregations or on-going programs.

This budget is possible because congregations pay their full assessment now and mostly on-time. This budget is possible because our endowment funds continue to grow and produce dividends. This budget is possible because diocesan staff works hard to spend parsimoniously. This budget is possible because our congregations, across the diocese, support the work of the Jesus Movement.

As chair of Budget and Finance for the past seven years, I have been privileged to work with an extraordinary group of people. I want to commend publicly the following members of the Budget and Finance Committee:

Committee Members

Ms. Barb Fox, Treasurer of the Diocese of Olympia
The Rev. Martin Yabroff, St. Andrew, Tacoma
The Rev. Bonnie Malone, St. George, Maple Valley
Mr. Guy Davidson, Christ Church, Anacortes

Mr. Joel Rupley, St. Stephen, Longview
Mr. Jim Campbell, St. Mark, Montesano
The Rev. R.C. Laird, St. John, Olympia

Staff Members:

The Rev. Dr. Dennis S. Tierney, Chair
Ms. Dede Moore, Canon for Governance and Human Resources
The Rev. Dr. Marda Steedman Sanborn, Canon to the Ordinary
Mr. Hal Hall, Consulting Canon for Finance

Ex-officio:

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



Like my colleagues on the committee, I find this particular work to be deeply gospel-centered. I have claimed that I can tell what people really believe by what they spend their money on. I believe this 2019 budget for the Diocese of Olympia speaks directly and clearly to our collective desire to be followers of Jesus.

In Christ,
The Rev. Dr. Dennis S. Tierney
Chair, Budget and Finance Committee
Diocesan Council



THIS IS US: SEEING 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.





THIS IS US: SEEING SUPPORT FOR CONGREGATIONS & LEADERS



Grants: We enhance ministry, revitalize congregations and staff for program growth through our grant programs.

Bishop's Initiative Grants: We provide seed money for new and innovative ministries from congregations.

Bishop Directed Grants: We provide resources for the redevelopment of programs and support for existing programs.

Evangelism: We enable congregations to focus their growth potential through social media channels and improved web presence.

Congregation Consulting Network: We guide and coach congregation leaders by facilitating workshops, retreats and MMA/MMR work.

Congregations in Transition: We provide consultants for congregations

in transition and funding to gather objective data and complete diocesan-identified assessments.

Data: We help congregations understand their communities by providing access to MissionInsite demographic information.

Resources and Leadership Training: We train leaders for vestries and bishop's committees, supply vestry handbooks, and facilitate leadership training days.

Property-Specific Congregation Support: We preserve the integrity of the property that has reverted to the diocese due to congregation closings and support congregations in specific, emergent situations.

Misconduct Case Manager/ Congregations in Conflict: We ensure compliance with Title IV (disciplinary

canon), intake officers, and complaint investigations. We also provide support for therapeutic intervention.

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

Jesus Movement Initiatives: We provide funding for congregationally sourced initiatives that support and help our diocese live into the Presiding Bishop's vision of mission as outlined in the Jesus Movement.

CPE Education: We support our diaconal and locally-formed priests in their Clinical Pastoral Education requirements.





THIS IS US: SEEING STRONG CLERGY LEADERSHIP

Clergy Days



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.

Bishop's Holy Land Pilgrimage:

A yearly opportunity to be refreshed in the faith and to deepen the Christian experience.

Bishop Rickel leads clergy in the footsteps of Jesus and encounters God's Word in the Holy Land.

Bishop's Leadership Conference:

Our week-long conference explores what it means for churches to be faithful, healthy, and effective in their current, local context and helps congregations discern how God may be calling them to grow in new ways.

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.



THIS IS US: SEEING EMERGING MISSIONS

We provide support for ongoing, emerging, and alternative missions in our diocese 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.





THIS IS US: SEEING MULTICULTURAL MINISTRIES



TOTAL
2019 BUDGET
\$166,000

- 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.





THIS IS US: SEEING FAITH FORMATION FOR ALL AGES



We believe that faith formation is a lifelong 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).

Young Adults: We serve the spiritual needs and concerns of undergraduate and graduate students at the University of Washington and Western Washington University through worship, service, community, evangelism, pastoral care, and spiritual discernment. 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
2019 BUDGET
\$256,185**



THIS IS US: SEEING FAITH FORMATION FOR ALL AGES



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 support local trainings.



Iona Olympia School: We provide a comprehensive academic and practical curriculum for postulants seeking ordination to the diaconate, those seeking local ordination as priests and deacons, and for lay persons who feel called to such training.





THIS IS US: COMMITTING 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.

TOTAL
2019 BUDGET
\$66,575

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 that, 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.

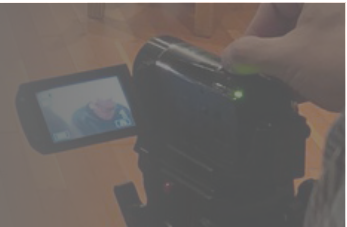
- **Regional Workshops:** We facilitate workshops on planned giving, environmental stewardship, annual campaigns, development, and formation for all ages.
- **Planned Giving:** We formed the Diocesan Joint Planned Giving Ministry Team with the Cathedral Foundation and Saint Mark’s Cathedral to bring 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 congregation or 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.



THIS IS US: TELLING OUR STORIES



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



**TOTAL
2019 BUDGET
\$390,587**

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.

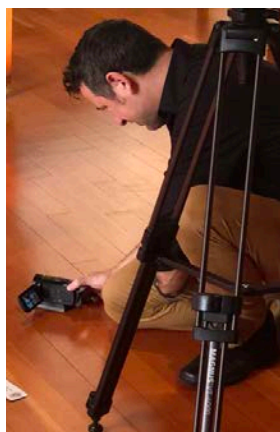


Internet Strategy: We provide monitoring and resources so congregations can attain presence in cyberspace.

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.

Congregational Support: We provide regular consultations to congregations and ministries within the diocese on web design, content, social media, newsletters, and video production. We have also launched a multi-year initiative to begin assisting congregations in the production of high-quality welcome videos and high quality images for digital and print uses.





THIS IS US: LOOKING OUTWARD AND SEEING GLOBAL MISSION WORK



Economic Justice: We explore issues of economic justice (living wage, immigration, racism) through the use of education, training, and electronic media.

Global Mission Committee: We support cross-cultural mission, indigenous people, seafarers, and global needs.

Bishop's Committee for Justice & Peace in the Holy Land:

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.





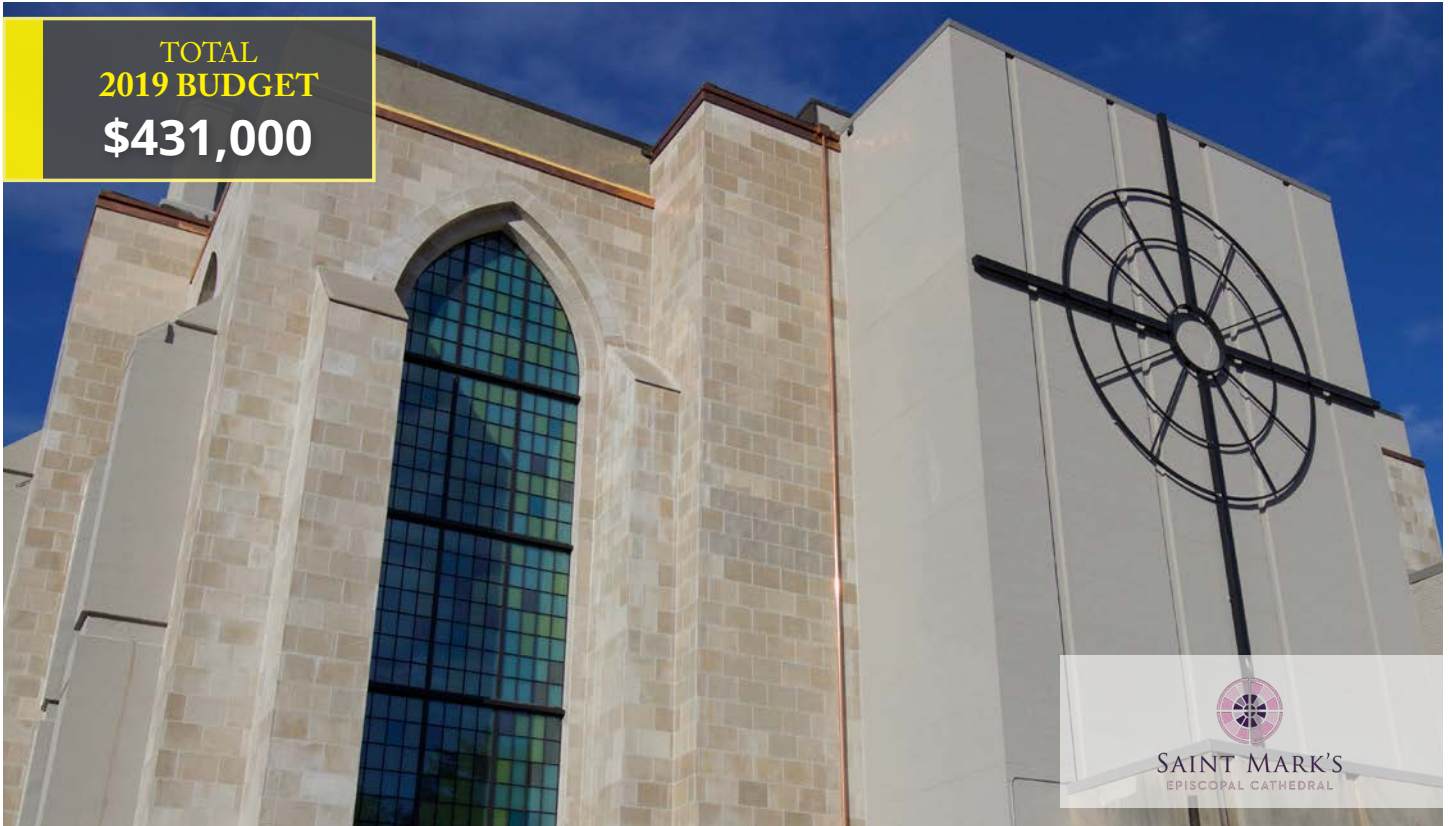
THIS IS US: SUPPORTING THE WORK OF THE BROADER CHURCH

We contribute to the work of The Episcopal Church through payment of our full 19% "Asking." (Asking, Apportionment, Assessment)

19% ASKING

We support the work of Province VIII, ecumenical & interfaith ministry, and our ministry partnership with Saint Mark's Cathedral.

TOTAL
2019 BUDGET
\$431,000



Province VIII



Diocese of Olympia





THIS IS US: FULFILLING 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. We also support the work of 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), 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, property management, 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's staff, but also provides meeting space for commissions, committees, affiliated ministries, organizations, and an occasional congregation.

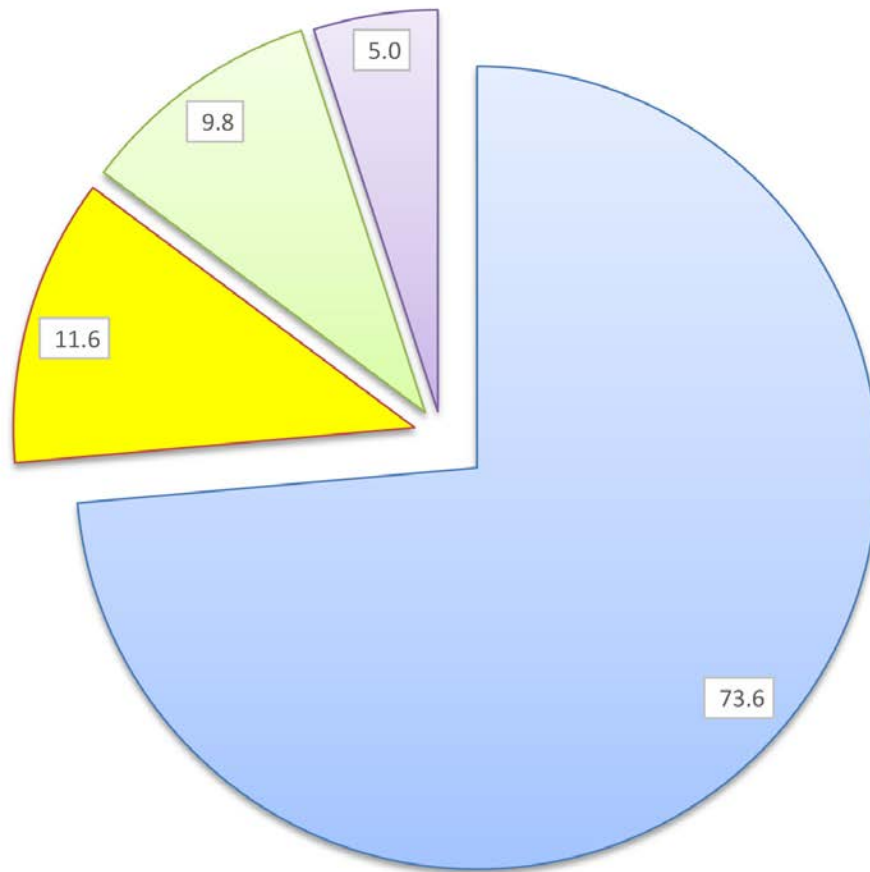




THIS IS US: 2019 BUDGET TOTALS



DIOCESE OF OLYMPIA
Planned Sources of 2019
Budgeted Revenue Dollars



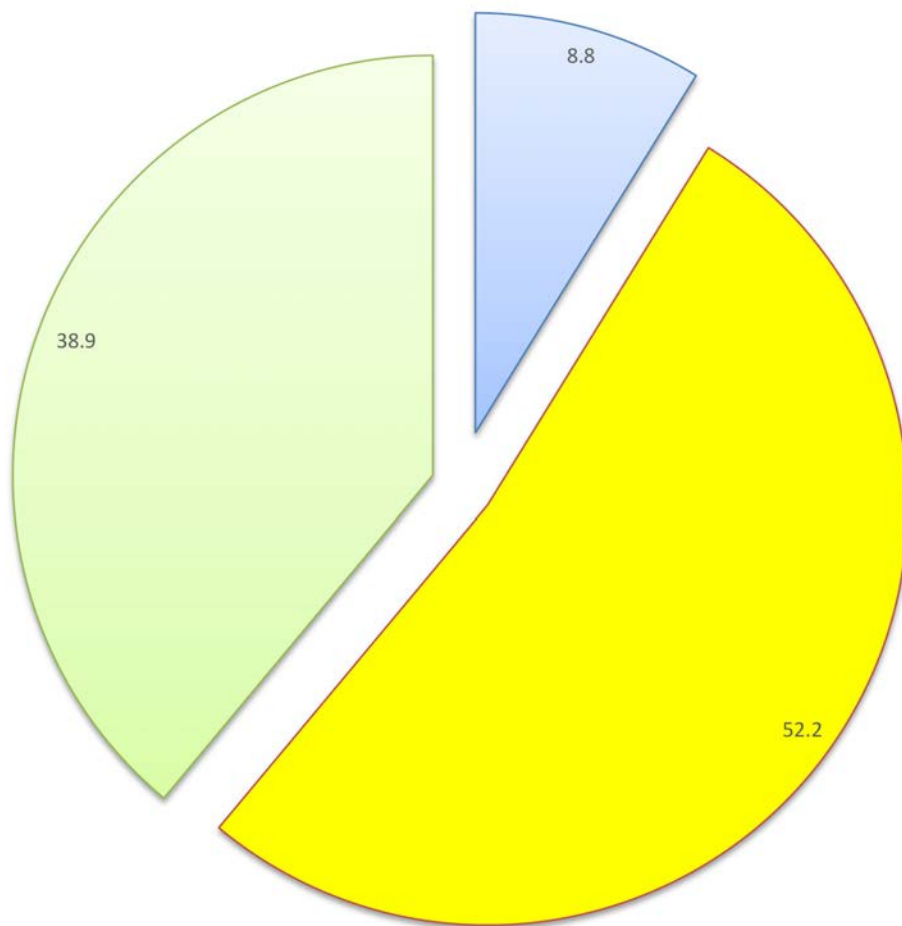
- 73.6% - Net Assessment Revenue
- 11.6% - Dividend Income
- 9.8% - Carry Forwards and Funds Releases
- 5% - Fees, Tuitions, Reimbursements, and Other



THIS IS US: 2019 BUDGET TOTALS



DIOCESE OF OLYMPIA 2019 Expense Summary Percent



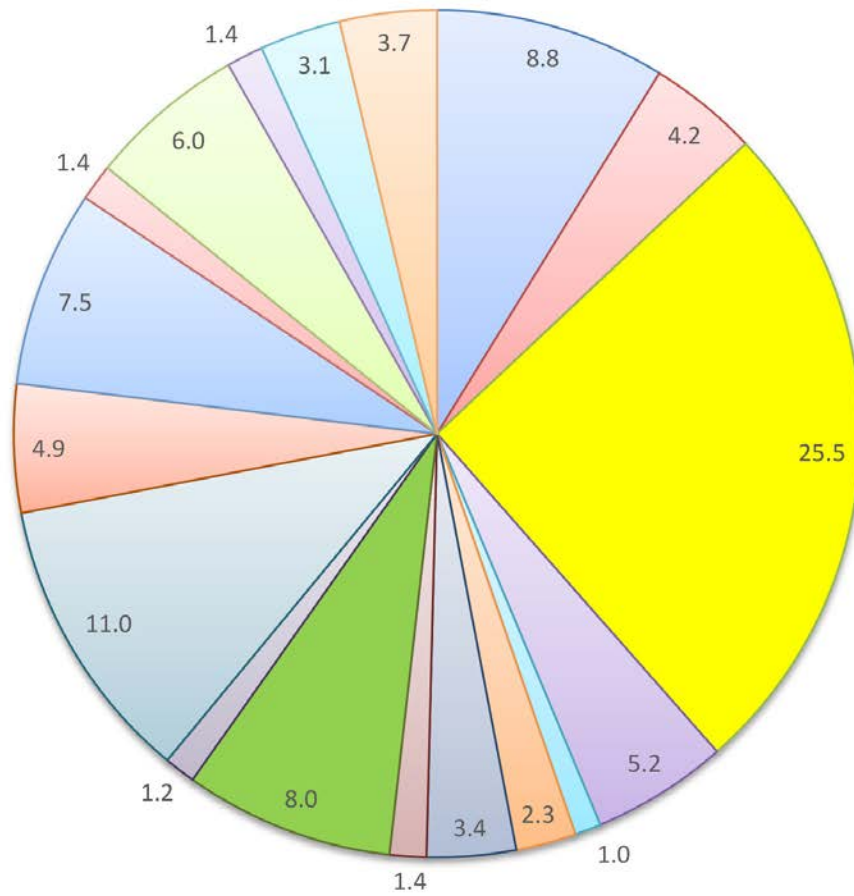
- 8.8% - Supporting the Broader Church
- 52.2% - Programs for Ministry - Empowering Congregations
- 38.9% - Canonical & Corporate Expenses



THIS IS US: 2019 BUDGET TOTALS



DIOCESE OF OLYMPIA 2019 Budgeted Expense Detail



- 8.8% - Supporting the Broader Church
- 25.5% - Supporting Congregations
- 1% - Diocesan Resource Center
- 3.4% - Multicultural Ministries
- 8% - Communications
- 11% - Diocesan Bishop's Office
- 7.5% - Accounting and Finance
- 6% - Diocesan Governance
- 3.1% - Benefits
- 4.2% - Congregational Development
- 5.2% - Faith Formation: 35 & Under
- 2.3% - IONA School of Olympia
- 1.4% - Stewardship and Development
- 1.2% - 1.2% - Global Mission Work
- 4.9% - Canon to the Ordinary's Office
- 1.4% - Archives
- 1.4% - Property / Liability Insurance Premium
- 3.7% - Diocesan House

DIOCESE OF OLYMPIA

2019 Recommended Budget versus 2018 Budget, 2017 Actual, and 2017 Budget

SUMMARY: (a)

Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	2019 Budget	2018 Budget	2017 Actual	2017 Budget	Variance Greater Than / (Less Than) 2019 Recommended Budget versus					
					Amount			Percent		
	2018 Budget	2017 Actual	2017 Budget	2018 Budget	2017 Actual	2017 Budget	2018 Budget	2017 Actual	2017 Budget	
Revenues										
(1) Net Assessment Revenue (b)	\$ 3,535,000	\$ 3,616,621	\$ 3,406,909	\$ 3,396,300	\$ (81,621)	\$ 128,091	\$ 138,700	(2.26) %	3.76 %	4.08 %
(2) Prior Years' Assessment Receipts	60,000	60,000	100,894	165,000	-	(40,894)	(105,000)	-	(40.53)	(63.64)
(3) Dividend Income (Un-Restricted)	503,500	503,500	404,406	484,500	-	99,094	19,000	-	24.50	3.92
(4) Dividend Income (Restricted)	64,000	64,000	58,221	64,000	-	5,779	-	-	9.93	-
(5) Total Contribution, Assessment and Dividend Income	4,162,500	4,244,121	3,970,429	4,109,800	(81,621)	192,070	52,700	(1.92)	4.84	1.28
(6) Carry Forwards, DIF Fund Releases, Interest, and Other	131,584	218,145	-	117,600	(86,561)	131,584	13,984	(39.68)	100.00	11.89
(7) Release of Un-Restricted Net Assets (c)	348,313	125,727	73,477	287,558						
(8) Fees, Tuitions, Reimbursements, and Other	243,600	242,350	185,255	195,110	1,250	58,345	48,490	0.52	31.49	24.85
(9) Total Revenues	\$ 4,885,997	\$ 4,830,343	\$ 4,229,162	\$ 4,710,068	\$ (166,932)	\$ 381,999	\$ 115,174	(3.46) %	9.03 %	2.45 %
Expenses										
(10) Supporting the Broader Church	\$ 431,000	\$ 432,322	\$ 550,282	\$ 576,722	\$ (1,322)	\$ (119,282)	(145,722)	(0.31) %	(21.68) %	(25.27) %
Program for Ministry: Empowering Congregations										
(11) Congregational Development	205,754	191,454	191,104	173,395	14,300	\$ 14,650	32,359	7.47	7.67	18.66
(12) Supporting Congregations	1,248,357	1,229,357	797,781	1,024,328	19,000	450,576	224,029	1.55	56.48	21.87
(13) Faith Formation: 35 & Under	256,185	256,445	235,693	240,075	(260)	20,492	16,110	(0.10)	8.69	6.71
(14) Diocesan Resource Center	46,515	46,965	44,921	44,983	(450)	1,594	1,532	(0.96)	3.55	3.41
(15) IONA School of Olympia	112,650	89,150	46,759	80,900	23,500	65,892	31,750	26.36	140.92	39.25
(16) Multicultural Ministries	166,600	166,600	131,737	145,322	-	34,863	21,278	-	26.46	14.64
(17) Stewardship and Development	66,575	113,155	78,605	126,707	(46,580)	(12,030)	(60,132)	(41.16)	(15.30)	(47.46)
(18) Communications	390,587	393,637	391,817	394,170	(3,050)	(1,230)	(3,583)	(0.77)	(0.31)	(0.91)
Global Mission Work										
(19) Commissions & Committees	16,025	21,875	13,623	19,875	(5,850)	2,402	(3,850)	(26.74)	17.63	(19.37)
(20) Refugee Grant and Millennium Development	43,600	43,600	37,528	37,528	-	6,072	6,072	-	16.18	16.18
(21) Total Global Mission Work	59,625	65,475	51,151	57,403	(5,850)	8,474	2,222	(8.93)	16.57	3.87
(22) Total Program for Ministry: Empowering Congregations	2,552,848	2,552,238	1,969,566	2,287,283	610	583,281	265,565	0.02	29.61	11.61

DIOCESE OF OLYMPIA

2019 Recommended Budget versus 2018 Budget, 2017 Actual, and 2017 Budget

SUMMARY: (a)
cont.

Description	(1)	(2)	(3)	(4)	Variance Greater Than / (Less Than) 2019 Recommended Budget versus					
	2019 Budget	2018 Budget	2017 Actual	2017 Budget	Amount			Percent		
					2018 Budget	2017 Actual	2017 Budget	2018 Budget	2017 Actual	2017 Budget
Canonical and Corporate Expenses										
(23) Diocesan Bishop's Office	537,079	535,854	453,269	520,498	1,225	83,810	16,581	0.23	18.49	3.19
(24) Canon to the Ordinary's Office	238,759	259,159	207,302	248,787	(20,400)	31,457	(10,028)	(7.87)	15.17	(4.03)
(25) Accounting and Finance	366,884	341,684	376,541	345,468	25,200	(9,657)	21,416	7.38	(2.56)	6.20
(26) Archives	69,315	69,315	67,560	67,231	-	1,755	2,084	-	2.60	3.10
(27) Diocesan Governance	291,684	295,134	299,906	271,498	(3,450)	(8,222)	20,186	(1.17)	(2.74)	7.44
(28) Property / Liability Insurance Premium	67,500	63,600	66,487	63,000	3,900	1,013	4,500	6.13	1.52	7.14
(29) Benefits	150,000	110,410	59,749	143,581	39,590	90,251	6,419	35.86	151.05	4.47
(30) Diocesan House	180,928	170,627	178,500	186,000	10,301	2,428	(5,072)	6.04	1.36	(2.73)
(31) Total Canonical and Corporate Expenses	1,902,149	1,845,783	1,709,313	1,846,063	56,366	192,835	56,086	3.05	11.28	3.04
(32) TOTAL EXPENSES	4,885,997	4,830,343	4,229,162	4,710,068	55,654	656,834	175,929	1.15	15.53	3.74
(33) Net Cash Excess / (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (222,586)	\$ (274,835)	\$ (60,755)	(100.00) %	(100.00) %	(100.00) %

(a) Chart Title: Data has been restated to exclude Board Works dividend income and unrealized capital gains from the Diocesan Cash Management Account retroactive to January 01, 2016.

(b) Side Caption, Line 1: Budgeted / Actual gross percentages assessed are / were, as follows: 2019, 14.5%; 2017 - 2018, 15%; 2016, 16%; 2013 - 2015, 17%; 2012, 17.5%; 2007 - 2011, 18%; 2004 - 2006, 20%.

In addition, 2019 Budget, 2018 Budget, and 2017 Budget Net Assessments Revenues have been reduced by a 1.39%, a 1.36%, and a 2.20% "Short Fall" provision respectively.

(c) Side Caption, Line 7: The approved 2017 Budget authorized up to \$287,558 to be pulled from Un-restricted Net Assets to balance the budget. Amounts totaling \$73,477 were actually pulled from Un-restricted Net Assts in that year.

For those interested in more detail than provided by this summary, a full line item version of the budget is posted on the 2018 convention page of the diocesan website.

Diocese of Olympia

Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2017

— 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	61	97	2	0	2
Allyn	St Hugh of Lincoln Episcopal Church	80	80	0	38	0	0	0	0
Anacortes	Christ Episcopal Church	118	118	0	66	80	0	1	1
Auburn	St Matthews Episcopal Church	81	81	15	57	0	0	10	0
Bainbridge Island	Grace Episcopal Church	882	0	0	188	108	0	2	0
Bainbridge Island	St Barnabas Episcopal Church	368	324	0	123	109	0	4	0
Battle Ground	Church of the Holy Spirit	35	35	10	37	0	0	0	2
Bellevue	All Saints Episcopal Church	23	23	0	13	48	0	0	0
Bellevue	Church of the Holy Apostles	74	33	0	20	0	1	0	0
Bellevue	Church of the Resurrection	54	54	0	30	0	1	0	0
Bellevue	St Margarets Episcopal Church	941	800	60	273	152	0	4	9
Bellingham	St Pauls Episcopal Church	624	624	127	342	169	2	12	6
Blaine	Christ Episcopal Church	64	64	0	30	52	0	0	0
Bremerton	St Pauls Episcopal Church	214	214	30	73	105	1	2	3
Burien	St Elizabeths Episcopal Church	132	132	0	61	0	4	0	0
Camano Island	St Aidans Episcopal Church	194	194	2	81	54	0	0	0
Castle Rock	St Matthew Church (2016)	53	53	2	10	33	0	0	0
Cathlamet	St James Episcopal Church	39	38	2	17	28	0	0	0
Chehalis	St Timothy Episcopal Church	99	99	0	55	52	0	0	1
Darrington	Church of the Transfiguration	16	12	0	8	50	1	2	0
Eastsound	Emmanuel Episcopal Church	201	138	0	90	101	0	2	0
Edmonds	St Albans Episcopal Church	119	103	0	57	105	0	1	0
Edmonds	St Hilda-St Patrick Church	170	170	4	67	53	0	1	0
Elma	St Lukes Episcopal Church	10	10	0	6	0	0	0	0
Everett	Trinity Episcopal Church	367	359	8	138	144	0	5	0
Federal Way	Church of the Good Shepherd	144	142	0	74	0	0	1	4
Freeland	St Augustines in-the-Woods Episcopal	134	134	70	110	121	0	0	3
Friday Harbor	St Davids Episcopal Church	84	80	14	48	95	0	0	0
Gig Harbor	St Johns Episcopal Church	344	267	40	150	110	5	4	0
Hoodsport	St Germain Episcopal Church	26	26	10	19	54	0	0	0
Issaquah	St Michael & All Angels Church	389	389	22	121	142	1	1	0
Kenmore	Church of the Redeemer	692	682	14	77	109	1	0	0
Kent	St Columba's Episcopal Church	132	94	30	82	0	1	1	4
Kent	St James Episcopal Church	761	700	0	136	155	1	4	2

Diocese of Olympia

Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2017

— 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	272	272	6	138	106	0	1	11
Lacey	St Benedicts Episcopal Church	266	266	10	83	106	0	4	1
Lakewood	St Joseph & St John Church	86	72	3	26	52	0	0	1
Lakewood	St Marys Episcopal Church	216	216	0	126	102	0	1	0
Longview	St Stephens Episcopal Church	213	212	0	83	120	1	0	0
Lopez Island	Grace Church	100	100	2	50	51	0	0	0
Maple Valley	St Georges Episcopal Church	224	224	0	98	3	0	1	0
Marysville	St Philip Episcopal Church	81	80	79	42	2	1	0	0
Medina	St Thomas Episcopal Church	1,209	1,105	0	282	129	0	5	2
Mercer Island	Emmanuel Episcopal Church	245	195	29	82	56	0	0	0
Montesano	St Marks Episcopal Church	27	19	8	14	52	0	1	0
Mount Vernon	St Pauls Episcopal Church	113	113	3	46	106	0	0	0
Oak Harbor	St Stephens Episcopal Church	59	59	9	42	54	0	3	0
Olympia	St Christopher's Church – a Federated Congregation	174	116	55	66	57	0	1	1
Olympia	St Johns Episcopal Church	592	592	16	219	232	0	5	31
Port Angeles	St Andrews Church	219	185	0	94	148	0	2	0
Port Orchard	St Bede Episcopal Church	120	120	11	57	104	0	0	0
Port Townsend	St Pauls Episcopal Church	279	185	94	94	106	0	1	0
Poulsbo	Faith Episcopal Church	58	58	8	32	53	0	2	0
Puyallup	Christ Episcopal Church	144	119	8	90	102	1	4	2
Redmond	Church of the Holy Cross	400	385	0	75	0	4	4	7
Renton	St Luke Episcopal Church	266	119	30	78	53	0	2	0
Sammamish	Good Samaritan Episcopal Church	235	149	18	90	95	1	2	4
Seattle	Christ Episcopal Church	198	178	1	77	73	0	1	0
Seattle	Church of St John the Baptist	290	290	0	92	93	0	3	5
Seattle	Church of the Ascension	331	306	0	98	105	0	0	5
Seattle	Epiphany Parish of Seattle	926	0	22	391	206	0	10	0
Seattle	St Andrews Episcopal Church	788	651	0	209	159	1	4	1
Seattle	St Clements Church	78	0	0	45	0	1	0	0
Seattle	St Lukes Episcopal Church	140	120	10	58	55	0	1	0
Seattle	St Marks Episcopal Cathedral	2,919	1,300	0	761	208	3	15	17
Seattle	St Pauls Episcopal Church	307	260	68	186	209	0	2	5
Seattle	St Peters Episcopal Church	132	84	14	49	0	1	4	0

Diocese of Olympia

Vital Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2017

— 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 Stephens Parish	228	159	0	100	89	0	4	0
Seattle	Trinity Church Episcopal	434	225	35	127	110	6	5	4
Seaview	St Peters Episcopal Church	23	20	9	21	49	0	0	0
Sedro Woolley	St James Church	34	34	4	16	40	0	0	0
Sequim	St Lukes Episcopal Church	226	226	0	109	204	0	2	0
SHELTON	Church of St David of Wales	119	93	3	56	52	4	1	0
Shoreline	St David Emmanuel Episcopal Church	50	34	0	27	98	0	0	0
Shoreline	St Dunstons Church	305	192	0	93	52	1	3	1
Silverdale	St Antony of Egypt Episcopal Church	169	160	0	83	105	0	3	0
Snohomish	St Johns Episcopal Church	245	245	0	83	105	0	3	0
Snoqualmie	St Clare of Assisi Episcopal Church	96	66	8	34	50	0	0	0
Tacoma	All Saints Episcopal Church	47	40	1	32	100	0	0	0
Tacoma	Christ Church	289	217	0	119	102	0	0	7
Tacoma	Holy Family of Jesus Epis Church	14	12	40	42	53	0	3	0
Tacoma	St Andrews Episcopal Church	233	220	3	104	106	0	3	4
Tacoma	St Lukes Episcopal Church	469	395	0	138	106	0	1	15
Tacoma	St Matthews Episcopal Church	168	168	0	63	100	0	2	3
Tahuya	St Nicholas Episcopal Church	26	26	0	24	30	0	0	5
Vancouver	All Saints Episcopal Church	109	109	10	49	53	0	4	0
Vancouver	Church of the Good Shepherd	602	601	107	229	105	1	7	0
Vancouver	St Lukes Episcopal Church	478	314	25	204	158	0	10	5
Vashon	Church of the Holy Spirit	139	139	0	63	99	2	0	3
Washougal	St Anne Episcopal Church	144	144	15	65	55	2	3	7
Total		24,239	18,482	1,224	8,612	7,344	51	190	184

Diocese of Olympia

Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2017

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledae Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Aberdeen	St Andrews Episcopal Church	113,758	152,819	178,543	161,065	22,063	22,502	186,789
Allyn	St Hugh of Lincoln Episcopal Church	63,208	65,620	82,993	72,066	7,613	28,795	78,412
Anacortes	Christ Episcopal Church	107,786	107,872	196,876	111,709	16,020	59,248	200,121
Auburn	St Matthews Episcopal Church	61,724	122,223	132,207	119,751	7,686	11,260	129,320
Bainbridge Island	Grace Episcopal Church	576,443	640,269	791,887	644,779	109,018	92,740	682,181
Bainbridge Island	St Barnabas Episcopal Church	368,042	424,534	444,836	418,819	50,488	93,942	512,511
Battle Ground	Church of the Holy Spirit	68,145	104,940	104,940	75,754	10,555	32,929	98,901
Bellevue	All Saints Episcopal Church	71,166	120,166	120,426	111,950	8,877	5,753	112,210
Bellevue	Church of the Holy Apostles	30,164	30,594	30,594	22,212	1,116	0	22,212
Bellevue	Church of the Resurrection	70,360	125,152	138,627	139,757	20,040	15,858	154,108
Bellevue	St Margarets Episcopal Church	663,034	941,741	945,352	908,666	122,411	183,326	1,061,692
Bellingham	St Pauls Episcopal Church	641,274	743,863	919,873	767,841	101,296	79,012	833,234
Blaine	Christ Episcopal Church	74,124	76,624	84,542	76,616	11,890	5,092	81,217
Bremerton	St Pauls Episcopal Church	150,429	209,807	246,780	213,938	24,631	32,865	250,911
Burien	St Elizabeths Episcopal Church	181,526	273,187	280,117	203,323	19,127	58,025	258,575
Camano Island	St Aidans Episcopal Church	195,979	234,398	1,237,982	247,029	32,880	25,335	258,612
Castle Rock	St Matthew Church (2016)	3,462	3,462	3,462	5,818	0	2,229	6,645
Cathlamet	St James Episcopal Church	15,818	15,818	16,309	15,651	2,325	0	16,142
Chehalis	St Timothy Episcopal Church	91,309	112,863	124,756	100,711	13,334	22,078	118,126
Darrington	Church of the Transfiguration	20,463	20,463	20,913	22,824	1,931	2,925	22,824
Eastsound	Emmanuel Episcopal Church	183,241	221,923	268,035	224,619	30,109	38,000	262,681
Edmonds	St Albans Episcopal Church	164,106	168,746	814,851	127,676	22,673	10,593	157,734
Edmonds	St Hilda-St Patrick Church	159,382	166,092	229,815	146,523	22,914	19,986	164,313
Elma	St Lukes Episcopal Church	3,522	4,395	4,395	1,764	304	1,460	1,764
Everett	Trinity Episcopal Church	276,696	372,246	374,057	378,462	56,301	9,938	388,641
Federal Way	Church of the Good Shepherd	242,933	251,382	302,272	216,863	36,886	3,077	220,240
Freeland	St Augustines in-the-Woods Episcopal	275,092	303,723	332,163	290,661	42,610	7,604	326,007
Friday Harbor	St Davids Episcopal Church	162,155	170,200	179,365	178,487	21,428	8,140	186,627
Gig Harbor	St Johns Episcopal Church	374,687	410,125	412,722	391,260	51,448	8,870	396,370

Diocese of Olympia

Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2017

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledae Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Hoodsport	St Germain Episcopal Church	32,005	53,005	72,105	43,698	10,457	9,500	55,298
Issaquah	St Michael & All Angels Church	315,029	315,029	372,590	323,642	47,388	39,331	365,602
Kenmore	Church of the Redeemer	241,306	267,586	269,389	297,616	31,975	121,062	416,347
Kent	St Columba's Episcopal Church	157,479	230,552	244,160	224,025	25,850	43,111	263,355
Kent	St James Episcopal Church	340,653	411,978	440,401	428,971	56,162	18,609	457,394
Kirkland	St Johns Episcopal Church	406,581	445,054	639,837	437,253	52,420	53,393	487,479
Lacey	St Benedicts Episcopal Church	212,145	212,145	212,145	41,866	33,266	16,887	50,153
Lakewood	St Joseph & St John Church	94,847	103,847	120,461	118,375	15,049	11,115	129,540
Lakewood	St Marys Episcopal Church	359,386	470,383	585,129	329,137	51,601	138,648	467,048
Longview	St Stephens Episcopal Church	230,579	276,316	342,941	281,437	38,978	265,147	326,405
Lopez Island	Grace Church	97,704	97,704	97,704	16,085	13,085	16,525	29,610
Maple Valley	St Georges Episcopal Church	162,372	164,747	225,406	177,160	24,781	19,361	203,653
Marysville	St Philip Episcopal Church	48,981	111,278	111,878	119,978	12,821	13,353	130,828
Medina	St Thomas Episcopal Church	1,347,323	1,558,951	2,784,710	1,562,275	182,581	146,436	1,651,571
Mercer Island	Emmanuel Episcopal Church	484,388	585,617	690,801	529,922	65,833	115,656	634,831
Montesano	St Marks Episcopal Church	18,821	39,669	78,033	37,516	1,215	19,937	38,855
Mount Vernon	St Pauls Episcopal Church	167,665	224,670	224,670	201,921	32,863	0	201,921
Oak Harbor	St Stephens Episcopal Church	108,951	118,951	155,239	109,428	14,642	24,061	135,867
Olympia	St Christopher's Church – a Federated Congregation	163,186	174,044	181,616	183,736	23,600	6,173	189,909
Olympia	St Johns Episcopal Church	369,187	460,153	460,153	454,350	65,462	19,895	458,571
Port Angeles	St Andrews Church	201,337	235,647	430,148	270,385	34,223	29,798	299,633
Port Orchard	St Bede Episcopal Church	139,497	171,932	179,317	170,537	20,979	19,294	177,921
Port Townsend	St Pauls Episcopal Church	240,694	262,206	324,509	258,515	44,208	49,660	299,496
Poulsbo	Faith Episcopal Church	51,034	71,722	71,722	66,509	8,752	10,091	75,807
Puyallup	Christ Episcopal Church	182,391	200,797	269,624	189,311	26,268	3,277	200,433
Redmond	Church of the Holy Cross	555,821	555,821	765,377	588,538	83,259	164,794	753,332
Renton	St Luke Episcopal Church	151,347	248,003	259,011	256,501	36,162	4,729	260,049
Sammamish	Good Samaritan Episcopal Church	184,721	336,932	348,860	323,691	28,036	12,922	340,905

Diocese of Olympia

Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2017

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledae Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Seattle	Christ Episcopal Church	277,410	331,672	1,264,915	331,672	47,393	25,285	361,615
Seattle	Church of St John the Baptist	291,095	324,814	397,018	354,184	43,005	35,529	390,391
Seattle	Church of the Ascension	314,943	356,285	397,640	375,042	46,978	56,812	431,854
Seattle	Epiphany Parish of Seattle	1,111,014	1,520,884	2,660,836	1,498,482	217,731	398,884	2,024,635
Seattle	St Andrews Episcopal Church	419,235	532,315	721,482	495,885	75,882	202,503	703,706
Seattle	St Clements Church	2,723	131,672	138,552	17,969	17,969	0	17,969
Seattle	St Lukes Episcopal Church	98,936	275,684	380,362	287,211	26,910	71,522	309,164
Seattle	St Marks Episcopal Cathedral	1,440,067	1,831,435	5,521,035	1,826,858	231,371	8,155,946	9,969,084
Seattle	St Pauls Episcopal Church	386,715	469,767	1,107,409	493,975	59,574	7,836	496,473
Seattle	St Peters Episcopal Church	115,791	146,726	166,001	147,185	17,798	9,041	178,303
Seattle	St Stephens Parish	507,309	604,860	604,860	528,956	87,970	99,001	626,972
Seattle	Trinity Church Episcopal	275,539	787,198	1,310,638	1,130,197	104,335	85,473	1,206,326
Seaview	St Peters Episcopal Church	40,498	60,912	75,060	60,863	3,152	17,022	81,108
Sedro Woolley	St James Church	34,531	34,607	38,711	22,285	4,085	21,266	25,351
Sequim	St Lukes Episcopal Church	247,830	259,409	278,983	234,478	38,367	51,781	292,619
SHELTON	Church of St David of Wales	108,805	119,696	119,696	130,334	24,496	1,435	130,334
Shoreline	St David Emmanuel Episcopal Church	76,349	97,325	101,442	83,616	13,368	17,515	89,323
Shoreline	St Dunstons Church	307,922	365,654	435,549	366,238	58,692	41,590	382,251
Silverdale	St Antony of Egypt Episcopal Church	187,943	192,345	335,099	193,152	25,951	342,277	542,002
Snohomish	St Johns Episcopal Church	203,377	243,675	276,984	256,585	35,200	54,333	322,956
Snoqualmie	St Clare of Assisi Episcopal Church	103,374	107,014	108,424	106,017	13,442	6,296	111,631
Tacoma	All Saints Episcopal Church	85,354	88,771	90,310	71,963	13,223	200	73,302
Tacoma	Christ Church	356,357	441,239	495,991	495,325	51,200	35,798	517,868
Tacoma	Holy Family of Jesus Epis Church	27,616	65,116	65,881	65,056	2,400	7,674	72,730
Tacoma	St Andrews Episcopal Church	309,152	321,779	355,014	296,046	45,090	49,530	314,569
Tacoma	St Lukes Episcopal Church	353,857	420,568	428,179	454,867	61,056	14,134	468,241
Tacoma	St Matthews Episcopal Church	182,583	182,583	407,871	210,380	26,691	121,898	332,278
Tahuya	St Nicholas Episcopal Church	22,303	39,843	39,843	26,700	2,250	15,992	38,344
Vancouver	All Saints Episcopal Church	13,397	44,804	53,118	141,160	8,235	747	146,246

Diocese of Olympia

Financial Statistics of Congregations and Missions

Year in parentheses is last year of filing if not 2017

City	Congregation	REVENUE			EXPENSE			
		Plate & Pledge Income	Operating Revenue	Total Revenue	Operating Expense	To the Diocese	Outreach & Development	Total Expense
Vancouver	Church of the Good Shepherd	646,972	653,572	765,108	604,757	59,014	116,683	699,801
Vancouver	St Lukes Episcopal Church	505,009	589,434	614,153	590,299	72,243	46,710	591,926
Vashon	Church of the Holy Spirit	173,557	176,732	182,849	184,885	28,551	16,049	191,329
Washougal	St Anne Episcopal Church	139,106	168,802	172,014	164,538	20,512	6,358	168,202
Total		21,842,127	26,987,178	40,088,653	26,686,132	3,534,024	12,407,467	38,599,836

DIOCESE OF OLYMPIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 -15

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, 2017 and 2016, 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.

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, 2017 and 2016, 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.

August 16, 2018

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS	2017	2016
Cash and Cash Equivalents	\$ 563,173	\$ 1,055,897
Certificates of Deposit	250,000	250,000
Investments	78,902,960	68,029,625
Related Party Loans Receivable	1,607,982	645,988
Loans Receivable	234,118	179,484
DIF Income/Principal Receivable	92,310	80,240
Other Assets	39,268	29,167
Property	32,067,762	32,067,762
Property Held for Sale	248,667	766,570
	<hr/>	<hr/>
Total assets	\$ 114,006,240	\$ 103,104,733
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
Liabilities		
Distributions and other payables	\$ 273,475	\$ 194,246
Cash and investments held in trust for congregations and other institutions	45,373,082	37,971,848
Loans payable	54,222	76,327
	<hr/>	<hr/>
Total liabilities	45,700,779	38,242,421
Net Assets		
Unrestricted	41,042,877	40,131,225
Temporarily restricted	5,382,999	2,851,852
Permanently restricted	21,879,585	21,879,235
	<hr/>	<hr/>
Total net assets	68,305,461	64,862,312
	<hr/>	<hr/>
Total liabilities and net assets	\$ 114,006,240	\$ 103,104,733
	<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions and bequests	\$ 28	\$ -	\$ 350	\$ 378	\$ 2	\$ 2,854	\$ 75,329	\$ 78,185
Contributed loan payments	50,297			50,297	77,752			77,752
Contribution from Operating Fund	80,102			80,102				
Loan interest	29,311			29,311	33,332			33,332
Interest and dividends	197,991	629,742		827,733	240,215	732,681		972,896
Net assets released from program restrictions	603,086	(603,086)			639,771	(639,771)		
Total support and revenue	960,815	26,656	350	987,821	991,072	95,764	75,329	1,162,165
Expenses and Disbursements								
Ministry and transfers	127,117			127,117	133,994			133,994
Trustee obligations	76,797			76,797	91,599			91,599
Bad debt expense (recovery)	(20,618)			(20,618)	592,081			592,081
Contribution to Operating Fund	589,113			589,113	733,667			733,667
Total expenses and disbursements	772,409			772,409	1,551,341			1,551,341
Change in net assets before realized and unrealized gains, gain (loss) on sales of properties, and transfer of property	188,406	26,656	350	215,412	(560,269)	95,764	75,329	(389,176)
Realized and unrealized gain on investments	593,635	2,504,491		3,098,126	317,068	1,491,097		1,808,165
Gain (loss) on sales of properties	129,611			129,611	(148,000)			(148,000)
Assumption of property purchased by a mission					475,000			475,000
Change in net assets	911,652	2,531,147	350	3,443,149	83,799	1,586,861	75,329	1,745,989
Net Assets, beginning of year	40,131,225	2,851,852	21,879,235	64,862,312	40,047,426	1,264,991	21,803,906	63,116,323
Net Assets, end of year	\$ 41,042,877	\$ 5,382,999	\$ 21,879,585	\$ 68,305,461	\$ 40,131,225	\$ 2,851,852	\$ 21,879,235	\$ 64,862,312

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 3,443,149	\$ 1,745,989
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Realized and unrealized gain on investments	(3,098,126)	(1,808,165)
Contributions restricted for long-term purposes	(350)	(75,329)
Bad debt expense (recovery)	(20,618)	592,081
Contributed loan payments	(28,192)	(43,328)
Donated investments from Operating Fund	(80,102)	
Loss (gain) on sales of property	(129,611)	148,000
Assumption of property purchased by a mission		(475,000)
Changes in operating assets and liabilities		
Interest receivable	(12,070)	10,388
Other assets	(7,969)	7,907
Distributions and other payables	79,229	(34,015)
	145,340	68,528
Net cash flows from operating activities		
Cash Flows From Investing Activities		
Proceeds from sale (purchases) of investments, net	(2,909,683)	(2,572,520)
Proceeds from sale of certificates of deposit		1,154,013
Loan repayments (advances), net	(989,923)	150,382
Proceeds from sale of property	647,514	
	(3,252,092)	(1,268,125)
Net cash flows from investing activities		
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	350	75,329
Payments made on loans payable		(231,611)
Change in cash and investments held in trust for congregations and other institutions	2,613,678	1,460,054
	2,614,028	1,303,772
Net cash flows from financing activities		
Change in cash and cash equivalents	(492,724)	104,175
Cash and Cash Equivalents, beginning of year	1,055,897	951,722
	\$ 563,173	\$ 1,055,897
Cash and Cash Equivalents, end of year		

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 Fund 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. There are no funding commitments and no restrictions on redemptions.

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. Interest rates on loans are adjusted annually and are based on 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 has 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 that 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. All 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. All 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, 2017.

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

In 2016, the Diocese purchased a certificate of deposit that amounted to \$250,000 and was held at December 31, 2017 and 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 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:

	<u>2017</u>	<u>2016</u>
Common stocks (including equity mutual funds)	\$ 53,021,434	\$ 46,609,806
Short-term bond mutual fund	8,017,453	6,886,181
Intermediate-term bond mutual fund	6,883,337	5,454,354
U.S. government debt securities	6,272,984	6,341,202
Money market funds	4,707,752	2,738,082
	<u>\$ 78,902,960</u>	<u>\$ 68,029,625</u>

Investments in the Vanguard short-term investment grade bond fund represented 10% of total investments at both December 31, 2017 and 2016. All investments are held in the DIF discussed earlier. Investments in the DIF are not federally insured.

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, 2017 and 2016. 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, 2017 or 2016. 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, and the change could be material.

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 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 2017 or 2016.

Occasionally, the Diocese and a parish may decide it is for the mutual benefit of all parties for a 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 2017 or 2016.

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

The Diocese has committed to provide \$500,000 to St. Michael's Parish in Issaquah to assist in property renovations

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

Real Estate Held for Sale

At December 31, 2017 and 2016, one-third of the Poulsbo land with a carrying value of \$36,667, was held for sale.

Property in Mill Creek with a carrying value of \$212,000 was held for sale at December 31, 2017 and 2016.

Property in Vancouver with a carrying value of \$517,903 was also held for sale at December 31, 2016. The Vancouver property was sold during the year ended December 31, 2017. Proceeds from the sale amounted to \$647,514. The sale resulted in a gain of \$129,611.

In 2016, 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.

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:

	<u>2017</u>	<u>2016</u>
DIF balances	\$ 40,904,208	\$ 33,884,414
Trust Account balances	4,450,874	4,081,434
BLF balances	<u>18,000</u>	<u>6,000</u>
	<u>\$ 45,373,082</u>	<u>\$ 37,971,848</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, 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 Diocese has evaluated subsequent events through the date these financial statements were available to be issued, which was August 16, 2018.

Note 2. Inter-Fund Loans

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

	<u>2017</u>	<u>2016</u>
Building Loan Fund	\$ 2,118,600	\$ 2,148,361
Mission Development Fund		202,661
Trust Accounts		69,000
	<u>\$ 2,118,600</u>	<u>\$ 2,420,022</u>

Note 3. Endowment

The endowments are held in the Trust Accounts and consist of 34 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, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 5,112,941	\$ 21,879,585	\$ 26,992,526
Board-designated quasi-endowment funds	5,029,029			5,029,029
Total funds	<u>\$ 5,029,029</u>	<u>\$ 5,112,941</u>	<u>\$ 21,879,585</u>	<u>\$ 32,021,555</u>

December 31, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,576,057	\$ 21,879,235	\$ 24,455,292
Board-designated quasi-endowment funds	4,479,740			4,479,740
Total funds	<u>\$ 4,479,740</u>	<u>\$ 2,576,057</u>	<u>\$ 21,879,235</u>	<u>\$ 28,935,032</u>

Changes in endowment net assets are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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		2,854	75,329	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	<u>(120,277)</u>	<u>(641,631)</u>		<u>(761,908)</u>
Endowment net assets, December 31, 2016	4,479,740	2,576,057	21,879,235	28,935,032
Investment return	570,532	3,110,648		3,681,180
Contributions			350	350
Transfers into endowment	80,102			80,102
Appropriation of endowment assets for expenditure and transfers out of endowment	<u>(101,345)</u>	<u>(573,764)</u>		<u>(675,109)</u>
Endowment net assets, December 31, 2017	<u>\$ 5,029,029</u>	<u>\$ 5,112,941</u>	<u>\$ 21,879,585</u>	<u>\$ 32,021,555</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. There were no deficiencies of this nature reported as of December 31, 2017 or 2016.

Note 4. Loans Receivable

Loans receivable consist of the following at December 31:

	2017	2016
Parishes		
Seattle, St. Marks	\$ 1,000,000	\$ -
Sammamish, Good Samaritan	287,383	287,383
Tacoma, St. Mary	230,536	220,536
Port Townsend, St. Paul	86,248	56,324
Vancouver, Good Shepherd		49,382
Vancouver, Good Shepherd	3,395	19,600
Shelton, St. David		9,516
Interest receivable	420	3,247
	\$ 1,607,982	\$ 645,988

All parish loans are classified internally to be in good standing at December 31, 2017 and 2016. No allowance for loan losses was recorded against parish loans at December 31, 2017 or 2016.

A loan issued to the Good Shepherd parish in Vancouver with an outstanding balance of \$49,382 at December 31, 2016, was forgiven in full by the Diocese during the year ended December 31, 2017.

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 the unpaid balance due at maturity in July 2025. The remaining balance on the loan receivable at December 31, 2017 and 2016, was \$164,118 and \$179,484, respectively.

The Diocese has a loan receivable due from the Sammamish Water District with a carrying value of \$550,062. The Sammamish Water District will make payments on the loan as properties are developed on specific lots in Sammamish, Washington, through 2019. The first payment on the loan amounting to \$70,000 was collected by the Diocese in 2018. The allowance estimated by management against the receivable amounted to \$480,062 and \$550,062 at December 31, 2017 and 2016, respectively. After deducting the allowance, the loan had a balance of \$70,000 and \$0 at December 31, 2017 and 2016, respectively.

Note 5. Real Estate

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

	2017	2016
Land	\$ 7,538,034	\$ 7,538,034
Building/improvements	23,939,728	23,939,728
Bishop residence	590,000	590,000
	\$ 32,067,762	\$ 32,067,762

Note 6. Loans Payable

Loans payable consists of a loan from a family trust to purchase property. The loan is not secured, bears interest at 5.0%, and has monthly principal and interest payments of \$2,118 until maturity in July 2020.

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

2018	\$ 20,967
2019	22,040
2020	11,215
	\$ 54,222

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

Note 7. 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, 2017

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT	1 and 2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS	6 - 16
SUPPLEMENTAL STATEMENT	
STATEMENT OF BUDGETED REVENUE AND EXPENDITURES COMPARED TO ACTUAL (UNAUDITED).....	18
NOTE TO SUPPLEMENTAL STATEMENT	19
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	20 and 21
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	22 and 23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	24
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (UNAUDITED).....	27

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, 2017 and 2016, 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, 2017 and 2016, 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, 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*, is presented for purposes of additional analysis 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 2017 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 August 16, 2018, 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 the effectiveness of the Operating Fund's 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.

Petersen Sullivan LLP.

August 16, 2018

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	\$ 2,140,418	\$ 2,242,156
Investment in the Diocesan Investment Fund	1,047,693	1,022,479
Diocesan Investment Fund receivable	71,414	59,557
Due from New Roots Fund	26,479	
Grants receivable	182,766	352,195
Loans receivable, current portion, net of loan loss reserve of \$18,923 and \$14,923 in 2017 and 2016, respectively	13,002	73,361
Funds held for others	105,100	121,635
Prepaid expenses and other	54,613	58,940
Total current assets	<u>3,641,485</u>	<u>3,930,323</u>
Loans Receivable, net of current portion	16,249	34,194
Advances to Related Party	114,797	114,797
Prepaid Rent	174,251	177,204
Total assets	<u>\$ 3,946,782</u>	<u>\$ 4,256,518</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 120,625	\$ 164,763
Accrued payroll expenses	73,858	63,923
Camp Huston/St. Andrew's House deposits	93,958	88,294
Grants payable	265,802	260,033
Funds held for others	105,100	121,635
Total current liabilities	<u>659,343</u>	<u>698,648</u>
Post-Retirement Payable	<u>580,000</u>	<u>555,000</u>
Total liabilities	1,239,343	1,253,648
Net Assets		
Unrestricted	1,810,559	2,029,028
Temporarily restricted	896,880	973,842
Total net assets	<u>2,707,439</u>	<u>3,002,870</u>
Total liabilities and net assets	<u>\$ 3,946,782</u>	<u>\$ 4,256,518</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Assessments	\$ 3,507,803	\$ -	\$ 3,507,803	\$ 3,845,665	\$ -	\$ 3,845,665
Contributions	4,154	129,751	133,905		185,261	185,261
Fees and tuition	1,174,653		1,174,653	1,088,653		1,088,653
Grants	1,167,741	49,833	1,217,574	1,583,918	121,338	1,705,256
Investment income transferred from the DIF	468,532	120,581	589,113	584,899	148,768	733,667
In-kind contribution of facility use	316,335		316,335	316,335		316,335
Investment income - DIF	34,174		34,174	35,530		35,530
Rental and other income	94,539		94,539	149,089		149,089
Net assets released from restrictions	377,127	(377,127)		319,319	(319,319)	
Total support and revenue	7,145,058	(76,962)	7,068,096	7,923,408	136,048	8,059,456
Expenses						
Program services	6,763,359		6,763,359	6,868,964		6,868,964
Management and general	582,648		582,648	556,424		556,424
Fundraising	17,520		17,520	35,467		35,467
Total expenses	7,363,527		7,363,527	7,460,855		7,460,855
Change in net assets	(218,469)	(76,962)	(295,431)	462,553	136,048	598,601
Net Assets, beginning of year	2,029,028	973,842	3,002,870	1,566,475	837,794	2,404,269
Net Assets, end of year	\$ 1,810,559	\$ 896,880	\$ 2,707,439	\$ 2,029,028	\$ 973,842	\$ 3,002,870

See Notes to Financial Statements

DIOCESE OF OLYMPIA – OPERATING FUND

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (295,431)	\$ 598,601
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	16,802	11,653
Unrealized gain on investments		(17,262)
Changes in operating assets		
Diocesan Investment Fund receivable	(11,857)	53,620
Due from New Roots Fund	(26,479)	
Grants receivable	169,429	(289,411)
Prepaid expenses and other	4,327	34,410
Prepaid rent	2,953	2,953
Changes in operating liabilities		
Accounts payable	(44,138)	22,879
Accrued payroll expenses	9,935	(9,657)
Camp Huston/St. Andrew's House deposits	5,664	14,526
Grants payable	5,769	138,139
Post-retirement payable	25,000	(10,000)
Net cash flows from operating activities	<u>(138,026)</u>	<u>550,451</u>
Cash Flows from Investing Activities		
Purchase of investments in the Diocesan Investment Fund	(25,214)	(1,005,217)
Issuance of loans receivable	(133,341)	(108,355)
Payments received on loans receivable	194,843	129,890
Net cash flows from investing activities	<u>36,288</u>	<u>(983,682)</u>
Net change in cash	(101,738)	(433,231)
Cash, beginning of year	<u>2,242,156</u>	<u>2,675,387</u>
Cash, end of year	<u><u>\$ 2,140,418</u></u>	<u><u>\$ 2,242,156</u></u>

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 the related rent expense (in-kind) is 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 \$2,205,347 and \$1,890,499 at December 31, 2017 and 2016, respectively, of funds designated by the Diocesan Council for various ministries.

Temporarily Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Refugee loans	\$ 451,900	\$ 468,804
Huston Center/The Operating Fund care, maintenance, and development	98,022	184,758
Scholarships	97,046	71,215
Our Lady of Guadalupe	49,820	65,452
City of Seattle charities and religious education	40,566	31,008
Ethnic ministries	27,741	27,244
Theological education	26,969	22,350
Bishop's residence	20,104	15,496
Sudanese ministry	14,837	13,981
Episcopal Charities Appeal	11,624	19,108
St. John the Baptist discretionary	11,398	16,398
Native American (ERD) program	7,100	7,100
Other programs	39,753	30,928
	<u>\$ 896,880</u>	<u>\$ 973,842</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 (all are traded in active markets), less liabilities, and then divided by the number of shares outstanding. The Operating Fund began transferring unrealized gains and losses on these investments to the Trust Accounts effective January 1, 2017.

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. The specific investments underlying the Operating Fund's investments with the DIF at December 31, 2017 and 2016, are not determinable. The DIF's total investments under management were as follows as of December 31:

	<u>2017</u>	<u>2016</u>
Common stock	48%	52%
Equity mutual funds	19%	17%
Short-term bond mutual fund	10%	10%
Intermediate-term bond mutual funds	9%	8%
U.S. Government debt securities	8%	9%
Money market funds	6%	4%
	<u>100%</u>	<u>100%</u>

Investments in the Vanguard short-term investment grade bond fund represented 10% of total investments at both December 31, 2017 and 2016. Investments in the DIF are not federally insured. 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.

Investment income consists of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 42,143	\$ 22,425
Unrealized gains		17,262
Investment income transferred from the DIF	589,113	733,667
Less: investment fees	(7,969)	(4,157)
	<u>\$ 623,287</u>	<u>\$ 769,197</u>

Beginning in 2017, the Operating Fund recognizes unrealized gains and losses (amounting to \$106,263 in 2017) directly in the Trust Accounts.

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 determines 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, 2017 or 2016.

A total of 75% and 69% of grant revenue was earned from four and three organizations during 2017 and 2016, respectively.

A total of 72% and 63% of grants receivable were due from four and three organizations as of December 31, 2017 and 2016, 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 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 noninterest-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, 2017 and 2016.

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, 2017 and 2016, \$105,100 and \$121,635, 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 2017 or 2016.

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, 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 Operating Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was August 16, 2018.

Note 2. Loans Receivable

Loans receivable represent loans to small businesses located in the Seattle area. At December 31, 2017, outstanding loans had remaining principal balances up to \$11,792 due from the single largest borrower yielding interest rates of 5% to 12% per year. 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. The following table represents the loans outstanding to specific categories:

	2017 Balance	Number of Loans	Percentage of Total	2016 Balance	Number of Loans	Percentage of Total
Office of Refugee						
Resettlement Loans	\$ 39,217	13	81%	\$ 89,564	25	73%
Diocese of Olympia Loans	8,957	11	19%	22,089	19	18%
Clergy/Employee Loan				10,825	1	9%
Totals	48,174	<u>24</u>	<u>100%</u>	122,478	<u>45</u>	<u>100%</u>
Less: loan loss reserve	<u>(18,923)</u>			<u>(14,923)</u>		
	<u>\$ 29,251</u>			<u>\$ 107,555</u>		

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

	2017	2016
Loans receivable, current portion, net of loan loss reserve	\$ 13,002	\$ 73,361
Loans receivable, long-term portion	16,249	34,194
	<u>\$ 29,251</u>	<u>\$ 107,555</u>

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

2018, net of loan loss reserve of \$18,923	\$ 13,002
2019	12,889
2020	300
2021	3,060
	<u>\$ 29,251</u>

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:

	2017			2016		
	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)	\$ 5,691	\$ 9,232	\$ 14,923	\$ 6,139	\$ 6,553	\$ 12,692
Net charge-offs	(1,185)	(11,617)	(12,802)	(9,422)		(9,422)
Provision	7,676	9,126	16,802	8,974	2,679	11,653
Loan Loss Reserve, end of year (specific allowance)	<u>\$ 12,182</u>	<u>\$ 6,741</u>	<u>\$ 18,923</u>	<u>\$ 5,691</u>	<u>\$ 9,232</u>	<u>\$ 14,923</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:

	2017	2016
A Quality	\$ 23,752	\$ 65,564
B Quality	2,200	12,000
D Quality	11,312	8,879
F Quality	1,953	3,121
	<u>\$ 39,217</u>	<u>\$ 89,564</u>

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

	2017	2016
A Quality	\$ 2,261	\$ 3,776
F Quality	6,696	18,313
	<u>\$ 8,957</u>	<u>\$ 22,089</u>

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

	2017					
	1-59 Days Past Due	60-89 Days Past Due	90-119 Days Past Due	120+ Days Past Due	Total Past Due	Total Loans Receivable
Office of Refugee						
Resettlement Loans	\$ 925	\$ 255	\$ 255	\$ 4,883	\$ 6,318	\$ 39,217
Diocese of Olympia Loans	25			8,352	8,377	8,957
	<u>\$ 950</u>	<u>\$ 255</u>	<u>\$ 255</u>	<u>\$ 13,235</u>	<u>\$ 14,695</u>	<u>\$ 48,174</u>
	2016					
	1-59 Days Past Due	60-89 Days Past Due	90-119 Days Past Due	120+ Days Past Due	Total Past Due	Total Loans Receivable
Office of Refugee						
Resettlement Loans	\$ 258	\$ 344	\$ 433	\$ 4,701	\$ 5,736	\$ 89,564
Diocese of Olympia Loans	1,413	830	920	15,100	18,263	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>\$ 122,478</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 \$508,782 and \$595,489 in support of the Episcopal Church for the years ended December 31, 2017 and 2016, 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, 2017 and 2016.

In 2017, the Operating Fund made a grant of \$101,986 to the New Roots Fund (a separate 501(c)(3) organization under the Diocese umbrella). In 2016, the Operating Fund made a grant and a contribution of \$92,721 and \$39,884, respectively, to the New Roots Fund.

The Operating Fund also pays certain expenses on behalf of the New Roots Fund and is reimbursed for these expenditures. The New Roots Fund owed the Operating Fund \$26,479 at December 31, 2017. There were no amounts due from the New Roots Fund at December 31, 2016.

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, 2017 and 2016, the prepaid rent balance was \$177,204 and \$180,157, respectively. As of December 31, 2017 and 2016, \$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 2017 and 2016 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:

	2017	2016
Clergy	\$ 84,743	\$ 90,495
Lay employees	106,849	97,348
	<u>\$ 191,592</u>	<u>\$ 187,843</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 of full-time employment immediately prior to retirement age of 59½ 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, 2017. Mortality is estimated using the 2018 Applicable Mortality Table, published by the Society of Actuaries.

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

	<u>2017</u>	<u>2016</u>
Benefit cost	\$ 59,749	\$ 55,177
Change in expense resulting from a change in the minimum liability	<u>25,000</u>	<u>(10,000)</u>
Total expense	<u>\$ 84,749</u>	<u>\$ 45,177</u>
Diocese contribution to the plan and benefits paid	<u>\$ 59,749</u>	<u>\$ 55,177</u>

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

The Operating Fund has an actuarial valuation for future health insurance coverage, which results in a liability for the benefit obligations of \$580,000 and \$555,000 at December 31, 2017 and 2016, 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 and Restricted Operating Funds)
For the Year Ended December 31, 2017

	2017 Budget	2017 Actual	Total Budget Variance
Revenue			
Contributions	\$ -	\$ 1,731	\$ 1,731
Assessments (received)	3,396,300	3,406,909	10,609
Assessments (prior years)	165,000	100,894	(64,106)
Investment (dividend/unrestricted)	476,500	378,156	(98,344)
Investment (dividend/restricted)	64,000	58,221	(5,779)
Unrealized gains/losses on investment	8,000		(8,000)
Interest (banks)	4,000	4,073	73
Youth and young adult events	11,610	17,273	5,663
Fees (Diocesan House)	7,000	5,923	(1,077)
Fees (registration)	11,250	18,721	7,471
Fees (meals)	11,250	16,249	4,999
Tuition	112,000	113,028	1,028
Fees (miscellaneous)	8,000	8,726	726
Revenue (miscellaneous)	30,000	82	(29,918)
Transfers from DIF	287,558	26,250	(261,308)
Net assets released from restrictions	117,600		(117,600)
Total revenue	4,710,068	4,156,236	(553,832)
Expenses			
Office of the Bishop	541,026	479,614	61,412
Communications	394,170	391,817	2,353
Governing bodies	306,498	321,625	(15,127)
Diocesan House	186,000	178,500	7,500
Archives	67,231	67,560	(329)
St. Mark's Cathedral	27,500	27,500	
Campus and young adults	148,020	136,509	11,511
Evangelism training	10,000	6,000	4,000
Ethnic ministries	145,322	131,737	13,585
Congregation/ministry development	203,695	202,014	1,681
Faith development	95,055	108,244	(13,189)
DSOMAT/Resource Center	133,383	93,119	40,264
Medicare/compensation reserve	143,581	59,749	83,832
Stewardship and development	109,707	64,521	45,186
Treasurer's Office	408,468	443,028	(34,560)
National Church Apportionment	532,222	505,782	26,440
General convention deputies	12,000	12,000	
Province VIII	8,000	8,000	
Ecumenical and interfaith	9,000	9,000	
Multi-cultural concerns	74,403	57,236	17,167
Missioners	33,000	20,749	12,251
Canon to ordinary	1,121,787	904,858	216,929
Total expense	4,710,068	4,229,162	480,906
Change in net assets	\$ -	\$ (72,926)	\$ (72,926)

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 seven fund groups: Unrestricted Operating, Restricted Operating, Temporarily Restricted, Designated, St. Andrew's House and Huston Center, 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 2017 supplemental statement of budgeted revenue and expenditures compared to actual includes only the Unrestricted Operating and Restricted Operating 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, 2017, 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 August 16, 2018.

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.

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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Peterson Sulli LLP.

August 16, 2018

**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 *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, 2017. 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* 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, 2017.

Report on Internal Control over Compliance

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

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

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

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

Peterson Sullivan LLP.

August 16, 2018

DIOCESE OF OLYMPIA – OPERATING FUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

Award Description	Federal CFDA Number	Contract Number	General Expenditures	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218	5940971	\$ 59,750	\$ -	\$ 59,750
Total CDBG - Entitlement Grants Cluster			<u>59,750</u>		<u>59,750</u>
Total Department of Housing and Urban Development			59,750		59,750
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90RG0152-04-00	67,093	101,986	169,079
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90RG0168-02-01	134,559		134,559
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90RG168-03-00	24,976		24,976
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90ZI0110-01-02	44,513		44,513
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90ZI0110-02-01	73,170		73,170
Refugee and Entrant Assistance Discretionary Grants	93.576 *	90ZI0110-03-00	18,788		18,788
Total Refugee and Entrant Assistance Discretionary Grants			<u>363,099</u>	<u>101,986</u>	<u>465,085</u>
Total Department of Health and Human Services			363,099	101,986	465,085
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-1009	352,166		352,166
U.S. Refugee Admissions Program	19.510	S-PRMCO-16-CA-1009	55,248		55,248
Total U.S. Refugee Admissions Program			<u>407,414</u>		<u>407,414</u>
Total Department of State - Bureau of Population, Refugees, and Migration			<u>407,414</u>		<u>407,414</u>
Total			<u>\$ 830,263</u>	<u>\$ 101,986</u>	<u>\$ 932,249</u>

* 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, 2017. The information in the Schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of the Operating Fund, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Operating Fund.

Note 2. Summary of Significant Accounting Policies

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

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The Operating Fund has elected not 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 are considered expenditures on the accompanying schedule, included in CFDA 93.576. Total funds lent in 2017 were \$36,800 and 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 \$39,217 of notes receivable outstanding as of December 31, 2017, 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, 2017, that has not been disbursed to participants.

DIOCESE OF OLYMPIA – OPERATING FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2017

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: No

Noncompliance material to financial statements noted: No

Federal Awards:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No

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

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee: Yes

B. Findings - Financial Statement Audit: None

C. Findings and Questioned Costs - Major Federal Award Programs Audit: None

DIOCESE OF OLYMPIA – OPERATING FUND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (UNAUDITED)

For the Year Ended December 31, 2017

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

Status: This finding is corrected during the year ended December 31, 2017.

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

Status: This finding is corrected during the year ended December 31, 2017.

DIOCESE OF OLYMPIA, INC. – TRUST ACCOUNTS

FINANCIAL REPORT

DECEMBER 31, 2017

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES.....	3
STATEMENTS OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5 - 13

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, 2017 and 2016, 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, 2017 and 2016, 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

August 16, 2018

DIOCESE OF OLYMPIA, INC. - TRUST ACCOUNTS

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	\$ 280,812	\$ 270,921
Certificate of deposit	250,000	250,000
Investments	36,466,963	32,986,762
Current portion of related party loans receivable		69,000
Current portion of loan receivable	5,323	5,063
Total current assets	<u>37,003,098</u>	<u>33,581,746</u>
Noncurrent Assets		
Bishop residence	590,000	590,000
Related party loans receivable, net of current portion		49,382
Loan receivable, net of current portion	158,795	174,421
Other assets	39,268	29,167
Total noncurrent assets	<u>788,063</u>	<u>842,970</u>
Total assets	<u>\$ 37,791,161</u>	<u>\$ 34,424,716</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 31,976	\$ -
Cash held in trust for congregations	328	537
Investments held in trust for congregations and other institutions	4,450,546	4,080,897
Total current liabilities	<u>4,482,850</u>	<u>4,081,434</u>
Net Assets		
Unrestricted	6,045,727	5,612,195
Temporarily restricted	5,382,999	2,851,852
Permanently restricted	21,879,585	21,879,235
Total net assets	<u>33,308,311</u>	<u>30,343,282</u>
Total liabilities and net assets	<u>\$ 37,791,161</u>	<u>\$ 34,424,716</u>

See Notes to Financial Statements

DIocese OF OLYMPIA, INC. - TRUST ACCOUNTS

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions and bequests	\$ -	\$ -	\$ 350	\$ 350	\$ -	\$ 2,854	\$ 75,329	\$ 78,183
Realized and unrealized gains on investments	459,012	2,504,491	2,963,503	280,033	1,491,097			1,771,130
Interest and dividends	91,499	629,742	721,241	141,208	732,681			873,889
Contribution from Operating Fund	106,263		106,263					
Net assets released from program restrictions	603,086	(603,086)		639,771	(639,771)			
Total support and revenue	1,259,860	2,531,147	350	3,791,357	1,061,012	1,586,861	75,329	2,723,202
Expenses								
Operating expenses	144,994		144,994	60,699				60,699
Contributions to Operating Fund	562,952		562,952	733,667				733,667
Loss on bad debt to related party	118,382		118,382					
Total expenses	826,328		826,328	794,366				794,366
Change in net assets	433,532	2,531,147	350	2,965,029	266,646	1,586,861	75,329	1,928,836
Net Assets, beginning of year	5,612,195	2,851,852	21,879,235	30,343,282	5,345,549	1,264,991	21,803,906	28,414,446
Net Assets, end of year	<u>\$ 6,045,727</u>	<u>\$ 5,382,999</u>	<u>\$ 21,879,585</u>	<u>\$ 33,308,311</u>	<u>\$ 5,612,195</u>	<u>\$ 2,851,852</u>	<u>\$ 21,879,235</u>	<u>\$ 30,343,282</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC. - TRUST ACCOUNTS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,965,029	\$ 1,928,836
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(350)	(75,329)
Donated investments from the Operating Fund	(106,263)	
Loss on bad debt to related party	118,382	
Net realized and unrealized gains on investments	(2,963,503)	(1,771,130)
Changes in operating assets and liabilities		
Other assets	(7,969)	7,907
Accounts payable	31,976	(27,000)
	<u>37,302</u>	<u>63,284</u>
Net cash flows from operating activities	37,302	63,284
Cash Flows from Investing Activities		
Proceeds from sale of investments	156,622	435,878
Purchase of investments (including reinvested dividends)	(153,587)	(384,362)
Principal payments received on loans receivable	15,366	15,813
	<u>18,401</u>	<u>67,329</u>
Net cash flows from investing activities	18,401	67,329
Cash Flows from Financing Activities		
Change in cash held in trust for congregations	(209)	400
Contributions restricted for long-term purposes	350	75,329
Change in investments held in trust for congregations and other institutions	(45,953)	(159,601)
	<u>(45,812)</u>	<u>(83,872)</u>
Net cash flows from financing activities	(45,812)	(83,872)
Change in cash and cash equivalents	9,891	46,741
Cash and Cash Equivalents, beginning of year	<u>270,921</u>	<u>224,180</u>
Cash and Cash Equivalents, end of year	<u>\$ 280,812</u>	<u>\$ 270,921</u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

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

The Diocese of Olympia, Inc. – Trust Accounts ("the Trust Accounts") hold the endowment funds for the Diocese and other institutions of the Diocese for which the Diocese has been named trustee. The funds are predominantly invested in the James F. Hodges Diocesan Investment Fund ("DIF"). The DIF is a pool of investments owned in part by the Trust Accounts and by other Episcopal entities.

The fund groupings known as the Building Loan Fund ("the BLF"), the Real Estate Fund, the Mission Development Fund ("the MDF"), and the DIF issue their own financial statements. The BLF, the Real Estate Fund, and the MDF do not invest in the Trust Accounts (or vice versa) but, as noted above, the Trust Accounts invest in the DIF.

If the Trust Accounts make a loan to a mission or parish of the Diocese for the purchase of property, the property is recorded within the Real Estate Fund. No other transactions occur regularly between the BLF, MDF, the Real Estate Fund, and the Trust Accounts.

These entities are part of the Diocese but are not separately incorporated. The Diocese is an incorporated entity.

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

Unrestricted earnings on investments held by the Trust Accounts are transferred to the Operating Fund in order to fund general operations of the Diocese. The Trust Accounts are not allocated any of the common expenses incurred and paid from the Operating Fund. Employees of this related entity maintain the books and records of the Trust Accounts at no charge to this fund.

Financial Statement Presentation

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

Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for various ministerial purposes (see Note 6).

Permanently Restricted Net Assets

Permanently restricted net assets consist of funds held for various endowed purposes (see Note 6).

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. No bequests were recognized during the year ended December 31, 2017. Bequests from one donor represented nearly all contributions and bequests recognized during the year ended December 31, 2016.

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

In 2016, the Trust Accounts purchased a certificate of deposit that amounted to \$250,000 and was held at December 31, 2017 and 2016. The certificate of deposit has an original maturity that exceeds 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, 2017 or 2016.

Interest receivable has been accrued to December 31, 2017 and 2016. 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, 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 Diocese has evaluated subsequent events through the date these financial statements were available to be issued, which was August 16, 2018.

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 (all are traded in active markets), 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. The specific investments underlying the Foundation's investments with the DIF at December 31, 2017 and 2016, are not determinable. The DIF's total investments under management were as follows as of December 31:

	<u>2017</u>	<u>2016</u>
Common Stock	48%	52%
Equity mutual funds	19%	17%
Short-term bond mutual fund	10%	10%
Intermediate-term bond mutual funds	9%	8%
U.S. Government debt securities	8%	9%
Money market funds	6%	4%
	<u>100%</u>	<u>100%</u>

Investments in the Vanguard short-term investment grade bond fund represented 10% of total investments at both December 31, 2017 and 2016. 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. A loan issued to the Battle Ground mission with an outstanding balance of \$69,000 at December 31, 2016, was forgiven in full by the Trust Accounts during the year ended December 31, 2017. Another loan issued to the Good Shepherd parish in Vancouver with an outstanding balance of \$49,382 at December 31, 2016, was also forgiven in full by the Trust Accounts during the year ended December 31, 2017.

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 due at maturity in July 2025. The remaining balance of the loan receivable at December 31, 2017 and 2016, was \$164,118 and \$179,484, 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:

	2017	2016
Cash held in trust for congregations		
Bond Trustee accounts	\$ 328	\$ 537
Securities and investments held in trust for congregations and other institutions		
Annie Wright School	541,221	490,985
Bainbridge, St. Barnabas' - Hodges Endowment	1,037,396	948,285
Bellingham, Mabel Wilson Trust	523,671	464,421
FBO Oak Harbor - St. Stephen	52,657	55,434
Hoodsport, St. Germaine	56,240	65,647
Kent, St. James' - Arney Memorial	36,114	52,193
Kent, St. James' - Endowment	47,569	43,154
Lord Scholarship Fund	45,658	40,454
Seattle, St. Mark's - Hodges Endowment	773,106	701,347
Seaview, St. Peter's - Ferguson	469,520	432,732
Seaview, St. Peter's - Johnson Bequest	533,230	483,736
St. Paul's, Palm Desert, CA - Hodges Endowment	247,720	224,727
Tod Prichard, Allyn	11,836	11,541
TTE Little Sisters	74,608	66,241
	<u>4,450,546</u>	<u>4,080,897</u>
Total securities for congregations and institutions		
	<u>\$ 4,450,874</u>	<u>\$ 4,081,434</u>
Total liabilities to congregations and other institutions		

Note 5. Endowments

The Trust Accounts' endowment consists of 34 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, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 5,112,941	\$ 21,879,585	\$ 26,992,526
Board-designated quasi-endowment funds	5,055,190			5,055,190
Total funds	<u>\$ 5,055,190</u>	<u>\$ 5,112,941</u>	<u>\$ 21,879,585</u>	<u>\$ 32,047,716</u>
	December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,576,057	\$ 21,879,235	\$ 24,455,292
Board-designated quasi-endowment funds	4,479,740			4,479,740
Total funds	<u>\$ 4,479,740</u>	<u>\$ 2,576,057</u>	<u>\$ 21,879,235</u>	<u>\$ 28,935,032</u>

Changes in endowment net assets are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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		2,854	75,329	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	<u>(120,277)</u>	<u>(641,631)</u>		<u>(761,908)</u>
Endowment net assets, December 31, 2016	4,479,740	2,576,057	21,879,235	28,935,032
Investment return	570,532	3,110,648		3,681,180
Contributions			350	350
Transfers into endowment	106,263			106,263
Appropriation of endowment assets for expenditure and transfers out of endowment	<u>(101,345)</u>	<u>(573,764)</u>		<u>(675,109)</u>
Endowment net assets, December 31, 2017	<u>\$ 5,055,190</u>	<u>\$ 5,112,941</u>	<u>\$ 21,879,585</u>	<u>\$ 32,047,716</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. There were no deficiencies of this nature reported as of December 31, 2017 or 2016.

Note 6. Schedule of Net Assets

	December 31, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Other Assets Held in Trust for Diocese				
Bishop's residence	\$ 578,551	\$ -	\$ -	\$ 578,551
Diocesan School of Theology		15,833		15,833
Episcopate Endowment Fund #2	250,000			250,000
Hodges Income Account		231,294		231,294
Huston Discretionary Account, Horn Trust		16,992		16,992
Planned Giving Gifts		1,204		1,204
Ruth and Jacques Hayes Memorial Trust		4,735		4,735
Snoqualmie, St. Bernard's Chapel	2,134			2,134
Thanksgiving and Memorial Fund	159,852			159,852
Total other assets held in trust for Diocese	990,537	270,058		1,260,595
Primarily Securities and Investments Held in Trust for Diocese				
Bishop Curtis Camp Scholarship		31,675	159,341	191,016
Carl Knirk Memorial Scholarship		55,581	3,052	58,633
Christenson Bequest		70,118	352,722	422,840
Clapp Trust		291,741	1,467,583	1,759,324
Clergy Emergency Fund		93,021	587,704	680,725
College for Congregational Development		18,552	56,404	74,956
College Work Endowment		90,876	457,144	548,020
Dean Search Reserve	13,163			13,163
Diocesan Investment Fund Operating	106,263			106,263
Diocesan Working Capital Trust Fund		137,938	693,886	831,824
Episcopal Charities Appeal		285,134	70	285,204
Episcopal House Fund	254,897			254,897
Episcopal Search Reserve	452,536			452,536
Episcopate Endowment Fund #1		1,265,205	6,459,931	7,725,136
Episcopate Endowment Fund #2	2,845,248			2,845,248
Grace L. Philips Memorial Fund	859,849			859,849
Hansen Fund		1,810	5,504	7,314
Hayes Trust (held by Wells Fargo Bank)		2,269	29,030	31,299
Hispanic Ministry BP Rivera		181,988	334	182,322
Hodges Endowment for Diocese		595,968	2,997,858	3,593,826
Horn Memorial for Camp Huston		297,903	1,498,579	1,796,482
Human Need Endowment		101,575	348,860	450,435
James McConnell Scholarship Fund		5,852	29,438	35,290
Jean Young Memorial		26,571	53	26,624
KY Print Shop		727	2,207	2,934
Mission Ministry Endowment		305,222	1,322,251	1,627,473
Peter R Hallock Institute		29,520	113,842	143,362
Refugee Program Reserves		66,166	121	66,287
S. Eston Collins Memorial Scholarship		3,717	18,276	21,993
Seminarian Scholarship		77,560	390,080	467,640
Sophie Henry Trust		727,012	3,657,176	4,384,188
St. Andrew's House Endowment		105,158	240	105,398
Thanksgiving and Memorial Fund	523,234			523,234
Theological Education Fund		244,082	1,227,899	1,471,981
Total securities and investments held for Diocese	5,055,190	5,112,941	21,879,585	32,047,716
Total net assets	<u>\$ 6,045,727</u>	<u>\$ 5,382,999</u>	<u>\$ 21,879,585</u>	<u>\$ 33,308,311</u>

	December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Other Assets Held in Trust for Diocese				
Bishop's residence	\$ 578,551	\$ -	\$ -	\$ 578,551
Campaign - unrestricted	118,382			118,382
Diocesan School of Theology		15,833		15,833
Episcopate Endowment Fund #2	250,000			250,000
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		4,040		4,040
Snoqualmie, St. Bernard's Chapel	2,134			2,134
Thanksgiving and Memorial Fund	183,388			183,388
Total other assets held in trust for Diocese	1,132,455	275,795		1,408,250
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	2,581,156			2,581,156
Grace L. Philips Memorial Fund	780,040			780,040
Hansen Fund		977	5,504	6,481
Hayes Trust (held by Wells Fargo Bank)		137	29,030	29,167
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	474,668			474,668
Theological Education Fund		107,457	1,227,799	1,335,256
Total securities and investments held for Diocese	4,479,740	2,576,057	21,879,235	28,935,032
Total net assets	\$ 5,612,195	\$ 2,851,852	\$ 21,879,235	\$ 30,343,282

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

FINANCIAL REPORT

DECEMBER 31, 2017

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT	1 and 2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 11

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, 2017 and 2016, 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, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Peterson Sulli LLP.

August 16, 2018

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

STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

ASSETS	2017	2016
Cash and Cash Equivalents	\$ 282,361	\$ 784,976
Investments in the DIF	1,408,761	1,044,443
Parish Loans Receivable, net	1,607,982	596,606
Sammamish Water District Receivable, net	70,000	
Property		
Real estate	31,477,762	31,477,762
Real estate held for sale	248,667	766,570
Total assets	\$ 35,095,533	\$ 34,670,357
LIABILITIES AND NET ASSETS		
Liabilities		
Loans - unrelated parties	\$ 54,222	\$ 76,327
Custodial liability	18,000	6,000
Related party loan		69,000
Total liabilities	72,222	151,327
Unrestricted Net Assets	35,023,311	34,519,030
Total liabilities and net assets	\$ 35,095,533	\$ 34,670,357

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, 2017 and 2016

	2017	2016
Support and Revenue		
Unrealized gain on investments	\$ 134,623	\$ 37,035
Contributed loan payments	50,297	77,752
Interest and dividends	29,695	7,408
Interest (building loans)	25,943	27,283
Interest (Bolling loans)	3,368	6,049
Contributions and other	28	2
	243,954	155,529
Expenses		
Grant expense		45,121
Bad debt expense (recovery)	(70,000)	592,081
Corporate/canonically required	8,284	28,174
	(61,716)	665,376
Change in unrestricted net assets before contributions and transfers of real estate and loans, losses, and forgiveness of related party loan payable	305,670	(509,847)
Contributions, Transfers, and Losses of Real Estate and Loans		
Gain (loss) on sale of property	129,611	(148,000)
Assumption of property purchased by a mission		475,000
Forgiveness of related party loan payable	69,000	
	198,611	327,000
Change in unrestricted net assets	504,281	(182,847)
Unrestricted Net Assets, beginning of year	34,519,030	34,701,877
Unrestricted Net Assets, end of year	\$ 35,023,311	\$ 34,519,030

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, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 504,281	\$ (182,847)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized gain on investments	(134,623)	(37,035)
Contributed loan payments	(28,192)	(43,328)
Bad debt recovery	(70,000)	
Loss on bad debt		592,081
Loss (gain) on sale of property	(129,611)	148,000
Assumption of property purchased by a mission		(475,000)
Forgiveness of related party loan payable	(69,000)	
	72,855	1,871
Net cash flows from operating activities	72,855	1,871
Cash Flows From Investing Activities		
Proceeds from certificates of deposit		1,154,013
Parish loan repayments (advances), net	(1,005,289)	134,569
Purchases of investments in the DIF	(229,695)	(1,007,408)
Proceeds from sale of property	647,514	
	(587,470)	281,174
Net cash flows from investing activities	(587,470)	281,174
Cash Flows From Financing Activities		
Change in custodial liability	12,000	6,000
Payments of loans		(231,611)
	12,000	(225,611)
Net cash flows from financing activities	12,000	(225,611)
Net change in cash and cash equivalents	(502,615)	57,434
Cash and Cash Equivalents, beginning of year	784,976	727,542
Cash and Cash Equivalents, end of year	\$ 282,361	\$ 784,976

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. Interest rates on loans are adjusted annually and are based on 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, 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 has 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.

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 (all traded in active markets), less 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 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. The specific investments underlying the Fund's investments with the DIF at December 31, 2017 and 2016, are not determinable. The DIF's total investments under management were as follows as of December 31:

	<u>2017</u>	<u>2016</u>
Common Stock	48%	52%
Equity mutual funds	19%	17%
Short-term bond mutual fund	10%	10%
Intermediate-term bond mutual funds	9%	8%
U.S. Government debt securities	8%	9%
Money market funds	6%	4%
	<u>100%</u>	<u>100%</u>

Investments in the Vanguard short-term investment grade bond fund represented 10% of total investments at both December 31, 2017 and 2016. Investments in the DIF are not federally insured. 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, 2017 and 2016. 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, 2017 or 2016. 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, and the change could 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 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 2017 or 2016.

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 2017 or 2016.

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.

The Diocese has committed to provide \$500,000 to St. Michael's Parish in Issaquah to assist in property renovations.

Additionally, the Diocese has committed to provide \$238,000 to St. Antony 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:

	2017	2016
Land	\$ 7,538,034	\$ 7,538,034
Buildings/improvements	23,939,728	23,939,728
	\$ 31,477,762	\$ 31,477,762

Real Estate Held for Sale

At December 31, 2017 and 2016, one-third of the Poulsbo land with a carrying value of \$36,667 was held for sale.

Property in Mill Creek with a carrying value of \$212,000 was held for sale at December 31, 2017 and 2016.

Property in Vancouver with a carrying value of \$517,903 was also held for sale at December 31, 2016. The Vancouver property was sold during the year ended December 31, 2017. Proceeds from the sale amounted to \$647,514. The sale resulted in a gain of \$129,611.

In 2016, 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.

Taxes

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

Subsequent Events

The Funds have evaluated subsequent events through the date these financial statements were available to be issued, which was August 16, 2018.

Note 2. Loans Receivable

Loans receivable consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Parishes		
Seattle, St. Marks	\$ 1,000,000	\$ -
Sammamish, Good Samaritan	287,383	287,383
Tacoma, St. Mary	230,536	220,536
Port Townsend, St. Paul	86,248	56,324
Vancouver, Good Shepherd	3,395	19,600
Shelton, St. David		9,516
Interest receivable	420	3,247
	<u>\$ 1,607,982</u>	<u>\$ 596,606</u>

All parish loans are classified internally to be in good standing at December 31, 2017 and 2016. No allowance for loan losses was recorded against parish loans at December 31, 2017 or 2016.

The Diocese also has a loan receivable due from the Sammamish Water District with a carrying value of \$550,062 at both December 31, 2017 and 2016. The Sammamish Water District will make payments on the loan as properties are developed on specific lots in Sammamish, Washington, through 2019. The first payment on the loan amounting to \$70,000 was collected by the Diocese in 2018. The allowance estimated by management against the receivable amounted to \$480,062 and \$550,062 at December 31, 2017 and 2016, respectively. After deducting the allowance, the loan had a balance of \$70,000 and \$0 at December 31, 2017 and 2016, respectively.

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:

	<u>2017</u>	<u>2016</u>
Missions		
Kent, St. Columba's	\$ 927,516	\$ 929,316
Edmonds, St. Hilda's - St. Patrick's	428,629	429,729
Cathlamet, St. James'	306,853	306,853
Auburn, St. Matthew's	238,105	238,105
Vancouver, All Saints'	141,072	160,490
Snoqualmie, St. Clare's	46,248	49,369
Washougal, St. Anne's	30,177	34,499
	<u>\$ 2,118,600</u>	<u>\$ 2,148,361</u>

Note 3. Combination

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

	2017	2016
BLF to Real Estate Fund	\$ 2,118,600	\$ 2,148,361
MDF to Real Estate Fund		202,661
	\$ 2,118,600	\$ 2,351,022

Note 4. Related Party Loan

As described in Note 1, the Trust Accounts are other Diocese funds that are not included in these financial statements. The Trust Accounts made an unsecured loan to a congregation in Battle Ground bearing no interest. The Funds have not imputed interest on the related party loan, which does not bear interest, as the terms were undefined, the imputed interest is not material, and the amount was due to another fund of the Diocese. This loan was forgiven in full during the year ended December 31, 2017, resulting in a gain of \$69,000 to the Funds.

Note 5. Loans Payable

Loans payable consists of a loan from a family trust to purchase property. The loan is not secured, bears interest at 5.0%, and has with monthly principal and interest payments of \$2,118 until maturity in July 2020.

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

2018	\$ 20,967
2019	22,040
2020	11,215
	\$ 54,222

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.



THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

A Pooled Investment Fund

Report to shareholders, year ending
December 31, 2017

C O N T E N T S

	Page
2017 DIOCESAN INVESTMENT FUND COMMITTEE	3
PERFORMANCE REPORT TO SHAREHOLDERS.....	4
PURPOSE OF THE DIOCESAN INVESTMENT FUND.....	5
OPERATION OF THE DIOCESAN INVESTMENT FUND.....	5
INDEPENDENT AUDITORS' REPORT	6
FINANCIAL STATEMENTS	
STATEMENTS OF ASSETS AND LIABILITIES.....	7
SCHEDULE OF INVESTMENTS - 2017.....	8 & 9
SCHEDULE OF INVESTMENTS - 2016.....	10 & 11
STATEMENTS OF OPERATIONS.....	12
STATEMENTS OF CHANGES IN NET ASSETS.....	13
NOTES TO FINANCIAL STATEMENTS.....	14-16
CONGREGATIONS AND INSTITUTIONS PARTICIPATING.....	17

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Diocese of Olympia

2017 Performance Report to Shareholders

2017 can best be described as a "goldilocks" year for financial markets as nearly everything went just about right. A mix of positive economic growth and low to moderate inflation allowed global central banks to maintain extraordinary loose monetary policies. This mix was good for bond investors as interest rates were stable and good for equity investors as the solid economic and liquidity backdrop provided a tailwind for earnings growth. This mix also supported returns overseas as foreign assets appreciated rapidly.

The S&P 500 gained 21.8% in 2017. Outside of large-cap U.S. companies, returns were not as strong as the Russell 3000 Index of small U.S. stocks gained 14.7%. Overseas, the MSCI Developed Market (EAFE) Index gained 24.7% and the MSCI Emerging Markets index rose 37.3%. U.S. bonds, as measured by the Barclays Intermediate Government / Credit Index, rose 2.1% on the year.

In 2017 the Fund returned 13.0% net of fees and expenses. Over the past three and five years, the Fund returned 7.6% and 10.1% annualized. For comparison, the DIF policy benchmark index returned 15% in 2017, 7.7% for the trailing three years, and 9.9% for the past 5 years.

The long-term strategic asset allocation targets are 5% cash, 30% bonds and 65% stocks. At the end of December 2017, the Fund held 6% in money market funds, 26.9% in bonds and 66.3 % in stocks. The Investment Policy for the DIF calls for rebalancing when the allocation deviates by more than 10% from the strategic target.

Within the stock portfolio the Committee continues to focus on companies with strong fundamentals, sound management, high and/or rising dividend yields, and attractive valuations. Recall that we achieve exposure to small and mid-cap U.S. stocks, foreign and emerging market stocks, and corporate bonds through low-cost mutual funds.

The DIF is managed by a team of seasoned investment professionals and business community leaders that generously volunteer their time, expertise and resources. We believe that a long-term perspective, focused on fundamentals and attention to valuations remain essential in building a sensible portfolio. The fund is a balanced and diversified portfolio with a long term investment horizon. The primary objective is growth; income is a secondary consideration.

<u>Diocesan Investment Fund</u>	<u>Year-End Value Per-Share</u>	<u>Annual Dividend Per-Share</u>	<u>Average Annual Yield Per-Share</u>
12/31/2017	\$271.69	\$6.11	2.5%
12/31/2014 (3 years ago)	\$236.94	\$5.35	2.4%
12/31/2012 (5 years ago)	\$191.31	\$5.08	2.9%

<u>Total Returns</u>	<u>Year ending 12/31/2017</u>	<u>3 Years Annualized</u>	<u>5 Years Annualized</u>
Diocese Investment Fund	13.0%	7.6%	10.1%
Policy Index*	15.0%	7.7%	9.9%
S&P 500 Stock Index	21.8%	11.4%	15.8%

Source: U.S. Bank, Diocese of Olympia, Black Diamond.

* The Policy Index is 5% 90-day T-Bill; 30% Barclays Intermediate Aggregate Government/Credit Bond Index, 45.5% S&P 500 Index, 4.9% S&P Midcap Index, 4.9% Russell 2000 Index, 6.5% MSCI EAFE Index, 3.3% MSCI Emerging Markets Index.

The S&P 500 Index is a market capitalization-weighted index of 500 large, widely-held U.S. stocks. The S&P Midcap Index is a market capitalization-weighted index of 400 medium-sized, widely-held U.S. stocks. The Russell 2000 Index is a market capitalization-weighted index of 2000 small U.S. stocks. The MSCI EAFE Index is a market capitalization-weighted index of developed market stocks. The MSCI Emerging Markets Index is a market capitalization-weighted index of emerging market stocks. The Barclays Intermediate Aggregate Government/Credit Bond Index is a float-adjusted, diversified index of government and corporate bonds with intermediate term maturities.

Performance of the Diocese Investment Fund is presented net of fees and expenses. Returns include the reinvestment of dividends and interest. Investments are not guaranteed or insured. The performance data shows past performance and is not a guarantee of future results. Principal value and investment returns will fluctuate. This report uses information that is considered reliable, but it does not represent that the information is accurate or complete.

The Purpose of the Diocesan Investment Fund

The Diocesan Investment Fund was organized in 1951 as a co-mingled fund for the endowment funds of the Diocese, its parishes, missions and related institutions. This approach allows small endowment funds to be pooled, thereby providing greater diversification and increased investment opportunity.

The primary objective of the Fund is to build share appreciation over time and to provide a return that significantly exceeds the level of inflation. Another very important objective of the Fund is to provide a high level of income for distribution to congregations and other shareholders to help meet their budgetary needs. The Fund is invested in a diversified portfolio of common stocks and fixed income securities. Since long term growth of principal is the primary objective, the allocation between stocks and bonds will generally favor stocks.

The primary motivation for investing in the Fund should be the desire to offset the constant erosion of the value of the dollar caused by inflation. The Fund will fluctuate in market value and the level of income produced from year to year. Over time, however, it is anticipated that the total investment return should be higher than the return produced by shorter term savings vehicles.

This Fund is suitable for investors with a five year or longer time horizon and who are willing to accept the possibility of negative returns in some years. The Investment Committee for the Fund will do its best to meet the objectives of the Fund. No guarantee can be given, however, that the objectives will be met.

Operation of the Fund

Shares may be purchased by the Diocese itself, by parishes of the Diocese, and by diocesan related institutions. No shares may be purchased by individuals or by organizations other than those listed. Because of its long-range objectives, the Fund does not encourage the purchase of shares unless they are to be held for two years or more.

The assets are valued on the last day of each month, and the per share valuation determined at that time.

Any parish or other organization wishing to purchase shares may do so by notifying the diocesan Treasurer's office by the end of the month. When the share value has been determined, the purchaser will be given evidence of the number of shares purchased the following month.

In the event that the owner of the shares wishes to sell all or part of them, the Treasurer's Office must be notified by the end of the month. A shareholder should give notice thirty days prior to the valuation date of intent to sell and the amount of money to be realized. When the valuation is determined, the shareholder will be advised of the number of shares to be redeemed and a check sent in payment.

A shareholder may elect to have dividends from earned income re-invested rather than distributed in cash. If so requested, the Fund will fully invest the dividend and issue evidence of additional shares. Further particulars may be obtained from the Comptroller in the diocesan Treasurer's Office.

Requests for purchases and sales of shares and for investment of dividends should be accompanied by a Vestry or Bishop's Committee resolution authorizing such action.

Dividends are distributed monthly. It is customary to distribute all of the earnings of the Fund to shareholders each month as earned.

Earned income only is distributed; capital gains are reinvested to increase the value of the Fund. A shareholder wishing to convert part or all of their capital gains to cash may do so by selling a portion of the shares owned.

The Fund Investment Committee makes no charge for its share in the management and supervision of the Fund. The only charges are those specifically applicable to the operation, such as the agency fee of US Bank, printing and postage expenses, Committee expense, the annual audit fee of our certified public accountants and \$5000 reimbursement to the operating budget. This permits passing on substantially all of the earnings of the Fund to the shareholders with a minimum of shrinkage for operational costs.

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.

Peterson Sullivan LLP

May 22, 2018

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

STATEMENTS OF ASSETS AND LIABILITIES
December 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
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	<u>4,707,752</u>	<u>2,738,082</u>
Total investments	<u>78,902,960</u>	<u>68,029,625</u>
Total assets	78,995,270	68,109,865
LIABILITIES AND NET ASSETS		
Liabilities		
Participant income payable	225,447	178,621
Investment fees payable	<u>16,052</u>	<u>15,625</u>
Total liabilities	<u>241,499</u>	<u>194,246</u>
Net Assets	<u>\$ 78,753,771</u>	<u>\$ 67,915,619</u>

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

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	\$ 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>
 CASH EQUIVALENTS				
First America Prime Obligation Fund	Variable	n/a	4,707,752	\$ 4,707,752
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		<u>\$ 46,609,806</u>

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	6,886,181
Total bonds, notes, and other				<u>\$ 18,681,737</u>
 CASH EQUIVALENTS				
First America Prime Obligation Fund	Variable	n/a	2,738,082	\$ 2,738,082
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 and dividends reinvested	6,137,329	5,400,630
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	\$ 78,753,771	\$ 67,915,619

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 May 22, 2018.

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	\$ 231
Shares purchased and dividends reinvested	22,863	
Shares redeemed	<u>(11,958)</u>	
Shares outstanding, December 31, 2016	275,616	\$ 246
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.

Congregations and Institutions Participating

Aberdeen, St. Andrew
Allyn, St. Hugh of Lincoln
Anacortes, Christ Episcopal Church
Auburn, St. Matthew-San Mateo

Bainbridge, Grace Church
Bainbridge, St. Barnabas
Bellevue, All Saints
Bellevue, Church of the Resurrection
Bellevue, St. Margaret
Bellingham, St. Paul
Bremerton, St. Paul
Burien, St. Elizabeth

Camano Island, St. Aidan
Castle Rock, St. Matthew
Cathlamet, St. James
Cathlamet, St. James Family Center
Chehalis, St. Timothy

Eastsound, Emmanuel Episcopal Parish
Edmonds, St. Alban
Elma, St. Luke
Episcopal Retirement Community Foundation

Federal Way, Church of the Good Shepherd

Hoodspport, St. Germain

Issaquah, St. Michael and All Angels

Kenmore, Church of the Redeemer
Kent, St. James
Kingston, Faith Episcopal

Lacey, St. Benedict
Longview, St. Stephen

Maple Valley, St. George
Marysville, St. Philip
Medina, St. Thomas Legacy Foundation
Mercer Island, Emmanuel Episcopal Church
Montesano, St. Mark
Mount Vernon, St. Paul

Oak Harbor, St. Stephen
Olympia, St. John

Port Angeles, St. Andrew
Port Orchard, St. Bede
Port Townsend, St. Paul
Puyallup, Christ Church

Seattle, Christ Church
Seattle, Church of the Ascension
Seattle, Diocese of Olympia
Seattle, Epiphany Parish of Seattle
Seattle, Little Sisters of St. Clare
Seattle, St. Andrew
Seattle, St. Clement of Rome
Seattle, St. John the Baptist
Seattle, St. Mark Cathedral
Seattle, Cathedral Foundation
Seattle, St. Paul
Seattle, St. Peter
Seattle, Trinity Church
Seaview, St. Peter
Sequim, St. Luke
Shelton, St. David of Wales
Shoreline, St. David Emmanuel
Silverdale, St. Antony of Egypt
Snohomish, St. John
Snoqualmie, St. Clare
South Bend, St. John

Tacoma, All Saints
Tacoma, Annie Wright School
Tacoma, Christ Church
Tacoma, St. Andrew
Tacoma, St. Luke memorial Church
Tacoma, St. Matthew

Vancouver, All Saints
Vancouver, Church of the Good Shepherd
Vancouver, St. Luke
Vashon, Church of the Holy Spirit

Washougal, St. Anne

Palm Springs-CA, St. Paul's of the Desert