



THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

A Pooled Investment Fund

Report to shareholders, year ending
December 31, 2014

July 2015

2014 Diocesan Investment Fund Committee (DIF)

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Chancellor of the Diocese

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Diocese of Olympia

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2014 Performance Report to Shareholders

Although 2014 was a magnificent year for U.S. stocks and bonds, results were disappointing for just about every other asset class. On the home front improvements in hiring, wages and corporate investments stood in marked contrast to dismal economic performance in Europe, Latin America and the Asia-Pacific region. U.S. investors benefited from an expanding – though sluggish – economic recovery, surprisingly strong earnings growth and a Federal Reserve that remained accommodative even as it unwound the post-crisis stimulus program. Unemployment dropped to 5.8%, home prices rose 13.6% and capacity utilization rose above 79%. Perhaps the biggest surprises for the year were a 50% drop in oil prices, a 25% increase in the value of the dollar, and a significant drop in interest rates. After doubling in 2013, the yield on the 10-year Treasury dropped to 2.17% in 2014, a level which was materially below consensus forecasts of 3.2%-plus.

The S&P 500 gained 13.7% in 2014 while notching its 53rd all-time high in the final week of the year - the third best year for all-time highs in the past 25 years. Outside mega-cap U.S. companies, returns were far less impressive. The Russell 2000 Index of small U.S. stocks gained just 4.9%, the MSCI Developed Market (EAFE) Index dropped 4.2%, and the MSCI Emerging Markets index lost 2.2%. Threats of a deepening recession in Europe, further slowing in China and negative currency translation due to the strong dollar crushed international securities. To make matters worse, plummeting oil prices drove the DJ-UBS Commodity Index down 17%. One of the only bright spots outside of large U.S. stocks was the real estate sector, which surged over 15% with the recovery of global real estate markets.

In 2014 the Fund returned 7.3% net of fees and expenses, which was in line with the policy benchmark. Over the past three and five years, the Fund returned 13.0% and 10.5% annualized, also in line with the benchmark. For the past three years the Fund has outperformed the average Moderate Allocation mutual fund by 3.3% annualized according to Morningstar Principia, and it has outperformed the median endowment, foundation or other charitable institution by 2.0% annualized according to Monticello Associates.

The long-term strategic asset allocation targets are 2% money market, 33% bonds and 65% stocks. At the end of December 2014, the Fund held 2.7% in money market funds, 25.8% in bonds and 71.5% in stocks. The allocation was virtually unchanged from 2013. The Investment Policy for the DIF calls for rebalancing when the allocation deviates by more than 10% from the strategic target. While the current allocation of 71.5% is well within the target range, the committee typically does not let the allocation drift very far above 70% for long. Decisions to trim or sell specific securities are based on fundamentals, valuations, and better opportunities elsewhere.

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.

Although diversification did not help investors in 2014, the Investment Committee remains committed to the strategy that has served us well for nearly five decades. 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, focus 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>
12/31/2014	\$236.94	\$5.35	2.4%
12/31/2011 (3 years ago)	\$177.13	\$4.41	2.4%
12/31/2009 (5 years ago)	\$163.02	\$6.12	3.8%
<u>Total Returns</u>	<u>Year ending 12/31/2014</u>	<u>3 Years Annualized</u>	<u>5 Years Annualized</u>
Diocese Investment Fund	7.3%	13.0%	10.5%
Policy Index*	7.6%	12.7%	10.5%
S&P 500 Stock Index	13.7%	20.4%	15.5%

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 as of December 31, 2014 and 2013, the schedules of investments, and the related statements of operations, and changes in net assets for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2014 and 2013, 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.

July 13, 2015

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

STATEMENTS OF ASSETS AND LIABILITIES
December 31, 2014 and 2013

ASSETS	2014	2013
Investment income receivable	\$ 83,737	\$ 81,801
Investments (at fair value):		
Equity securities	44,905,348	44,185,252
Bonds, notes, and other	16,205,243	15,996,969
Cash equivalents	1,738,409	1,696,514
Total investments	62,849,000	61,878,735
Total assets	62,932,737	61,960,536
 LIABILITIES AND NET ASSETS		
Distributions payable	162,353	237,570
NET ASSETS	\$ 62,770,384	\$ 61,722,966

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, 2014 and 2013

	2014	2013
Investment income		
Dividends and interest	\$ 1,493,046	\$ 1,325,756
Securities lending and other income	10,087	13,755
Total investment income	1,503,133	1,339,511
Expenses		
Agency fee	58,809	58,372
Accounting fee	7,250	5,000
Audit	5,000	7,000
Board miscellaneous expense	1,342	2,787
Printing and postage	481	152
Total expenses	72,882	73,311
Excess investment income over expenses	1,430,251	1,266,200
Realized and unrealized investment gain (loss)		
Net realized investment gain	2,254,858	1,215,418
Net unrealized investment gain	1,359,332	8,223,534
Net gain on investments	3,614,190	9,438,952
Change in net assets resulting from operations	\$ 5,044,441	\$ 10,705,152

See Notes to Financial Statements

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

STATEMENTS OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2014 and 2013

	2014	2013
Change in net assets resulting from operations	\$ 5,044,441	\$ 10,705,152
Distributions paid to shareholders	(1,511,766)	(1,400,909)
Capital share transactions		
Proceeds from shareholder purchases and dividends reinvested	4,927,911	5,225,766
Shareholder redemptions	(7,413,168)	(2,821,135)
Increase (decrease) in net assets resulting from capital share transactions	(2,485,257)	2,404,631
Change in net assets	1,047,418	11,708,874
Net assets, beginning of year	61,722,966	50,014,092
Net assets, end of year	\$ 62,770,384	\$ 61,722,966

See Notes to Financial Statements

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

SCHEDULE OF INVESTMENTS
December 31, 2014

Equity Securities	Number of Shares	Fair Value
Abbot Laboratories	9,300	\$ 418,686
Abbvie Inc.	9,300	608,592
Air Products and Chemicals, Inc.	5,700	822,111
Apple Inc.	7,700	849,926
Automatic Data Processing	8,600	716,982
Becton Dickinson & Co	6,200	862,792
Berkshire Hathaway Inc. Class B	5,800	870,870
Blackrock Inc.	2,905	1,038,712
Boeing Company	7,800	1,013,844
Cdk Global Inc.	2,866	116,818
Chevron Corp	9,735	1,092,072
Chubb Corporation	8,400	869,148
Coca Cola Company	6,800	287,096
Conagra Foods, Inc.	19,100	692,948
Costco Wholesale, Inc.	8,180	1,159,515
Emerson Electric	12,300	759,279
Enterprise Products Partners LP	27,400	989,688
Exxon Mobil Corp	10,992	1,016,210
General Electric	19,800	500,346
Google Inc. Class A	555	294,516
Google Inc. Class C	555	292,152
Intel Corp	12,700	460,883
International Business Machines	4,865	780,541
iShares S&P Mid Cap 400	21,350	3,091,480
iShares S&P Small Cap 600	25,800	2,942,748
Johnson & Johnson	8,700	909,759
Johnson Controls, Inc.	21,020	1,016,107
JP Morgan Chase & Co	15,165	949,026
Microsoft	22,900	1,063,705
Nextera Energy Inc.	5,900	627,111
Novartis	10,700	991,462
Omnicom Group Inc.	10,000	774,700
Paccar, Inc.	15,000	1,020,150
Parametric Tax Managed Emerging Markets Fund	14,938	687,893
Pfizer, Inc.	24,778	771,835
Procter & Gamble Co	10,600	965,554
Qualcomm Inc.	6,400	475,712
Schlumberger Ltd	5,030	429,612
Starbucks Co.	7,710	632,605
Sysco Corp	14,400	571,536
United Technologies	8,400	966,000
Vanguard Developed Markets Index	351,851	3,314,438
Vanguard Emerging Markets ETF	18,100	724,362
V F Corporation	14,484	1,084,852
Ventas Inc.	7,315	524,486
Verizon Communications, Inc.	21,500	1,005,770
Walt Disney Co.	9,700	913,643
Wells Fargo & Co	17,950	984,019
3M Co	5,800	953,056
Total equity securities		\$ 44,905,348

See Notes to Financial Statements

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

SCHEDULE OF INVESTMENTS
(Continued)
December 31, 2014

BONDS, NOTES, AND OTHER	Rate of Interest	Maturity	Shares or Face Value	Fair Value
Federal Home Loan Bank Debenture	4.375	6/14/19	1,000,000	\$ 1,117,040
Federal Home Loan Bank Debenture	4.625	6/12/15	1,000,000	1,019,640
Federal Home Loan Bank Debenture	3.125	12/11/20	500,000	529,150
Federal Farm Credit Bank Debenture	3.050	7/27/22	500,000	524,240
Federal Home Loan Bank Debenture	2.875	12/10/21	500,000	520,085
Federal Farm Credit Bank Debenture	1.180	11/19/18	500,000	500,070
Federal Home Loan Mortgage Corp Note	1.000	6/19/17	290,000	289,655
Federal Home Loan Mortgage Corp Note	1.000	6/27/17	210,000	209,712
U.S. Treasury Note	2.250	7/31/21	1,000,000	1,019,840
Vanguard GNMA Admiral Fund	Variable	n/a	64,220	694,862
Vanguard Intermediate Term Grade Admiral Share	Variable	n/a	393,572	3,868,810
Vanguard Short Term Investment Grade	Variable	n/a	554,610	5,912,139
Total Bonds, Notes, and Other				<u><u>\$16,205,243</u></u>
 CASH EQUIVALENTS				
First America Prime Obligation Fund	Variable	n/a	\$ 1,738,409	\$ 1,738,409
Total cash equivalents				<u><u>\$ 1,738,409</u></u>

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

SCHEDULE OF INVESTMENTS
December 31, 2013

Equity Securities	Number of Shares	Fair Value
Abbot Laboratories	9,300	\$ 356,469
Abbie Inc.	9,300	491,133
Air Products and Chemicals, Inc.	5,700	637,146
Apple Inc.	1,100	617,122
Automatic Data Processing	8,600	694,871
Becton Dickinson & Co	6,200	685,038
Berkshire Hathaway Inc. Class B	5,800	687,648
Blackrock Inc.	2,905	919,345
Boeing Company	7,800	1,064,622
Chevron Corp	10,575	1,320,923
Chubb Corporation	8,400	811,692
Cisco Systems, Inc.	26,800	601,124
Coca Cola Company	6,800	280,908
Conagra Foods, Inc.	19,100	643,670
Costco Wholesale, Inc.	10,000	1,190,200
Emerson Electric	12,300	863,214
Enterprise Products Partners LP	13,700	908,310
Exxon Mobil Corp	12,022	1,216,626
General Electric	19,800	554,994
Google Inc.	425	476,302
I Shares S&P Mid Cap 400	21,350	2,856,844
I Shares S&P Small Cap 600	25,800	2,815,554
Intel Corp	12,700	329,629
International Business Machines	4,865	912,528
Johnson & Johnson	8,700	796,833
Johnson Controls, Inc.	21,020	1,078,326
JP Morgan Chase & Co	15,165	886,849
Microsoft	22,900	856,689
Nextera Energy Inc.	4,800	410,976
Novartis	10,700	860,066
Omnicom Group Inc.	10,000	743,700
Paccar, Inc.	22,600	1,337,242
Parametric Tax Managed Emerging Markets Fund	14,938	728,823
Pfizer, Inc.	24,778	758,950
Procter & Gamble Co	10,600	862,946
Qualcomm Inc.	6,400	475,200
Southern Co	15,600	641,316
Starbucks Co.	10,000	783,900
Sysco Corp	14,400	519,840
United Technologies	10,100	1,149,380
Vanguard Developed Markets Index	314,830	3,642,587
Vanguard Emerging Markets ETF	18,100	744,634
V F Corporation	18,064	1,126,110
Ventas Inc.	7,315	419,003
Verizon Communications, Inc.	21,500	1,056,510
Walt Disney Co.	9,700	741,080
Wells Fargo & Co	17,950	814,930
3M Co	5,800	813,450
Total equity securities		\$ 44,185,252

See Notes to Financial Statements

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

SCHEDULE OF INVESTMENTS
(Continued)
December 31, 2013

BONDS, NOTES, AND OTHER	Rate of Interest	Maturity	Shares or Face Value	Fair Value
Federal Home Loan Bank Debenture	4.375	6/14/19	1,000,000	\$ 1,129,080
Federal Home Loan Bank Debenture	4.625	6/12/15	1,000,000	1,060,880
Federal Farm Credit Bank Debenture	1.181	11/19/18	500,000	496,690
Federal Home Loan Bank Debenture	3.125	12/11/20	500,000	509,505
Federal Home Loan Mortgage Corp Note	1.000	6/19/17	290,000	288,141
Federal Home Loan Mortgage Corp Note	1.000	6/27/17	210,000	208,574
U.S. Treasury Inflation Protected Securities	2.000	1/15/14	1,896,090	1,894,763
Vanguard GNMA Admiral Fund	Variable	n/a	64,220	669,174
Vanguard Intermediate Term Grade Admiral Shares	Variable	n/a	393,572	3,805,838
Vanguard Short Term Investment Grade	Variable	n/a	554,610	5,934,324
Total Bonds, Notes, and Other				<u><u>\$15,996,969</u></u>
 CASH EQUIVALENTS				
First America Prime Obligation Fund	Variable	n/a	\$ 1,696,514	\$ 1,696,514
Total cash equivalents				<u><u>\$ 1,696,514</u></u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

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

The James F. Hodges Diocesan Investment Fund ("the Fund") was organized in 1951 as an investment pool for the endowments of the Diocese, its parishes, missions, and related institutions. The Fund's current name was adopted in 1987.

The Fund's investment strategy is to balance the need for current income and growth in asset value to offset inflation by investing in a mixture of equity and debt securities. The securities are currently held by US Bank. The Diocesan Investment Committee makes investment decisions. The funds are not federally insured.

The Diocese has funds other than the Fund which are called the Trust Funds and the Building Loan, Mission Development and Real Estate Fund. These funds are included in separate financial statements.

Financial Statement Presentation

The Fund follows the accounting policies of an investment pool, in accordance with accounting principles generally accepted in the United States. Securities are valued at fair value based on closing sales prices reported on recognized securities exchanges on the last business day of the year (see Note 2).

Securities transactions are accounted for on a trade-date basis. Realized gains and losses from securities transactions are reported on a specific identification basis. The Fund distributes net cash investment income to shareholders monthly, but net capital gains are reinvested. Shareholders may reinvest dividends, purchase, or redeem shares on a monthly basis only.

Requests for purchases are administered by the Diocese, which collects funds for purchases in the current month and then remits the funds to US Bank in the subsequent month. Shares are purchased at the net asset value at the beginning of the month when US Bank receives the funds. At December 31, 2014 and 2013, the Diocese held \$91,564 and \$12,292 in funds for purchase in January 2015 and 2014, respectively. These amounts are not included in the financial statements until funds are purchased. They are included in the financial statements of the Diocese.

Estimates

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

Taxes

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

Subsequent Events

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

Note 2. Fair Value Measurement

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

The fair value of all investments was determined using Level 1 observable inputs (quoted prices in active markets for identical assets), within the fair value hierarchy using quoted market rates.

Note 3. Unrealized Appreciation

Unrealized appreciation on investments was as follows at December 31, 2014:

	Cost	Fair Value	Unrealized Appreciation
Equity securities	\$ 24,297,829	\$ 44,905,348	\$ 20,607,519
Bonds, notes, and other	16,026,123	16,205,243	179,120
Cash equivalents	1,738,409	1,738,409	
	<u>\$ 42,062,361</u>	<u>\$ 62,849,000</u>	<u>\$ 20,786,639</u>

Unrealized appreciation on investments was as follows at December 31, 2013:

	Cost	Fair Value	Unrealized Appreciation
Equity securities	\$ 25,042,971	\$ 44,185,252	\$ 19,142,281
Bonds, notes, and other	15,891,892	15,996,969	105,077
Cash equivalents	1,696,514	1,696,514	
	<u>\$ 42,631,377</u>	<u>\$ 61,878,735</u>	<u>\$ 19,247,358</u>

See Notes to Financial Statements

Note 4. Shareholders

The Fund's investment pool activity is as follows:

	Number of Shares	Per Share Value
Shares outstanding, December 31, 2012	261,425.043	\$ 191.313
Shares purchased and dividends reinvested	24,984.439	
Shares redeemed	(13,411.960)	
	<hr/>	
Shares outstanding, December 31, 2013	272,997.522	<u>\$ 226.094</u>
Shares purchased and dividends reinvested	24,775.154	
Shares redeemed	(32,847.478)	
	<hr/>	
Shares outstanding, December 31, 2014	<u>264,925.198</u>	<u>\$ 236.936</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, Redeemer
Kent, St. James
Kingston, Faith Episcopal

Lacey, St. Benedict
Lakewood, St. Mary
Longview, St. Stephen

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

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, Diocesan Student Mem. Fund - ECW
Seattle, Diocese of Olympia
Seattle, Epiphany Parish of Seattle
Seattle, St. Andrew
Seattle, St. Clement of Rome
Seattle, St. John the Baptist
Seattle, St. Mark Cathedral
Seattle, St. Mark 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

